

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)	810.1%	156.4%	653.7%
Since Inception p.a.	14.0%	5.8%	8.2%
Latest 15 years p.a.	13.1%	5.7%	7.4%
Latest 10 years p.a.	10.4%	5.4%	5.0%
Latest 5 years p.a.	5.7%	5.3%	0.4%
Latest 3 years p.a.	6.2%	5.2%	1.0%
Latest 1 year	(0.7)%	4.7%	(5.4)%
Year to date	2.0%	0.5%	1.5%
Month	2.0%	0.5%	1.5%

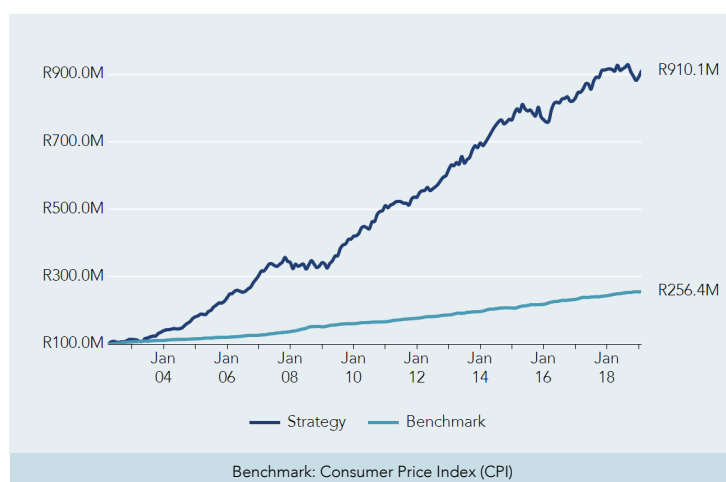
ASSET ALLOCATION

Asset Type	% Strategy
Equities	41.1%
Bonds	38.0%
Property	8.5%
Cash	7.2%
Preference Shares	1.8%
Commodities	1.8%
Hedge Funds	1.6%

GENERAL INFORMATION

Inception Date	01 April 2002
Strategy Size	R6.84 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

GROWTH OF R100M INVESTMENT



TOP 10 HOLDINGS

Holding	% Strategy
NASPERS LIMITED	3.9%
RSA FIX 8.750% 310144	3.7%
ANGLO AMERICAN PLC	3.1%
BRITISH AMERICAN TOBACCO PLC	3.1%
STANDARD BANK GROUP LTD	2.7%
STANDARD BANK OF SA ILB 5.500% 071223	2.6%
FIRSTRAND BANK LTD ILB 5.500% 071223	2.2%
NEDBANK LTD FIX 9.440% 120225	1.9%
FIRSTRAND LIMITED	1.8%
ABSA BANK LTD ILB 5.500% 071223	1.7%

MODIFIED DURATION*

Portfolio	1.7
Fixed Income Assets	3.7

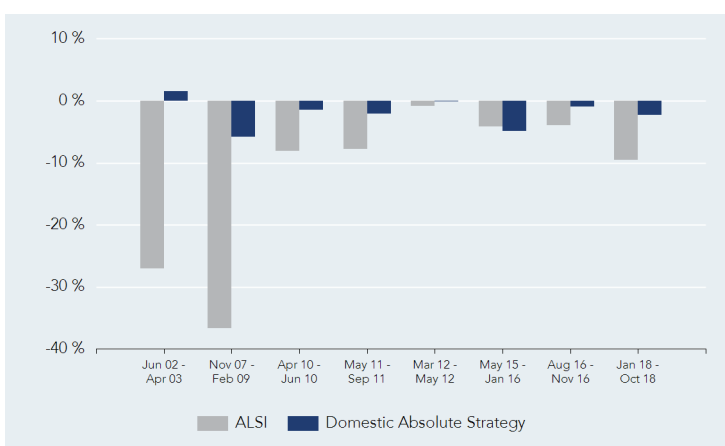
PERFORMANCE & RISK STATISTICS (Since inception)

Average Annual Return	14.3%
Annualised Standard Deviation	7.3%
Highest Monthly Return	7.5%
Lowest Monthly Return	(5.3)%
% Positive Months	70.3%
Downside Deviation	2.9%
Maximum Drawdown	(9.5)%
Sortino Ratio	1.8

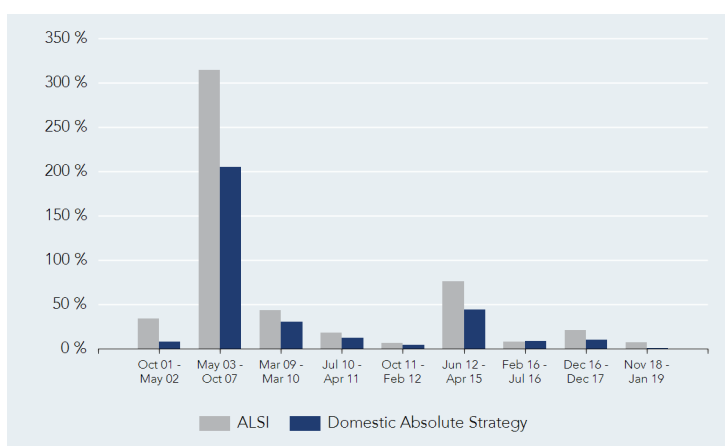
EFFECTIVE MATURITY PROFILE*

Term	% Strategy (incl. Cash)	% Strategy (excl. Cash)
0 to 1 year	4.4%	0.2%
1 to 3 years	7.3%	7.5%
3 to 7 years	15.6%	16.1%
7 to 12 years	10.9%	11.2%
Over 12 years	7.0%	7.3%

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



Charles de Kock - BCom (Hons), MCom
Charles heads up the Absolute Return investment unit and is a portfolio manager across all strategies within the unit. He also co-manages the Coronation Balanced Defensive and Capital Plus unit trust funds. Charles has more than 30 years' investment experience, plays a leadership role in the asset allocation process and is involved in all investment discussions.



Pallavi Ambekar - BBusSc, CA (SA), CFA
Pallavi joined Coronation in 2003 and manages assets within Coronation's Absolute Return strategies. In addition, her research responsibilities include shares in the telecommunications, consumer goods, retail and hotel and leisure sectors. Pallavi has 16 years' investment experience.

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