

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)	338.6%	260.7%	77.9%
Since Inception p.a.	7.8%	6.8%	1.0%
Latest 15 years p.a.	7.3%	6.1%	1.2%
Latest 10 years p.a.	7.7%	6.4%	1.3%
Latest 5 years p.a.	7.1%	6.0%	1.1%
Latest 3 years p.a.	8.7%	7.5%	1.2%
Latest 1 year	8.8%	7.8%	1.0%
Year to date	4.1%	3.7%	0.4%
Month	0.7%	0.6%	0.1%

ASSET ALLOCATION

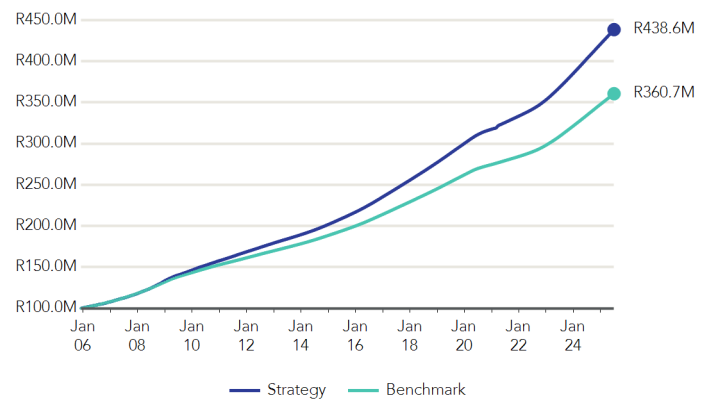
Asset Type	% Strategy
Floating Rate NCDs	77.3%
Cash	14.2%
Floating Rate Corporate Bonds	5.1%
Fixed Rate NCDs	1.9%
Floating Rate Government Bonds	1.3%
Floating Rate Other	0.2%

GENERAL INFORMATION

Inception Date	01 December 2005
Strategy Size *	R333.1 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	6.9%
0 to 2 months	15.3%
2 to 4 months	5.6%
4 to 6 months	11.0%
6 to 9 months	7.9%
9 to 12 months	17.4%
1 to 3 years	35.9%

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 Ndeleni - 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 2.03% for the second quarter of 2025 (Q2) and 8.77% over a rolling 12-month period. This return is ahead of the three-month Short-Term Fixed Interest (SteFI) benchmark return of 7.82% over the one year.

The South African Reserve Bank (SARB) cut the repo rate by 25 basis points (bps) during Q2, moving the rate to 7.25% from 7.50%. The SARB lowered its inflation forecasts given the persistent undershoot, as well as the stronger exchange rate, lower oil prices, and the removal of the proposed VAT hike. The Monetary Policy Committee (MPC) expects inflation in 2025 to average 3.2% on the back of moderating food inflation and declining fuel prices. The MPC also revised its global and domestic growth forecasts lower, factoring in increased uncertainty and the potential impact of the US tariff increases. Given the benign inflation environment, non-responsive domestic demand, and building global growth headwinds, we believe there is room for an additional 25bps cut at the July MPC meeting.

During Q2, the 3-month Johannesburg Interbank Average Rate (Jibar) declined by 27bps, decreasing from 7.56% to 7.29%. The decrease was on the back of the implemented May repo rate cut. The forward rate agreement curve is pricing in one more cut before the end of the year on the back of easing inflation pressures. Over Q2, the Strategy increased its exposure to T-bills across 3-, 6- and 9-month tenors. We have also been increasing our exposure to 9- and 12-month floating-rate NCDs. The Strategy's yield is expected to decline in the coming months as benchmark rates decrease due to anticipated additional rate cuts.

We saw a few corporates access the credit markets for refinancing purposes. Supply and demand dynamics continue to drive clearing spreads, with auctions clearing at the lower end of price guidance. The Strategy continues to source its credit holdings in the secondary market, as primary market debt is expensive. Despite finding some small opportunities in the secondary market, our overall credit allocation will likely gradually decrease.

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.