

LONG TERM OBJECTIVE

The Coronation Flexible Fixed Income Strategy is an actively managed fixed interest solution that has a flexible mandate with no duration or term restrictions. The Strategy aims to outperform the better of cash or bonds over rolling 3-year periods. The Strategy invests in the traditional fixed interest assets, but can also invest in listed property (max. 15%), preference shares (max. 10%), inflation-linked bonds and international fixed interest assets (max. 20%). This flexibility allows the Strategy to maximise every opportunity in the domestic fixed interest space and produce superior returns for clients.

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	STeFI 3M	ALBI
Since Inception (cumulative)	373.5%	150.2%	322.4%
Since Inception p.a.	10.6%	6.1%	9.8%
Latest 15 years p.a.	10.4%	6.1%	9.6%
Latest 10 years p.a.	10.8%	6.4%	10.4%
Latest 5 years p.a.	13.8%	6.3%	12.5%
Latest 3 years p.a.	17.2%	7.8%	16.1%
Latest 1 year	21.4%	7.4%	20.5%
Year to date	21.8%	6.7%	21.0%
Month	3.5%	0.5%	3.4%

CURRENCY EXPOSURE

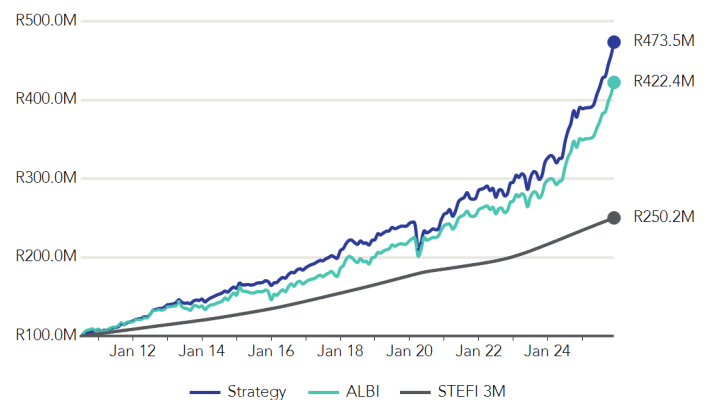
Currency	% Strategy
ZAR	100.0%

GENERAL INFORMATION

Inception Date	01 July 2010
Strategy Size †	R2.27 billion
Strategy Status	Open
Mandate Benchmark	The higher of cash (Short Term Fixed Interest 3 month Index (STeFI 3m)) or bonds (JSE ASSA All Bond Index (ALBI)) over rolling 3 year periods
Dealing Frequency	Daily
Base Currency	ZAR

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

GROWTH OF R100M INVESTMENT



Benchmark: The higher of cash (Short Term Fixed Interest 3 month Index (STeFI 3m)) or bonds (JSE ASSA All Bond Index (ALBI)) over rolling 3 year periods

ASSET ALLOCATION

Asset Type	% Strategy
Fixed Rate Government Bonds	78.8%
Government ILBs	5.2%
Fixed Rate Corporate Bonds	4.5%
Property	2.8%
Fixed Rate Other	2.2%
Floating Rate NCDs	2.0%
Floating Rate Corporate Bonds	1.9%
Corporate ILBs	1.2%
Cash	0.6%
Other	0.6%
Preference Shares	0.1%
Floating Rate Other	0.1%

EFFECTIVE MATURITY PROFILE

Term	% Strategy
0 to 1 year	2.9%
1 to 3 years	1.5%
3 to 7 years	24.4%
7 to 12 years	36.0%
Over 12 years	32.3%

STRATEGY STATISTICS

Modified Duration (incl. inflation-linked bonds)	6.1
Modified Duration (excl. inflation-linked bonds)	5.9

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 23 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 24 years' investment experience.



Seamus Vasey - BCom (Hons), MSc, CFA

Seamus is a portfolio manager and analyst within the Fixed Interest investment unit with more than 22 years' investment experience. He manages assets within Coronation's specialist bond strategies. He also co-manages the Coronation Global Bond and Granite Hedge funds as well as the Global Strategic USD and Bond unit trust funds.



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 15 years' investment industry experience.

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