

LONG TERM OBJECTIVE

The Coronation Medical Aid Cash Strategy complies with Regulation 30 of the Medical Schemes Act. The Strategy has a low-risk approach suitable for medical aid schemes seeking returns that are superior to those of overnight cash rates, while taking into consideration capital protection and liquidity requirements. The portfolio duration is limited to 180 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)	294.2%	228.0%	66.2%
Since Inception p.a.	7.8%	6.7%	1.1%
Latest 15 years p.a.	7.3%	6.1%	1.2%
Latest 10 years p.a.	7.4%	6.1%	1.3%
Latest 5 years p.a.	6.9%	5.6%	1.3%
Latest 3 years p.a.	7.0%	5.8%	1.2%
Latest 1 year	9.3%	8.2%	1.1%
Year to date	2.3%	2.0%	0.3%
Month	0.8%	0.7%	0.1%

ASSET ALLOCATION

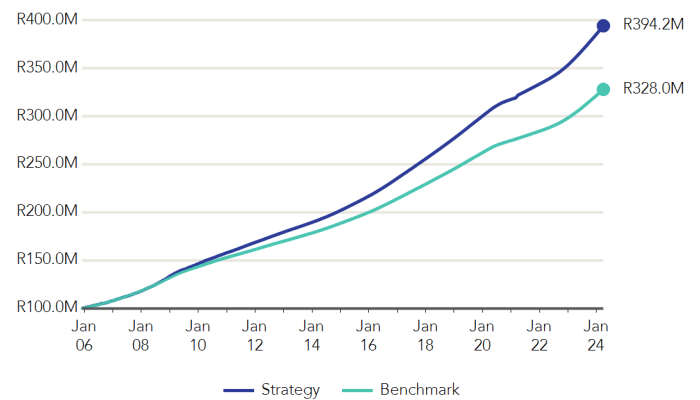
Asset Type	% Strategy
Floating Rate NCDs	58.3%
Floating Rate Corporate Bonds	14.9%
Fixed Rate NCDs	12.1%
Cash	10.8%
Government ILBs	3.0%
Floating Rate Other	0.6%
Fixed Rate Corporate Bonds	0.3%

GENERAL INFORMATION

Inception Date	01 December 2005
Strategy Size *	R237.6 million
Strategy Status	Open
Mandate Benchmark	Short Term Fixed Interest 3-month Index (STeFI 3m)
Dealing Frequency	Daily
Base Currency	ZAR
Regulation 30	Yes

*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	1.8%
0 to 2 months	9.2%
2 to 4 months	27.6%
4 to 6 months	4.0%
6 to 9 months	7.6%
9 to 12 months	27.6%
1 to 3 years	22.1%

STRATEGY STATISTICS

Modified Duration	0.2
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PORTFOLIO MANAGERS**Nishan Maharaj - BSc (Hons), MBA**

Nishan is Head of Fixed Interest at Coronation and a portfolio manager across all fixed interest strategies. He joined Coronation in 2012 has 21 years' investment experience.

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

Mauro is a portfolio manager and Head of Fixed Interest research. He co-manages various fixed income strategies for institutional and retail clients. Mauro joined Coronation in 2014 and has 13 years' investment industry experience.

**Sinovuyo Ndaleni - BBusSc**

Sinovuyo is an analyst and portfolio manager in the Fixed Interest 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 eight years' investment experience.

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REVIEW FOR THE QUARTER

The Strategy generated a return of 2.3% for the first quarter of 2024 (Q1-24) and 9.3% over a rolling 12-month period. This return is ahead of the three-month Short-Term Fixed Interest (SteFI) benchmark return of 8.2% over the one-year period.

The South African Reserve Bank (SARB) unanimously voted to leave the repo rate unchanged at 8.25% at the March MPC meeting. The MPC cited sticky inflation and elevated inflation expectations as the main reasons for keeping the repo rate unchanged. Food inflation has been declining, but there is concern that prices could rebound following reports of damage to the summer crops due to dry and hot weather conditions. The SARB slightly updated headline inflation to 5.1% from 5.0% for 2024 and left its projections unchanged for 2025 and 2026 at 4.6% and 4.5%, respectively.

During the last quarter, the 3-month Johannesburg Interbank Average Rate (Jibar) decreased by a marginal 0.05% to 8.35%, reflecting the market's view of higher policy rates for longer. The Strategy increased its exposure to one-year fixed rate NCDs (negotiable certificate of deposits) following a 15 basis points increase in yields. T-Bill yields no longer offer attractive returns relative to money market instruments beyond the six-months tenor.

Several corporates and banks accessed the debt capital markets in Q1-24, with R31.7 billion gross issuance placed in the market. Corporate issuers still enjoyed tighter clearing spreads, while there was a shift in bank paper auctions, with most auctions clearing at the mid-point of price guidance. Most of the credit holdings in the Strategy were sourced in the secondary market. We remain cautious by investing only in instruments that are attractively priced relative to their underlying risk profiles. Capital preservation and liquidity remain a key focus for this Strategy.