

LONG TERM OBJECTIVE

The Coronation Strategic Cash Strategy has a low-risk approach aimed at delivering enhanced cash returns that are superior to those of overnight cash rates while maintaining full capital preservation. The portfolio duration is limited to 90 days and the maximum term to maturity of an individual instrument does not exceed 3 years.

INVESTMENT APPROACH

Coronation is a long-term, valuation-driven investment house. Our aim is to identify mispriced assets trading at discounts to their fair value through extensive proprietary research. The fixed income portfolios are positioned on a long term strategic market view, but this is balanced by taking advantage of shorter-term tactical opportunities when the market lags or runs ahead of that strategic view. As active managers, we consider investment decisions across the full spectrum of potential return enhancers. These include duration and yield curve positions, inflation-linked assets as well as yield enhancement through credit enhanced assets. We aim to maximise returns by actively combining both a top-down and a bottom-up approach to portfolio construction.

STRATEGY RETURNS GROSS OF FEES

Period	Strategy	Benchmark	Active Return
Since Inception (cumulative)	507.1%	378.0%	129.1%
Since Inception p.a.	8.1%	7.0%	1.1%
Latest 20 years p.a.	8.0%	6.8%	1.2%
Latest 15 years p.a.	7.5%	6.1%	1.4%
Latest 10 years p.a.	7.8%	6.4%	1.4%
Latest 5 years p.a.	7.7%	6.5%	1.2%
Latest 3 years p.a.	8.9%	7.7%	1.2%
Latest 1 year	8.1%	7.0%	1.1%
Year to date	1.8%	1.6%	0.2%
Month	0.6%	0.5%	0.1%

ASSET ALLOCATION

Asset Type	% Strategy
Floating Rate NCDs	61.0%
Cash	16.6%
Floating Rate Corporate Bonds	9.0%
Floating Rate Government Bonds	7.4%
Fixed Rate Corporate Bonds	2.4%
Fixed Rate Government Bonds	2.2%
Fixed Rate NCDs	1.4%

GENERAL INFORMATION

Inception Date	01 March 2003
Strategy Size *	R6.88 billion
Strategy Status	Open
Mandate Benchmark	Short Term Fixed Interest 3-month Index (STeFI 3m)
Dealing Frequency	Daily
Base Currency	ZAR

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

GROWTH OF R100M INVESTMENT



Benchmark: Short Term Fixed Interest 3-month Index (STeFI 3m)

EFFECTIVE MATURITY PROFILE

Term	% Strategy
Call	6.5%
0 to 2 months	6.0%
2 to 4 months	29.5%
4 to 6 months	10.2%
6 to 9 months	2.6%
9 to 12 months	16.4%
1 to 3 years	28.8%

STRATEGY STATISTICS

Modified Duration	0.1
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PORTFOLIO MANAGERS**Nishan Maharaj - BSc (Hons), MBA**

Nishan is Head of Fixed Income at Coronation and a portfolio manager across all fixed income strategies. He joined Coronation in 2012 has 23 years' investment experience.

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Mauro is a portfolio manager and Head of Fixed Income Research at Coronation. He co-manages various fixed income strategies for institutional and retail clients. Mauro joined Coronation in 2014 and has 15 years' investment experience.

**Sinovuyo Ndahleni - BBusSc (Actuarial Science), CFA**

Sinovuyo is an analyst and portfolio manager in the Fixed Income team at Coronation. She co-manages our Medical Aid Cash and Strategic Cash Strategies, as well as our Defensive Income and Money Market unit trust funds. Sinovuyo joined Coronation in 2016 and has 10 years' investment experience.

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REVIEW FOR THE QUARTER

The Strategy generated a return of 1.82% for the first quarter of 2026 (Q1-26) and 8.2% over a rolling 12-month period. This return is ahead of the three-month Short-Term Fixed Interest (SteFI) benchmark return of 7.04% over the same period.

Headline inflation ticked down to 3.0% year-on-year (y/y) in February from 3.5% y/y in January, while core inflation also reduced to 3.0% y/y from 3.4% y/y. The decline was driven by lower fuel costs, easing food inflation, and favourable base effects, while housing and utility costs kept inflation up. However, this benign picture was disrupted at the end of February. An escalation of conflict in the Middle East began to ripple through global energy markets, raising concerns about fuel prices, renewed inflation pressures, and potential interest rate hikes.

The South African Reserve Bank (SARB) voted unanimously to keep the repo rate unchanged at 6.75% at the March MPC meeting. The SARB noted the inflation outlook had deteriorated, with fuel prices expected to increase considerably in the coming months. The SARB subsequently revised its inflation forecasts higher for both 2026 and 2027, with headline inflation projected to rise to around 4% in the second quarter before gradually easing back to 3% by late next year under the baseline forecast. Amid heightened global uncertainty, the SARB signalled that rate hikes remain on the table if conditions deteriorate further, assessing two possible Middle East conflict scenarios: a short-term two-month disruption and a prolonged one-year scenario, both implying the need for higher interest rates.

For the duration of Q1-26, the 3-month Johannesburg Interbank Average Rate (Jibar) remained unchanged at 6.75%, while the forward rate agreements curve went from pricing in rate cuts to pricing in 100 basis points (bps) worth of rate hikes in a year's time. The NCD curve increased by 87bps, with the market reversing all the rate cuts that were previously factored in and pricing in rate hikes. T-bills remain a good source to get yield pickup relative to NCDs, and the Strategy will be looking to increase its position.

During Q1-26, the Strategy increased its exposure to one-year fixed rate NCD money market instruments, 9-month T-bills and obtained short dated corporate credit in the secondary market. Strong demand at primary credit auctions underscores the ongoing search for yield. In our view, new issues remain expensive, and the Strategy has focused on buying selected credit opportunities in the secondary market instead. While we have found a few attractive options, overall credit exposure is expected to decrease gradually from here.

We remain cautious by investing only in instruments that are attractively priced relative to their underlying risk profiles. Capital preservation and liquidity remain key priorities for the Strategy.