

LONG TERM OBJECTIVE

The Coronation Strategic Bond Strategy is an actively managed fixed interest solution that allocates across all the different fixed income instruments. The Strategy has a flexible mandate with no duration or term restrictions. The Strategy invests in the traditional fixed interest assets, but can also invest in listed property, preference shares and inflation-linked bonds, which are typically excluded in most specialist mandates. This flexibility allows the Strategy to maximise every opportunity in the domestic fixed interest space and produce superior returns for clients. The Strategy aims to consistently outperform the JSE ASSA All Bond Index over the medium to long term.

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)	193.2%	156.5%	36.7%
Since Inception p.a.	10.0%	8.7%	1.3%
Latest 10 years p.a.	9.9%	8.6%	1.3%
Latest 5 years p.a.	9.1%	8.4%	0.7%
Latest 3 years p.a.	10.1%	9.7%	0.4%
Latest 1 year	3.9%	5.0%	(1.1)%
Year to date	4.6%	4.6%	0.0%
Month	0.8%	0.7%	0.1%

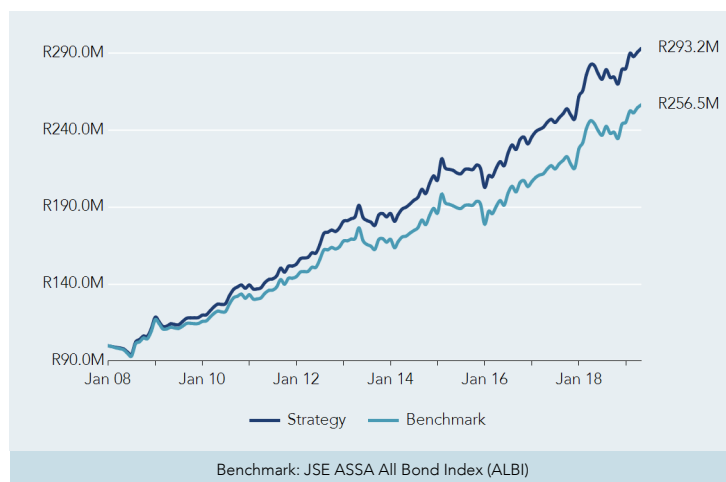
ASSET ALLOCATION

Asset Type	% Strategy
Fixed Rate Government Bonds	57.9%
Fixed Rate Corporate Bonds	15.7%
Cash	11.2%
Property	6.5%
Corporate ILBs	3.2%
Floating Rate Corporate Bonds	2.3%
Government ILBs	1.2%
Fixed Rate Other	1.2%
Floating Rate NCDs	0.6%
Fixed Rate NCDs	0.2%

GENERAL INFORMATION

Inception Date	01 January 2008
Strategy Size	R5.79 billion
Strategy Status	Open
Mandate Benchmark	JSE ASSA All Bond Index (ALBI)
Dealing Frequency	Daily
Base Currency	ZAR

GROWTH OF R100M INVESTMENT



EFFECTIVE MATURITY PROFILE*

Term	% Strategy	% Benchmark
0 to 1 year	1.1%	17.1%
1 to 3 years	2.6%	5.6%
3 to 7 years	9.8%	7.5%
7 to 12 years	11.4%	30.9%
Over 12 years	68.6%	49.0%

STRATEGY STATISTICS*

	Strategy	Benchmark
Modified Duration (incl. inflation-linked bonds)	6.8	7.2
Modified Duration (excl. inflation-linked bonds)	6.5	7.2

PORTFOLIO MANAGERS



Nishan Maharaj - BSc (Hons), MBA

Nishan is head of Fixed Interest and responsible for the investment unit's process and performance across all strategies. He also manages the majority of fixed interest assets. Nishan has 16 years' investment experience.



Adrian van Pallander - BScEng, HTSdip, CFA, FRM

Adrian joined Coronation in 2002 and is a portfolio manager within Coronation's Fixed Interest investment unit. He is responsible for managing a portion of the fixed interest assets across all strategies as well as analysis, asset allocation modelling and portfolio construction monitoring. He has 17 years' investment experience.



Seamus Vasey - BCom (Hons), MSc

Seamus co-manages the Coronation Global Bond Strategy and has 15 years' experience in financial markets. Seamus joined Coronation's Fixed Interest investment unit in August 2015 and is a graduate of the London School of Economics.

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