

LONG TERM OBJECTIVE

The Coronation Absolute Bond Strategy aims to protect capital regardless of the interest rate cycle. This Strategy therefore offers lower volatility and greater focus on capital preservation when compared to traditional bond portfolios.

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)	583.6%	188.7%	394.9%
Since Inception p.a.	10.1%	5.4%	4.7%
Latest 20 years p.a.	10.1%	5.4%	4.7%
Latest 15 years p.a.	10.1%	5.5%	4.6%
Latest 10 years p.a.	8.3%	5.1%	3.2%
Latest 5 years p.a.	8.6%	4.7%	3.9%
Latest 3 years p.a.	8.4%	5.0%	3.4%
Latest 1 year	6.8%	6.6%	0.2%
Year to date	1.3%	0.2%	1.1%
Month	0.0%	0.3%	(0.3)%

ASSET ALLOCATION

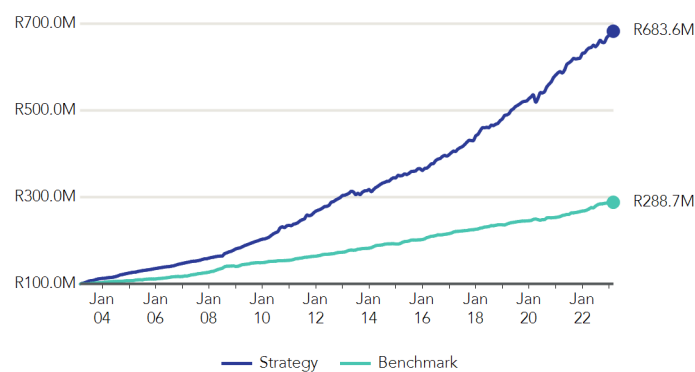
Asset Type	% Strategy
Corporate ILBs	51.8%
Fixed Rate Government Bonds	17.9%
Fixed Rate Corporate Bonds	14.1%
Floating Rate Corporate Bonds	9.6%
Government ILBs	3.3%
Other	1.0%
Floating Rate NCDs	0.9%
Cash	0.8%
Fixed Rate NCDs	0.5%
Fixed Rate Other	0.1%

GENERAL INFORMATION

Inception Date	01 March 2003
Strategy Size *	R4.98 billion
Strategy Status	Open
Mandate Benchmark	Consumer Price Index (CPI)
Performance Target	CPI + 2% (gross of fees and taxes) over a rolling 12 month period
Dealing Frequency	Daily
Base Currency	ZAR

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

GROWTH OF R100M INVESTMENT



Benchmark: Consumer Price Index (CPI)

EFFECTIVE MATURITY PROFILE

Term	% Strategy
0 to 1 year	36.5%
1 to 3 years	9.4%
3 to 7 years	26.7%
7 to 12 years	16.8%
Over 12 years	10.7%

STRATEGY STATISTICS

Modified Duration (incl. inflation-linked bonds)	3.3
Modified Duration (excl. inflation-linked bonds)	1.8

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 all fixed interest assets. Nishan has 19 years' investment experience.

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

Mauro is head of Fixed Interest research and a portfolio manager within the team. He co-manages the Strategic Cash Strategy along with the Strategic Income and Money Market unit trust funds, and recently started co-managing the Property Equity Unit Trust. Mauro has 11 years' investment experience.

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