



**S.A Bond Manager Watch™ Survey for the
month ending December 2013**

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FINANCIAL SERVICES


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COMMENTARY

SURVEY NOTES

The SA Bond Manager Watch™ Survey focuses on specialist fixed income mandates invested in South African denominated interest rate/ debt/ inflation linked instruments with an effective modified duration mandate of +/- 2 years around the All Bond Index (ALBI) benchmark. The SA Bond Manager Watch™ Survey is made up of 2 categories; with the following being material changes within each category over 2013:

Bond Manager Watch™ (Specialist Bonds): Argon Domestic Core Bond re-entered the survey in January 2013 after its assets grew above the R200m minimum required Assets under management. The Symmetry Bond Portfolio was voluntarily removed from the survey in December 2013.

Bond Manager Watch™ (Inflation Linked Bonds): No changes

It should be noted that historic performance is not an indication of future performance nor is it a direct indicator of skill. Although all specialist bond funds use the ALBI as its benchmark, a manager may have different mandates allowing exposure to unlisted instruments, derivatives or lower credit ratings. The current positioning and exposure of a fund is more relevant to an investment strategy. Please use all information within this survey and interpretations therefrom cautiously and use an asset consultant or professional advisor when matching your liabilities to appropriate assets and fund strategies.

SOURCES OF PERFORMANCE: BOND FUNDS

The main sources of performance for bond funds are:

- Portfolio positioning: Choosing the term structures across the yield curve that you wish to be exposed to, based on the expected changes to the shape of the yield curve. You would want to be exposed more to parts of the curve that is expected to have declining yields and less to rising yields. (Money market instruments being an exception).
- Credit yield pick-up: Purchasing instruments issued by parties with a credit spread over government based issuance. Issuers with lower credit ratings offer similar term instruments at better interest rates to offset the possible risk of default.
- Managing the portfolio term (duration): Adjusting the overall portfolio term (duration) to be longer or shorter than the ALBI benchmark based on interest rate forecasts. Usually longer term instruments provide additional return for the term risk.
- Trading: Taking advantage of short term mispricing; or using alternate instruments such as derivatives, FRA's and swaps for yield enhancement.
- Other: Other sources would include convexity optimisation, carry trades, convertible bonds. Taking advantage of arbitrage between markets, fixed versus floating rates, nominal versus real rates.

MARKET DYNAMICS THAT INFLUENCED PERFORMANCE AND STRATEGY OVER 2013

Unlike the repo rate which remained unchanged at 5% over 2013, the South African Sovereign Curve yields moved 100-150 basis points (bps) across the different key rates over the past year and the Rand Swap curve over 150 bps for durations longer than 4 years. Similarly real yields shifted on average 50 bps across the curve. This resulted in the All Bond Index delivering its lowest positive return (0.64%) in 30 years and Inflation linked bonds struggling at 0.79%.

The major investment themes were driven by international markets. Five years on from the 2008 financial crisis still sees the intervention policies and strategies applied to stabilize global capital markets and restore confidence remain significant drivers of investment decision making and valuations. This had a significant impact on our currency and interest rate curves.

South Africa's Central Bank Monetary Policy Committee (MPC) was left in a major conundrum attempting to manage inflation and simultaneously balance severe macro-economic pressures on growth. The themes affecting the interest rate policy has remained consistent: concerns about the weak rand; rising inflation; labour conflicts and wage increases; moderate to weak economic growth, a wider current account deficit, and stubborn unemployment.

More recently the Reserve Bank governor has stated that she "will not hesitate to take appropriate action in order to maintain the integrity of the inflation targeting framework". The MPC however left the repo rate unchanged at 5.0% over the course of 2013, but this did not preclude the market from anticipating future rate changes and therefore the structure of the yield curves used to price interest rate instruments moved upward in an uncharacteristic volatile manner.

Coming off a flat first quarter of the year, the Euro crisis returned to the fore when Cyprus defaulted requiring the Euro countries to implement a bailout plan and contain the contagion. Shortly thereafter, Greece with high unemployment, poor GDP growth and economic austerity measures, challenged the index definitions of developed and emerging nations by being the first country to be downgraded. Spain and Portugal remained fragile with similar problems.

The immediate impact on markets was a drop in commodity prices and a withdrawal of foreign investment from emerging markets and the first major structural shifts in the yield curve. The second half of the year started in an equally jittery fashion when US Federal Reserve Bank Governor Ben Bernanke announced that the pace of bond purchases will slow later in the year, only for its chairman Ben Bernanke to make a restatement to the market as investors panicked. Again longer term yields shifted upwards; only to retrace to its original levels in September, a volatile trading period for bond markets.

Although realised inflation peaked at over 6% during the course of the third quarter, CPI was 5.8% for the year. Like cash, the bond markets in general delivered negative real rates for investors. The deteriorating domestic inflation outlook continues to place the market in the fragile position of sustained negative real rates. With the deteriorating economic framework, South Africa was under threat of a credit downgrade. The medium term budget speech by the Minister of Finance was prudent and stabilized market expectations. However, for the year credit spreads widened; with the credit index down -2.3%.

The US Fed announcement in Mid-December that it will reduce its bond purchases signaled the beginning of the tapering program. South Africa together with Turkey, Indonesia, Brazil and India have been labeled the "fragile five" and are expected to be impacted the most by the US tapering program due to weak economic fundamentals. Outflows from bond markets by foreigners have been at its highest levels since the 2008 crisis.

COMMENTARY

HOW THE MANAGERS PERFORMED OVER 2013

The upward shift of the yield curve translated into all debt instruments being priced weaker (the mathematical nature of pricing). This was across all instruments and there was no outlying performance as would be experienced in other investment markets such as equity shares.

The best performing specialist bond fund was the Futuregrowth Yield Enhanced fund returning 3.29% which underperformed the STeFI (a traditional money market benchmark) by almost 1.9%. As such the manager's focus was to primarily add value over the benchmark.

Throughout the year almost all managers had lowered their overall duration to the ALBI, commonly moving their exposure to maturities less than 5 years. This was the correct tactical position as 1-3 year term structure of the yield curve was the best performing component of the ALBI index which systematically deteriorated as maturities increased. This tactical positioning allowed all Specialist bond funds to outperform the ALBI index.

Funds continue to demonstrate a convergence of performance, the difference between the best and worst fund is under 2% over 1 year (over 6% in 2013), while the 2nd and 3rd quartile dispersion is at only 70bps.

With a discontinuous market over the year, duration positioning, portfolio adjustments and trading were large drivers of performance with credit playing a lesser role relative to previous quarters. The use of credit in the portfolios is well proliferated with the average fund only 55% invested in AAA instruments. In particular, the Top 2 funds over 3 years (FutureGrowth Yield Enhanced and Investec Corporate Bond Funds) use high levels of credit in their portfolios. Stanlib, traditionally quite strong at trading changes in curves were unable to take advantage of the volatile market.

Coronation's Absolute Bond Portfolio's persistent low duration in its Absolute fund paid off again this quarter, as yields rose in the first two months and then retraced its position. The extremely low duration of 0.53 and hedges made it far less sensitive to the yield movements. This would give it strong protective qualities in weak interest rate markets but reciprocally it will not respond to yield changes that work in its favour.

The other four inflation linked bond managers finished the year within 10 basis points annual performance of each other. This is deceptive, in that the journey taken by each to get the similar performance numbers, were very different. Prescient and Investec held lower durations and were more defensively structured through the cycle. With most of the year being negative for ILB's the strong relative return for the asset class in the 4th quarter allowed Prudential and Momentum to recover more of the reversal due to higher duration structures.

This low risk view is countered by the manager investing more than 75% of the fund in more risky non-AAA investments for yield pickup. Prescient which has a 90% ILB, 10% STEFI benchmark has struggled to outperform its benchmark over 1 year where its relatively lower duration strategy has not paid off.

It should be noted that the Futuregrowth Yield Enhanced Fund, Vunani Active Bond Fund and the Coronation Absolute Bond Fund are not Reg. 28 compliant funds. This would allow them greater flexibility in the management of the fund which could result in significantly differing performance outcomes and risk profiles.

S.A. BOND MANAGER WATCH™

Objective - The portfolios included in this Survey represent specialist bond portfolios with ALBI as their benchmark and have an effective modified duration mandate of +/- 2 years around the ALBI

GENERAL INFORMATION									
	GIPS™ (Verified/ Compliant)	Notes	Managed its Regulation 28? (Y/N)	Benchmark Description	Portfolio Modified Duration	% Invested in AAA rated instruments	No. of funds in composite	Portfolio Size (R m)	Admin - efficiency : Date data submitted
INVESTMENT MANAGERS									
SPECIALIST BONDS									
Argon Domestic Core Bond	V		Y	All Bond Index	5.51	52.45%	3	212	10 January 2014
Cadiz Core Bond	V		Y	All Bond Index	5.88	64.16%	4	1 903	15 January 2014
Cadiz Dynamic Bond	V		Y	All Bond Index	5.92	58.05%	2	2 845	15 January 2014
Coronation Active Bond Portfolio (Composite)	V		Y	All Bond Index	6.40	67.09%	9	7 230	09 January 2014
Coronation Strategic Bond Composite	V		Y	All Bond Index	5.81	54.55%	8	3 541	09 January 2014
Futuregrowth Core Bond Composite	V		Y	All Bond Index	5.45	59.87%	5	13 904	14 January 2014
Futuregrowth Yield Enhanced	V		N	All Bond Index	5.33	21.34%	8	4 504	14 January 2014
Investec Corporate Bond Composite	V		Y	All Bond Index	5.89	22.17%	3	12 775	13 January 2014
Investec Dynamic Bond Portfolio			Y	All Bond Index	6.40	53.70%	4	4 906	13 January 2014
Investec Triple Alpha			Y	All Bond Index	6.10	51.07%	14	3 274	13 January 2014
Investment Solutions Pure Fixed Interest Portfolio	n/a		Y	All Bond Index	5.19	66.35%	n/a	8 802	10 January 2014
JM BUSHA BondPlus			Y	All Bond Index	5.55	59.54%	3	778	16 January 2014
Momentum AM Bond Fund	V		Y	All Bond Index	5.76	68.14%	13	7 100	10 January 2014
Momentum MoM Moderate Bond FOF			Y	All Bond Index	5.75	64.41%	n/a	207	10 January 2014
Pan Africa AM Segregated Domestic Bond	C		Y	All Bond Index	6.16	31.81%	5	2 831	13 January 2014
Prescient Bond Quant	V		Y	All Bond Index	5.97	70.43%	2	451	10 January 2014
Prescient Bond QuantPlus	V		Y	All Bond Index	5.67	57.31%	12	7 086	10 January 2014
Prudential Yield Enhanced Portfolio	V		Y	All Bond Index	6.13	61.00%	8	1 982	06 January 2014
SIM Institutional Total Return Bond Fund	V		Y	All Bond Index	6.54	67.70%	19	8 566	07 January 2014
Stanlib Core Bond Portfolio	V		Y	All Bond Index	5.93	49.00%	11	4 634	13 January 2014
Vunani Active Bond Fund	V		N	All Bond Index	5.96	40.45%	6	806	14 January 2014
		<i>This includes multi-managers thus must be noted as possible "double-counting"</i>						98 127	
				TOTAL					
INFLATION LINKED BONDS									
Coronation Absolute Bond Portfolio			N	CPI + 4%pa	0.93	17.22%	2	7 468	09 January 2014
Investec Inflation Linked Bond Composite				Barclays - BESA SA Inflation Linked Index	11.26	80.30%	3	1 369	13 January 2014
Momentum AM Inflation Linked Bond Fund			Y	Barclays - BESA SA Inflation Linked Index	11.07	91.38%	4	1 637	10 January 2014
Prescient Inflation Linked Bond Composite			Y	90 ILBI / 10 STEFI Call	9.42	83.10%	4	3 396	10 January 2014
Prudential Inflation Linked Bond Fund			Y	Barclays South Africa Inflation Linked Index	11.56	76.00%	1	261	06 January 2014
SIM Inflation Linked Bond Fund			Y	Barclays BESA Govt Inflation-linked Bond Index	10.55	77.80%	3	10 844	07 January 2014
INDICES									
All Bond Index					6.13				
		<i>This includes multi-managers thus must be noted as possible "double-counting"</i>						24 974	
				TOTAL					

* Characteristics are updated on a quarterly basis. Last update June 2013

* Reasonable use of the survey may be made for purposes of comment and study provided that full acknowledgement is made to "Alexander Forbes Research & Product Development".

* While all possible care is taken in the compilation of the Survey, reliance is placed on information received from Investment Managers.

* The rankings and statistical information have been supplied for illustrative purposes only.

* Performance figures are shown gross of fees.

* Performance should not be judged over a short period of time.

* Past performance is not necessarily a guide to future performance.

S.A. BOND MANAGER WATCH™ SURVEY

Objective - The portfolios included in this Survey represent specialist bond portfolios with ALBI as their benchmark and have an effective modified duration mandate of +/- 2 years around the ALBI

INVESTMENT DATA TO THE END OF 2013																										
															PERFORMANCE DATA											
															Calendar Year 2013	Calendar Year 2012	Calendar Year 2011	Calendar Year 2010	Calendar Year 2009							
Month	Rank	Quarter	Rank	Year to Date	Rank	1 Year	Rank	3 Years (p.a.)	Rank	5 Years (p.a.)	Rank	7 Years (p.a.)	Rank	10 Years (p.a.)	Rank	Rank	Rank	Rank	Rank							
SPECIALIST BONDS																										
Argon Domestic Core Bond	1.09%	20	0.37%	17	2.69%	5	2.69%	5	9.15%	13	7.93%	21	8.64%	17	*	2.69%	5	18.55%	2	6.81%	21	13.81%	20	-1.04%	21	
Cadiz Core Bond	1.12%	18	0.45%	13	1.96%	10	1.96%	10	9.00%	16	8.43%	17	9.17%	14	9.89%	8	1.96%	10	16.70%	13	8.82%	20	16.13%	12	-0.33%	19
Cadiz Dynamic Bond	1.15%	14	0.42%	15	1.93%	11	1.93%	11	9.18%	12	8.75%	12	9.42%	10	10.00%	6	1.93%	11	17.14%	11	8.98%	18	16.07%	13	0.71%	11
Coronation Active Bond Portfolio (Composite)	1.14%	15	0.52%	9	2.30%	8	2.30%	8	9.76%	5	8.91%	8	9.56%	6	10.04%	5	2.30%	8	17.66%	5	9.85%	5	15.86%	14	0.00%	15
Coronation Strategic Bond Composite	1.16%	10	0.56%	7	2.76%	4	2.76%	4	10.05%	3	9.42%	4	*	*	*	2.76%	4	18.25%	3	9.70%	8	16.34%	9	1.14%	7	
Futuregrowth Core Bond Composite	1.11%	19	0.50%	11	2.10%	9	2.10%	9	9.41%	8	8.74%	13	9.35%	11	9.86%	10	2.10%	9	17.30%	7	9.35%	13	16.39%	8	-0.27%	18
Futuregrowth Yield Enhanced	1.33%	1	0.96%	1	3.29%	1	3.29%	1	11.18%	1	10.47%	1	10.90%	1	10.99%	1	3.29%	1	19.59%	1	11.27%	2	18.44%	2	1.06%	8
Investec Corporate Bond Composite	1.24%	3	0.87%	2	3.22%	2	3.22%	2	10.50%	2	10.45%	2	10.58%	2	*	3.22%	2	17.16%	9	11.56%	1	18.70%	1	2.63%	2	
Investec Dynamic Bond Portfolio	1.23%	4	0.37%	18	1.75%	14	1.75%	14	8.79%	18	8.21%	20	9.09%	16	9.67%	14	1.75%	14	16.17%	17	8.92%	19	15.53%	16	-0.24%	17
Investec Triple Alpha	1.26%	2	0.57%	6	1.91%	12	1.91%	12	9.24%	9	8.84%	10	*	*	*	1.91%	12	16.49%	15	9.82%	6	16.48%	7	0.60%	13	
Investment Solutions Pure Fixed Interest Portfolio	1.15%	12	0.60%	5	2.40%	7	2.40%	7	9.10%	14	8.61%	15	9.32%	12	9.80%	12	2.40%	7	16.05%	18	9.27%	14	15.52%	17	0.75%	10
JM BUSHA BondPlus	1.04%	21	0.36%	19	1.28%	21	1.28%	21	8.64%	20	8.22%	19	8.46%	18	*	1.28%	21	15.97%	19	9.16%	16	13.64%	21	1.88%	5	
Momentum AM Bond Fund	1.15%	11	0.38%	16	1.36%	20	1.36%	20	9.18%	10	8.94%	7	9.66%	3	10.06%	4	1.36%	20	17.17%	8	9.58%	10	16.30%	10	1.35%	6
Momentum MoM Moderate Bond FOF	1.18%	9	0.44%	14	1.63%	18	1.63%	18	8.98%	17	8.90%	9	9.59%	5	9.89%	9	1.63%	18	16.44%	16	9.38%	12	15.82%	15	2.14%	4
Pan Africa AM Segregated Domestic Bond	1.13%	17	0.67%	4	1.71%	15	1.71%	15	9.03%	15	8.77%	11	9.45%	9	9.81%	11	1.71%	15	16.83%	12	9.07%	17	16.72%	5	0.65%	12
Prescient Bond Quant	1.20%	6	0.49%	12	1.60%	19	1.60%	19	8.72%	19	8.41%	18	9.10%	15	9.57%	15	1.60%	19	15.55%	20	9.46%	11	15.40%	18	0.96%	9
Prescient Bond QuantPlus	1.15%	13	0.77%	3	3.01%	3	3.01%	3	8.49%	21	8.73%	14	9.50%	7	9.92%	7	3.01%	3	13.54%	21	9.17%	15	14.91%	19	3.59%	1
Prudential Yield Enhanced Portfolio	1.18%	8	0.17%	20	1.78%	13	1.78%	13	9.65%	7	9.12%	5	9.64%	4	10.18%	3	1.78%	13	17.14%	10	10.56%	4	17.30%	3	0.03%	14
SIM Institutional Total Return Bond Fund	1.14%	16	0.06%	21	1.70%	16	1.70%	16	9.18%	11	8.57%	16	9.23%	13	9.73%	13	1.70%	16	16.69%	14	9.67%	9	16.82%	4	-0.78%	20
Stanlib Core Bond Portfolio	1.18%	7	0.53%	8	1.66%	17	1.66%	17	9.82%	4	8.98%	6	9.47%	8	10.22%	2	1.66%	17	17.77%	4	10.61%	3	16.26%	11	-0.19%	16
Vunani Active Bond Fund	1.22%	5	0.51%	10	2.41%	6	2.41%	6	9.73%	6	9.55%	3	*	*	*	2.41%	6	17.56%	6	9.74%	7	16.72%	6	2.33%	3	
SPECIALIST BONDS STATISTICS																										
Highest	1.33%		0.96%		3.29%		3.29%		11.18%		10.47%		10.90%		10.99%		3.29%		19.59%		11.56%		18.70%		3.59%	
Upper Quartile	1.20%		0.57%		2.41%		2.41%		9.73%		8.98%		9.59%		10.05%		2.41%		17.56%		9.82%		16.72%		1.35%	
Median	1.15%		0.50%		1.93%		1.93%		9.18%		8.77%		9.44%		9.89%		1.93%		17.14%		9.46%		16.26%		0.71%	
Average	1.17%		0.50%		2.12%		2.12%		9.37%		8.90%		9.45%		9.97%		2.12%		16.94%		9.56%		16.15%		0.81%	
Lower Quartile	1.14%		0.38%		1.70%		1.70%		9.00%		8.57%		9.18%		9.81%		1.70%		16.44%		9.16%		15.53%		-0.19%	
Lowest	1.04%		0.06%		1.28%		1.28%		8.49%		7.93%		8.46%		9.57%		1.28%		13.54%		6.81%		13.64%		-1.04%	
Range	0.29%		0.90%		2.01%		2.01%		2.70%		2.54%		2.44%		1.42%											
Number of participants	21		21		21		21		21		21		18		15		21		21		21		21		21	
INFLATION LINKED BONDS																										
Coronation Absolute Bond Portfolio	0.79%		1.94%		4.56%		4.56%		10.54%		11.91%		11.58%		10.89%		4.56%		13.44%		13.88%		15.66%		12.34%	
Investec Inflation Linked Bond Composite	0.88%		2.39%		1.11%		1.11%		10.91%		*		*		*		1.11%		18.81%		*		*		*	
Momentum AM Inflation Linked Bond Fund	1.12%		2.82%		1.21%		1.21%		11.20%		*		*		*		1.21%		19.73%		13.48%		*		*	
Prescient Inflation Linked Bond Composite	0.98%		2.44%		1.21%		1.21%		9.26%		*		*		*		1.21%		15.63%		11.45%		*		*	
Prudential Inflation Linked Bond Fund	1.11%		2.92%		1.14%		1.14%		11.18%		10.47%		10.77%		*		1.14%		19.98%		13.25%		11.56%		7.29%	
SIM Inflation Linked Bond Fund	1.11%		2.85%		1.12%		1.12%		*		*		*		*		1.12%		*		*		*		*	
INFLATION LINKED BONDS STATISTICS																										
Highest	1.12%		2.92%		4.56%		4.56%		11.20%		11.91%		11.58%		*		4.56%		19.98%		13.88%		15.66%		12.34%	
Upper Quartile	1.11%		2.84%		1.21%		1.21%		11.18%		11.55%		11.38%		*		1.21%		19.73%		13.57%		14.64%		11.07%	
Median	1.04%		2.63%		1.17%		1.17%		10.91%		11.19%		11.18%		*		1.17%		18.81%		13.37%		13.61%		9.81%	
Average	1.00%		2.56%		1.72%		1.72%		10.62%		11.19%		11.18%		*		1.72%		17.52%		13.01%		13.61%		9.81%	
Lower Quartile	0.90%		2.40%		1.12%		1.12%		10.54%		10.83%		10.98%		*		1.12%		15.63%		12.80%		12.59%		8.55%	
Lowest	0.79%		1.94%		1.11%		1.11%		9.26%		10.47%		10.77%		*		1.11%		13.44%		11.45%		11.56%		7.29%	
Range	0.33%		0.98%		3.44%		3.44%		1.94%		1.44%		0.81%		*		3.44%		6.55%		2.43%		4.10%		5.05%	
Number of participants	6		6		6		6		5		2		2		*		6		5		4		2		2	
INDICES																										
All Bond Index	1.13%		0.13%		0.64%		0.64%		8.30%		7.65%		8.43%		9.03%		15.99%		8.82%		14.96%		-0.99%		16.97%	
1-3 Year Bond Index	0.57%		1.48%		4.42%		4.42%		7.19%		7.61%		8.27%		8.14%		8.30%		8.90%		8.75%		7.74%		12.90%	
3-7 Year Bond Index	0.89%		0.79%		1.46%		1.46%		8.31%		8.06%		8.70%		8.98%		13.65%		10.18%		12.79%		2.80%		15.72%	
7-12 Year Bond Index	1.20%		-0.01%		-0.21%		-0.21%		9.20%		8.12%		8.84%		9.69%		18.40%		10.20%		16.00%		-2.19%		17.43%	
12+ Year Bond Index	1.37%		-0.66%		-0.69%		-0.69%		7.74%		6.04%		7.10%		8.58%		18.81%		6.00%		15.86%		-7.47%		18.83%	
Barclays - BESA SA Inflation Linked Index	1.06%		2.80%		0.79%		0.79%		10.80%		10.20%		10.53%		10.80%		19.37%		13.05%		10.97%		7.66%		13.62%	
BESA Standard Bank Credit Index	1.87%		1.80%		-2.29%		-2.29%		7.86%		9.16%		9.21%		*		15.74%		10.95%		20.50%		2.51%		14.82%	
GOVI	1.09%		0.17%		0.52%		0.52%		7.82%		7.91%		8.65%		9.21%		15.64%		7.84%		14.58%		-0.44%		14.17%	
OTHI	1.35%		-0.10%		1.49%		1.49%		8.98%		8.29%		8.72%		9.28%		17.98%		8.10%		17.28%		-1.91%		16.78%	
STeFI	0.45%		1.30%		5.18%		5.18%		5.49%		6.49%		7.62%		7.59%		5.55%		5.73%		6.93%		9.13%			

S.A. BOND MANAGER WATCH™ SURVEY

Objective - The portfolios included in this Survey represent specialist bond portfolios with ALBI as their benchmark and have an effective modified duration mandate of +/- 2 years around the ALBI

INVESTMENT DATA TO THE END OF 2013																		
RISK VS RETURN																		
	Calculated on 3 year performance returns									Calculated on 5 year performance returns								
	3 Year Return (p.a.)	Rank	Volatility (Risk)	Rank	Active Return	Rank	Tracking Error	Information Ratio	Rank	5 Year Return (p.a.)	Rank	Volatility (Risk)	Rank	Active Return	Rank	Tracking Error	Information Ratio	Rank
SPECIALIST BONDS																		
Argon Domestic Core Bond	9.15%	13	6.54%	20	0.85%	13	1.10%	0.77	17	7.93%	21	6.17%	21	0.28%	21	1.16%	0.24	21
Cadiz Core Bond	9.00%	16	6.20%	11	0.69%	16	0.61%	1.14	14	8.43%	17	5.86%	13	0.78%	17	0.53%	1.46	14
Cadiz Dynamic Bond	9.18%	12	6.34%	17	0.87%	12	0.56%	1.55	10	8.75%	12	5.90%	16	1.10%	12	0.53%	2.06	7
Coronation Active Bond Portfolio (Composite)	9.76%	5	6.26%	14	1.46%	5	0.62%	2.37	5	8.91%	8	5.88%	14	1.25%	8	0.61%	2.05	8
Coronation Strategic Bond Composite	10.05%	3	6.25%	13	1.75%	3	0.68%	2.56	4	9.42%	4	5.89%	15	1.76%	4	0.69%	2.55	3
Futuregrowth Core Bond Composite	9.41%	8	6.06%	8	1.11%	8	0.80%	1.39	12	8.74%	13	5.76%	10	1.08%	13	0.68%	1.59	13
Futuregrowth Yield Enhanced	11.18%	1	5.71%	3	2.88%	1	1.65%	1.74	8	10.47%	1	5.46%	5	2.82%	1	1.40%	2.01	9
Investec Corporate Bond Composite	10.50%	2	5.69%	2	2.19%	2	1.08%	2.03	7	10.45%	2	5.38%	3	2.79%	2	1.02%	2.74	2
Investec Dynamic Bond Portfolio	8.79%	18	5.99%	6	0.49%	18	0.75%	0.65	19	8.21%	20	5.72%	8	0.56%	20	0.64%	0.88	18
Investec Triple Alpha	9.24%	9	6.09%	9	0.94%	9	0.73%	1.28	13	8.84%	10	5.76%	9	1.19%	10	0.64%	1.87	10
Investment Solutions Pure Fixed Interest Portfolio	9.10%	14	5.73%	4	0.80%	14	0.92%	0.87	16	8.61%	15	5.42%	4	0.96%	15	0.79%	1.21	15
JM BUSHBA BondPlus	8.64%	20	5.92%	5	0.34%	20	0.73%	0.46	20	8.22%	19	5.28%	2	0.57%	19	1.07%	0.53	20
Momentum AM Bond Fund	9.18%	10	6.30%	15	0.88%	10	0.43%	2.06	6	8.94%	7	5.80%	11	1.28%	7	0.54%	2.36	5
Momentum MoM Moderate Bond FOF	8.98%	17	6.13%	10	0.68%	17	0.62%	1.10	15	8.90%	9	5.81%	12	1.24%	9	1.13%	1.10	17
Pan Africa AM Segregated Domestic Bond	9.03%	15	6.32%	16	0.73%	15	0.51%	1.41	11	8.77%	11	5.98%	17	1.12%	11	0.54%	2.07	6
Prescient Bond Quant	8.72%	19	6.05%	7	0.42%	19	0.59%	0.70	18	8.41%	18	5.61%	6	0.75%	18	0.63%	1.18	16
Prescient Bond QuantPlus	8.49%	21	4.76%	1	0.18%	21	1.91%	0.10	21	8.73%	14	4.51%	1	1.08%	14	1.79%	0.60	19
Prudential Yield Enhanced Portfolio	9.65%	7	6.56%	21	1.35%	7	0.26%	5.11	1	9.12%	5	6.11%	20	1.47%	5	0.49%	2.99	1
SIM Institutional Total Return Bond Fund	9.18%	11	6.36%	18	0.88%	11	0.53%	1.67	9	8.57%	16	6.06%	19	0.92%	16	0.50%	1.82	11
Stanlib Core Bond Portfolio	9.82%	4	6.40%	19	1.52%	4	0.53%	2.88	2	8.98%	6	5.99%	18	1.32%	6	0.53%	2.51	4
Vunani Active Bond Fund	9.73%	6	6.24%	12	1.43%	6	0.50%	2.85	3	9.55%	3	5.68%	7	1.90%	3	1.05%	1.81	12
			Lower volatility = higher ranking									Lower volatility = higher ranking						
STATISTICS																		
Highest	11.18%		6.56%		2.88%		1.91%	5.11		10.47%		6.17%		2.82%		1.79%	2.99	
Upper Quartile	9.73%		6.32%		1.43%		0.80%	2.06		8.98%		5.90%		1.32%		1.05%	2.07	
Median	9.18%		6.20%		0.88%		0.62%	1.41		8.77%		5.80%		1.12%		0.64%	1.82	
Average	9.37%		6.09%		1.07%		0.77%	1.65		8.90%		5.72%		1.25%		0.81%	1.70	
Lower Quartile	9.00%		5.99%		0.69%		0.53%	0.87		8.57%		5.61%		0.92%		0.54%	1.18	
Lowest	8.49%		4.76%		0.18%		0.26%	0.10		7.93%		4.51%		0.28%		0.49%	0.24	
Number of participants	21		21		21		21	21		21		21		21		21	21	21
INFLATION LINKED BONDS																		
Coronation Absolute Bond Portfolio	10.54%		3.25%							11.91%		3.06%						
Investec Inflation Linked Bond Composite	10.91%		6.46%							*		*						
Momentum AM Inflation Linked Bond Fund	11.20%		6.35%							*		*						
Prescient Inflation Linked Bond Composite	9.26%		4.95%							*		*						
Prudential Inflation Linked Bond Fund	11.18%		6.44%							10.47%		5.76%						
SIM Inflation Linked Bond Fund	*		*							*		*						
STATISTICS																		
Highest	11.20%		6.46%							11.91%		5.76%						
Upper Quartile	11.18%		6.44%							11.55%		5.09%						
Median	10.91%		6.35%							11.19%		4.41%						
Average	10.62%		5.49%							11.19%		4.41%						
Lower Quartile	10.54%		4.95%							10.83%		3.74%						
Lowest	9.26%		3.25%							10.47%		3.06%						
Number of participants	5		5							2		2						
INDICES																		
All Bond Index	8.30%		6.57%							7.65%		6.12%						
Barclays - BESA SA Inflation Linked Index	10.80%		6.45%							10.20%		5.67%						
BESA Standard Bank Credit Index	7.86%		7.11%							9.16%		6.29%						

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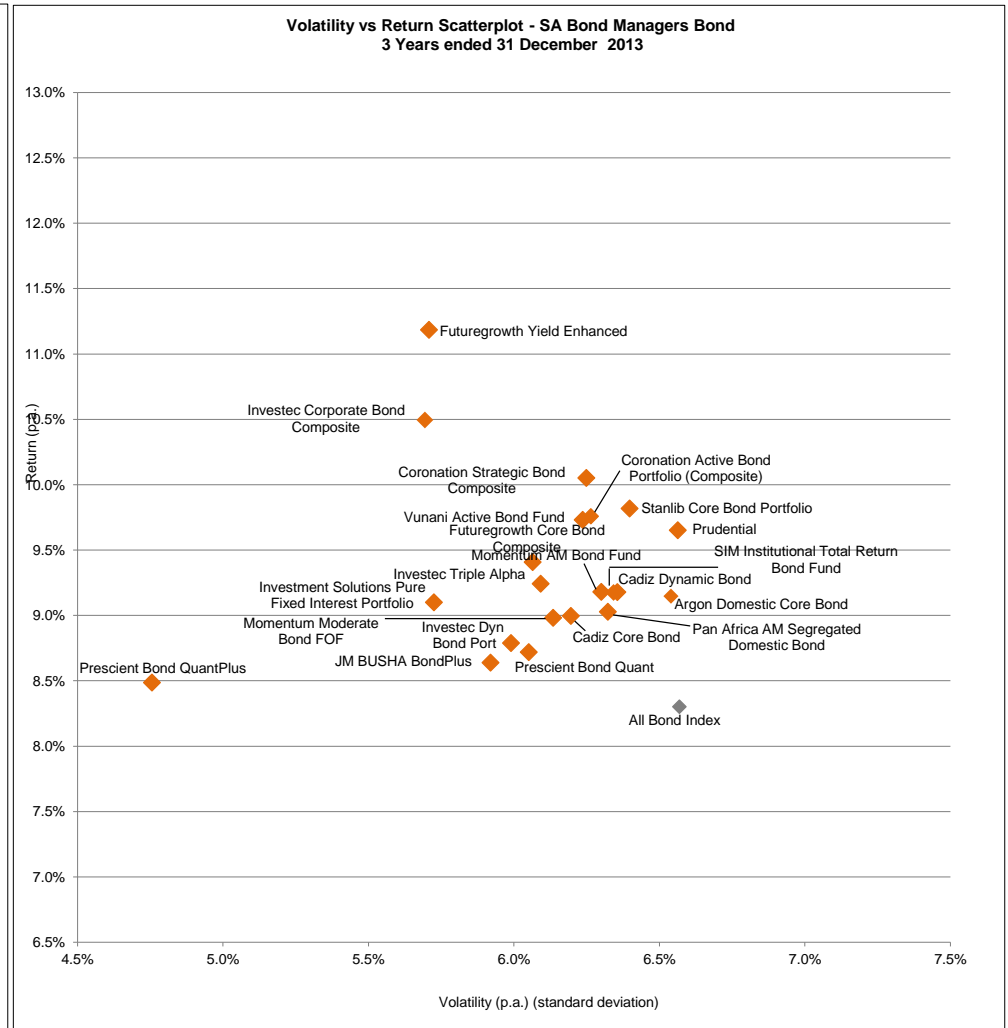
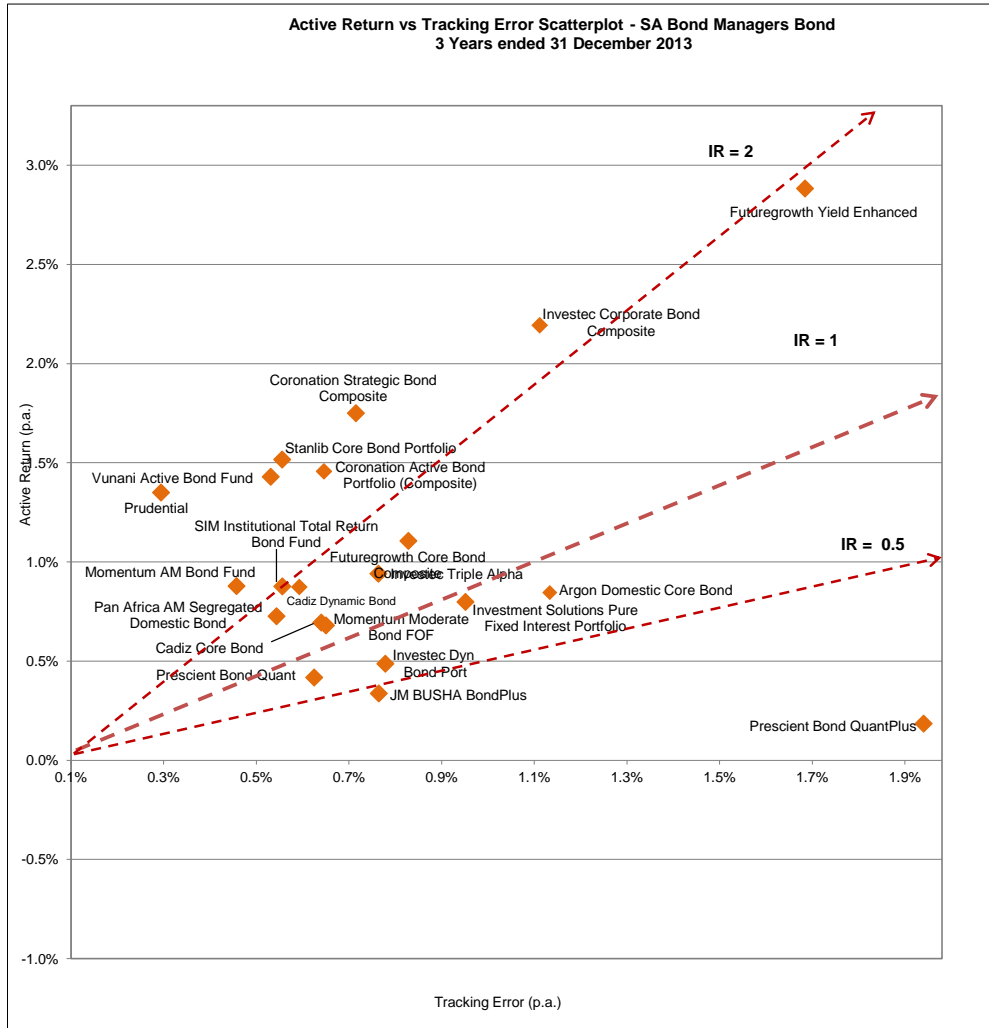
SECTOR ALLOCATION								
	1-3 Years	3-7 Years	7-12 Years	12+ Years	Other	Cash	Inflation Linked Bonds	Total
INVESTMENT MANAGERS								
SPECIALIST BONDS								
Argon Domestic Core Bond	9.50%	24.00%	22.00%	39.90%	0.00%	4.60%	0.00%	100.00%
Cadiz Core Bond	14.61%	22.13%	15.54%	41.41%	0.00%	6.30%	0.00%	100.00%
Cadiz Dynamic Bond	21.42%	23.27%	13.64%	36.60%	0.00%	5.08%	0.00%	100.00%
Coronation Active Bond Portfolio (Composite)	16.00%	24.58%	14.11%	34.58%	8.48%	2.25%	0.00%	100.00%
Coronation Strategic Bond Composite	18.57%	20.86%	12.62%	33.74%	13.26%	0.95%	0.00%	100.00%
Futuregrowth Core Bond Composite	14.58%	39.47%	10.71%	29.48%	2.42%	3.34%	0.00%	100.00%
Futuregrowth Yield Enhanced	22.32%	26.39%	11.39%	8.88%	4.84%	26.18%	0.00%	100.00%
Investec Corporate Bond Composite	3.92%	34.26%	29.46%	31.98%	0.00%	0.38%	0.00%	100.00%
Investec Dynamic Bond Portfolio	3.32%	12.44%	12.33%	38.65%	30.38%	2.87%	0.00%	100.00%
Investec Triple Alpha	4.31%	7.17%	9.82%	21.30%	55.27%	2.13%	0.00%	100.00%
Investment Solutions Pure Fixed Interest Portfolio	11.18%	30.18%	16.43%	40.26%	1.62%	0.34%	0.00%	100.00%
JM BUSHUA BondPlus	14.04%	33.24%	16.81%	34.14%	0.00%	1.77%	0.00%	100.00%
Momentum AM Bond Fund	0.04%	26.77%	23.44%	37.43%	2.32%	10.00%	0.00%	100.00%
Momentum MoM Moderate Bond FOF	5.07%	38.01%	19.09%	32.90%	1.32%	3.60%	0.00%	100.00%
Pan Africa AM Segregated Domestic Bond	8.15%	25.91%	23.52%	35.59%	6.22%	0.61%	0.00%	100.00%
Prescient Bond Quant	10.84%	33.92%	14.13%	39.02%	0.00%	2.09%	0.00%	100.00%
Prescient Bond QuantPlus	8.20%	37.08%	13.91%	39.16%	0.00%	1.65%	0.00%	100.00%
Prudential Yield Enhanced Portfolio	6.80%	26.36%	15.15%	45.10%	0.00%	6.59%	0.00%	100.00%
SIM Institutional Total Return Bond Fund	8.90%	22.94%	15.85%	51.94%	0.00%	0.38%	0.00%	100.00%
Stanlib Core Bond Portfolio	4.43%	20.42%	37.93%	27.50%	7.99%	1.74%	0.00%	100.00%
Vunani Active Bond Fund	9.55%	33.55%	15.16%	41.00%	0.00%	0.74%	0.00%	100.00%
INFLATION LINKED BONDS								
Coronation Absolute Bond Portfolio	20.54%	19.36%	5.26%	8.25%	40.21%	6.38%	0.00%	100.00%
Investec Inflation Linked Bond Composite	0.60%	2.77%	48.53%	46.75%	0.00%	1.34%	0.00%	100.00%
Momentum AM Inflation Linked Bond Fund	0.84%	4.44%	45.01%	44.56%	0.00%	5.15%	0.00%	100.00%
Prescient Inflation Linked Bond Composite	0.12%	11.56%	48.02%	40.30%	0.00%	0.00%	0.00%	100.00%
Prudential Inflation Linked Bond Fund	2.31%	4.20%	27.90%	42.78%	0.00%	22.81%	0.00%	100.00%
SIM Inflation Linked Bond Fund	1.98%	5.25%	41.53%	46.46%	0.00%	4.78%	0.00%	100.00%
Indices								
All Bond Index	0.00%	30.42%	16.74%	44.00%	0.00%	8.83%	0.00%	100.00%

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S.A. BOND MANAGER WATCH™ SURVEY

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The Median is the value above or below which half the managers fall.

The Upper Quartile is the value above which one quarter of the managers fall.

The Lower Quartile is the value below which one quarter of the managers fall.

Risk Analysis Definitions :

"Volatility" is the annualised standard deviation of the manager's monthly returns.

"Volatility" is a measure of the variability of the manager's returns.

"Return to Risk" is the return divided by the "Volatility"

"Return to Risk" is a measure of the return earned per unit of risk taken.

"Active return" is the return earned by the manager less the return on the benchmark.

"Active Return" is a measure of the value that the manager has added or detracted over the benchmark return.

"Tracking Error" is the annualised standard deviation of the monthly "Active Returns".

"Tracking Error" is a measure of the variability of the manager's returns relative to the benchmark returns.

"Information Ratio" is the "Active Return" divided by the "Tracking Error".

"Information Ratio" is a measure of the value added per unit of risk taken relative to the benchmark.

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