

LONG TERM OBJECTIVE

The Coronation Flexible Fixed Income Strategy is an actively managed fixed interest solution that has a flexible mandate with no duration or term restrictions. The Strategy aims to outperform the better of cash or bonds over rolling 3-year periods. The Strategy invests in the traditional fixed interest assets, but can also invest in listed property (max. 15%), preference shares (max. 10%), inflation-linked bonds and international fixed interest assets (max. 20%). This flexibility allows the Strategy to maximise every opportunity in the domestic fixed interest space and produce superior returns for clients.

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 | STEFI 3M | ALBI |
|------------------------------|----------|----------|--------|
| Since Inception (cumulative) | 400.8% | 158.4% | 345.5% |
| Since Inception p.a. | 10.7% | 6.1% | 9.8% |
| Latest 15 years p.a. | 10.6% | 6.2% | 9.7% |
| Latest 10 years p.a. | 11.2% | 6.4% | 11.0% |
| Latest 5 years p.a. | 13.1% | 6.6% | 12.3% |
| Latest 3 years p.a. | 20.5% | 7.7% | 19.0% |
| Latest 1 year | 23.2% | 6.9% | 22.4% |
| Year to date | 3.0% | 2.7% | 2.7% |
| Month | 2.6% | 0.5% | 2.9% |

CURRENCY EXPOSURE

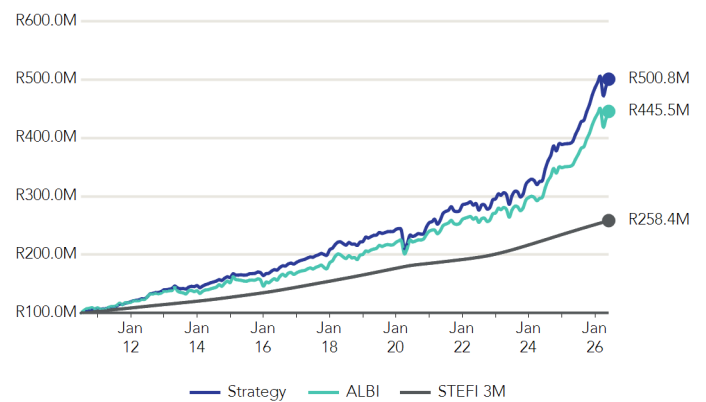
| Currency | % Strategy |
|----------|------------|
| ZAR | 99.4% |
| Other | 0.6% |

GENERAL INFORMATION

| | |
|-------------------|---|
| Inception Date | 01 July 2010 |
| Strategy Size † | R2.55 billion |
| Strategy Status | Open |
| Mandate Benchmark | The higher of cash (Short Term Fixed Interest 3 month Index (STeFI 3m)) or bonds (JSE ASSA All Bond Index (ALBI)) over rolling 3 year periods |
| Dealing Frequency | Daily |
| Base Currency | ZAR |

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

GROWTH OF R100M INVESTMENT



Benchmark: The higher of cash (Short Term Fixed Interest 3 month Index (STeFI 3m)) or bonds (JSE ASSA All Bond Index (ALBI)) over rolling 3 year periods

ASSET ALLOCATION

| Asset Type | % Strategy |
|-------------------------------|------------|
| Fixed Rate Government Bonds | 79.6% |
| Fixed Rate Corporate Bonds | 6.6% |
| Property | 4.7% |
| Government ILBs | 3.2% |
| Fixed Rate Other | 2.2% |
| Floating Rate Corporate Bonds | 1.4% |
| Corporate ILBs | 1.2% |
| Other | 0.6% |
| Cash | 0.2% |
| Floating Rate NCDs | 0.1% |
| Floating Rate Other | 0.1% |
| Preference Shares | 0.1% |

EFFECTIVE MATURITY PROFILE

| Term | % Strategy |
|---------------|------------|
| 0 to 1 year | 0.3% |
| 1 to 3 years | 3.5% |
| 3 to 7 years | 21.4% |
| 7 to 12 years | 34.1% |
| Over 12 years | 35.4% |

STRATEGY STATISTICS

| | |
|--|-----|
| Modified Duration (incl. inflation-linked bonds) | 6.3 |
| Modified Duration (excl. inflation-linked bonds) | 6.1 |

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 and has 23 years' investment experience.



Adrian van Pallander - BScEng, HTSdip, CFA, FRM

Adrian is an analyst and portfolio manager in the Fixed Income team at Coronation. He co-manages the Flexible Fixed Income, Strategic Bond, Strategic Cash and Medical Aid Cash strategies. He joined Coronation in 2002 and has 24 years' investment experience.



Seamus Vasey - BCom (Hons), MSc, CFA

Seamus is a fixed income and property analyst and portfolio manager in the Fixed Income team at Coronation. He co-manages our Active Bond, Flexible Fixed Income, Strategic Bond and Global Bond Strategies, as well as our Granite Hedge Funds. He joined Coronation in 2015 and has 22 years' investment experience.



Mauro Longano - BScEng (Hons), CA (SA)

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.

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