

LONG TERM OBJECTIVE

The Coronation Domestic Absolute Strategy targets positive real returns with an overriding focus on limiting downside returns or portfolio losses. Therefore, capital preservation in real terms is equally important to return optimisation. The Strategy is managed in accordance with the limits of Regulation 28 of the Pension Funds Act.

INVESTMENT APPROACH

Coronation is a long-term, valuation-driven investment house. Our aim is to identify mispriced assets trading at discounts to their long-term business value (fair value) through extensive proprietary research. In calculating fair values, through our fundamental research, we focus on through-the-cycle normalised earnings and/or free cash flows using a long-term time horizon. The Portfolio is constructed on a cleanslate basis based on the relative risk-adjusted upside to fair value of each underlying security. The Portfolio is constructed with no reference to a benchmark. We do not equate risk with tracking error, or divergence from a benchmark, but rather with a permanent loss of capital.

STRATEGY RETURNS GROSS OF FEES

Period	Strategy	Benchmark	Active Return
Since Inception (cumulative)	1,965.9%	259.7%	1,706.2%
Since Inception p.a.	13.3%	5.4%	7.9%
Latest 20 years p.a.	11.0%	5.5%	5.5%
Latest 15 years p.a.	9.6%	5.0%	4.6%
Latest 10 years p.a.	9.7%	4.7%	5.0%
Latest 5 years p.a.	13.3%	5.1%	8.2%
Latest 3 years p.a.	17.3%	4.2%	13.1%
Latest 1 year	17.4%	4.8%	12.6%
Year to date	2.8%	3.2%	(0.4)%
Month	1.1%	0.9%	0.2%

ASSET ALLOCATION

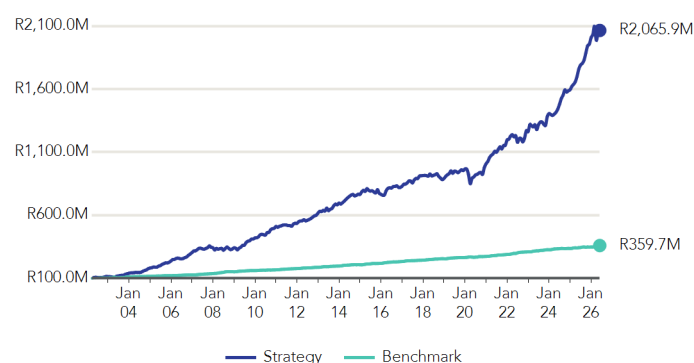
Asset Type	% Strategy
Equities	56.3%
Bonds	32.4%
Property	4.3%
Hedge Funds	3.0%
Cash	2.2%
Commodities	1.8%

GENERAL INFORMATION

Inception Date	01 April 2002
Strategy Size †	R4.27 billion
Strategy Status	Open
Mandate Benchmark	Consumer Price Index (CPI)
Performance Target	CPI + 4% (gross of fees and taxes) over a rolling 3 year period
Dealing Frequency	Daily
Base Currency	ZAR
Regulation 28	Yes

†Strategy assets under management as at the most recent quarter end.

GROWTH OF R100M INVESTMENT



Benchmark: Consumer Price Index (CPI)

TOP 10 HOLDINGS

Holding	% Strategy
RSA FIX 8.500% 310137	4.1%
CIE FINANCIERE RICHEMO-A REG	3.8%
NASPERS LTD	3.7%
STANDARD BANK GROUP LTD	3.6%
RSA ILB 1.875% 280233	3.1%
GLENCORE PLC	3.0%
FIRSTRAND LTD	2.9%
RSA FIX 7.000% 280231	2.7%
MTN GROUP LTD	2.5%
PROSUS	2.5%

MODIFIED DURATION*

Portfolio	1.3
Fixed Income Assets	3.8

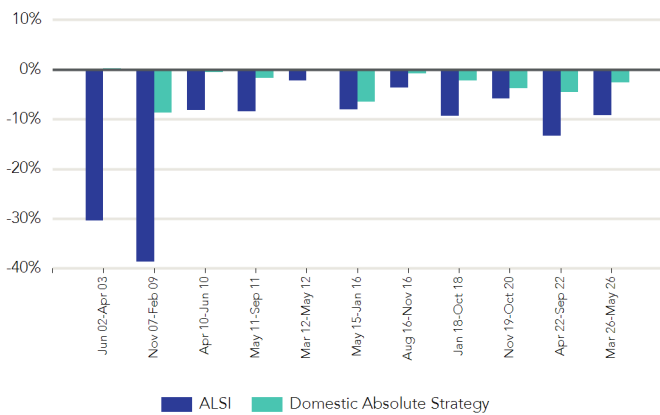
PERFORMANCE & RISK STATISTICS (Since inception)

Average Annual Return	13.7%
Annualised Standard Deviation	7.4%
Highest Monthly Return	7.5%
Lowest Monthly Return	(7.9)%
% Positive Months	71.0%
Downside Deviation	3.4%
Maximum Drawdown	(12.1)%
Sortino Ratio	1.8

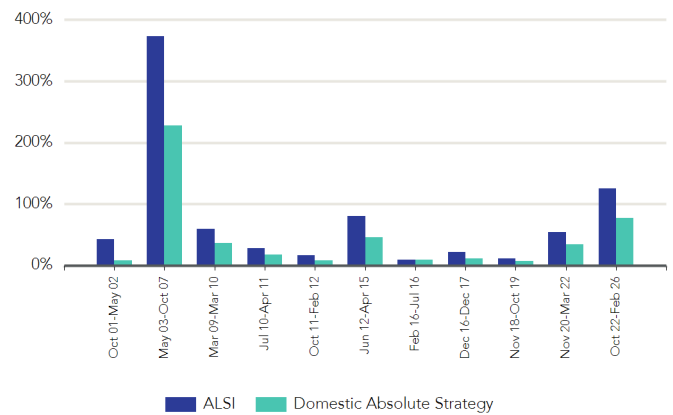
EFFECTIVE MATURITY PROFILE*

Term	% Strategy (incl. Cash)	% Strategy (excl. Cash)
0 to 1 year	4.1%	3.2%
1 to 3 years	10.1%	10.3%
3 to 7 years	12.0%	12.1%
7 to 12 years	8.7%	8.8%
Over 12 years	1.1%	1.0%

BEAR MARKETS



BULL MARKETS



In the bar graphs above, we have divided the period since inception of our Strategy into bull and bear markets. The Strategy's returns are measured against the FTSE/JSE All Share index. The bear market graph clearly demonstrates how the Strategy has protected capital; its losses were much more shallow than the market during downswings. As evident from the second graph, the Strategy also enjoyed healthy upside participation in bull markets.

PORTFOLIO MANAGERS



Pallavi Ambekar - BBusSc, CA (SA), CFA

Pallavi is Coronation's Head of Absolute Return and a portfolio manager in the South African equity team at Coronation. She is also responsible for analysing South African stocks. She joined Coronation in 2003 and has 23 years' investment experience.



Charles de Kock - BCom (Hons), MCom

Charles is a portfolio manager in the South African equity team at Coronation. He co-manages all Absolute Return Strategies. Charles joined Coronation in 2005 and has 40 years' investment experience.



Neill Young - BBusSc, CA (SA), CFA

Neill is an analyst and portfolio manager in the South African equity team at Coronation. He co-manages Coronation's Absolute Return Strategies along with the Financial Unit Trust and is responsible for analysing South African stocks. He joined Coronation in 1998 and has 28 years' investment experience.

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* For SA Fixed Income investments only. Excludes equities, property and preference shares.