



**S.A Bond Manager Watch™ Survey  
for the month ending December 2016**

Research & Product Development  
**FINANCIAL SERVICES**

  
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Securing your financial well-being

# 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.

*It should be noted that historic performance is not 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 even exposure to lower credit ratings. The current positioning and exposure of a fund is more relevant to an investment strategy than its historic performance. Please use all information within this survey and interpretations therefrom cautiously. 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 interest rate changes to 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 to compensate 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.

# COMMENTARY

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## MARKET DYNAMICS THAT INFLUENCED PERFORMANCE AND STRATEGY OVER Q4 2016

After several years of accommodative monetary policy, the Fed unanimously raised its federal funds target rate by 25 basis points, with the new rate now standing at 0.75%. This move transpired on the back of improvement in labour and inflation conditions during 2016, signalling the first step towards policy normalisation in the U.S. Inflation is expected to reach the 2% target level in the medium term due to a dissipation of energy and import price declines. Such a rate increase was widely expected by financial market participants, being only the second increase since the target rate was cut to near zero-levels in 2008. The US 10 YR bond has a significant influence on SA bond markets in two ways:

1. It is reference point to the SA 10 YR bond
2. It is the basis for the valuation of the risk premia against SA bonds

At its last meeting for 2016, the South African Reserve Bank (SARB) left the repo rate unchanged at 7%. The tone of the meeting was more hawkish than the previous meeting as expected, given recent local and global economic and political developments.

Domestically, bonds outperformed equities during the quarter, reflected in the 2.6% gains for the All Bond Index (Albi) and the 2.1% loss for the All Share Index (ASI, inclusive of dividends). Bonds benefited from the credit ratings agencies decisions not to label South Africa with a sub-investment grade credit rating. Despite this decision weak economic growth and political uncertainty remain risks for the South African credit rating outlook in 2017. These risks were reflected in the credit rating decisions with all three of the major ratings agencies assessing the domestic credit rating outlook as negative.

South African headline inflation accelerated in December to 6.8% from November's 6.6% year on year while inflation averaged 6.4% in 2016 (4.6% in 2015). Food and non-alcoholic beverages price inflation was up 11.7% for the year. Transport inflation came in 0.4% lower than November as petrol prices dropped by 20 cents in the month.

The best-performing area of the yield curve over the quarter was the short end (1-3 years), which returned 1.44% while the 12+ years area of the curve returned -0.04%. The money-market curve ended flat over the quarter, with the 12-month NCD closing at 8.4%. The three-month Jibar also ended flat over the quarter at 7.3%. The forward-rate agreements (FRAs) ended marginally lower over the quarter, albeit flat over 12 months, which is optimistic given that the US Federal Reserve has started to raise interest rates.

Local bonds reported negative net portfolio flows in the fourth quarter of \$2.2bn but net portfolio inflows of \$1.8bn. Inflows into bonds reflects that strong appetite for SA debt exists when yields have corrected enough to compensate for the recurring credit risk that government has been unable to sustainably contain.

The factors that contributed positively to performance over the quarter were:

- Short duration (Exposure to long dated maturity bonds)
- Low exposure to ILB's

## HOW THE MANAGERS PERFORMED OVER THE 4<sup>TH</sup> QUARTER

As per the previous quarter, only 1 out of the specialist 23 managers was not able to outperform the ALBI (0.35%). The Futuregrowth Yield Enhanced, Stanlib Core Bond Portfolio and Investec Corporate Bond Composite were the top three performing specialist funds over the quarter. The Stanlib Core Bond Portfolio was the best performer over the one year period returning 17.51%. The bottom three specialist performers over the quarter were the Investec Triple Alpha, SIM Institutional Total Return Bond Fund and Cadiz Houseview.

The average portfolio duration for the ALBI and specialist managers' were 7.14 and 6.98 respectively over the quarter, being on average 0.16 lower in duration relative to the ALBI over the quarter.

The use of credit in the specialist bond composites remains stable with the average fund having c.67% invested in AAA instruments. The one year performance dispersion among the specialist bond managers has decreased to 2.04% from 2.63% in respective of the previous quarter. Only the Cadiz Houseview Bond Fund underperformed the ALBI benchmark over the quarter; whilst all of the funds were ahead of the ALBI for the one year period.

Coronation Absolute Bond Portfolio has been the top performer out of the Inflation Linked Bonds category over the quarter (1.08%) and one year period (10.02%). This is largely due to an absolute management style as opposed to inflation linked approach.

With cash and bonds outperforming; a passive 50% cash (STeFI) and 50% ALBI portfolio would have generated 11% over the one year period.

It should be noted that the Absa Asset Management Bond Fund, Futuregrowth Yield Enhanced, Prescient Bond Quant, Prescient Bond Quant Plus, Coronation Absolute Bond Portfolio and Prescient Inflation Linked Bond Composite composites are not Regulation 28 compliant composites. This would allow greater flexibility in fund management which could result in significantly different performance outcomes and risk profiles.

# 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

GENERAL INFORMATION									
	GIPS™ (Verified/ Compliant)	Notes	Managed in terms of 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
<b>INVESTMENT MANAGERS</b>									
<b>SPECIALIST BONDS</b>									
Absa Asset Management Bond Fund	V		N	All Bond Index	6.70	79.79%	1	1,250	09 January 2017
Aluwani Capital Partners - SA Bond Composite	C		Y	All Bond Index	7.06	76.11%	7	4,620	13 January 2017
Argon SA Bond Fund	V		Y	All Bond Index	6.72	86.24%	5	1,209	13 January 2017
Atlantic Bond Composite	C		Y	All Bond Index	7.34	44.61%	2	141	11 January 2017
Cadiz Houseview Bond Fund	V		Y	All Bond Index	8.30	60.74%	2	687	13 January 2017
Coronation Active Bond Portfolio (Composite)	C		Y	All Bond Index	7.3	77.63%	6	5,480	11 January 2017
Coronation Strategic Bond Composite	C		Y	All Bond Index	7.0	72.11%	7	2,999	11 January 2017
Futuregrowth Core Bond Composite	C		Y	All Bond Index	6.5	59.90%	3	18,547	13 January 2017
Futuregrowth Yield Enhanced	C		N	All Bond Index	7.14	25.14%	5	12,014	13 January 2017
Investec Corporate Bond Composite	V		Y	All Bond Index	6.88	34.06%	3	12,409	13 January 2017
Investec Triple Alpha	V		Y	All Bond Index	6.93	62.17%	8	3,057	13 January 2017
Investment Solutions Pure Fixed Interest Portfolio	n/a		Y	All Bond Index	5.84	-	N/A	4,319	10 January 2017
JM BUSHUA BondPlus	C		Y	All Bond Index	6.92	-	3	1,179	06 January 2017
MMI - SA Bond	C		Y	All Bond Index	7.18	82.54%	4	13,473	13 January 2017
Momentum MoM Moderate Bond FOF			Y	All Bond Index	6.99	70.46%	1	186	13 January 2017
Pan Africa AM Segregated Domestic Bond	V		Y	All Bond Index	6.96	62.69%	2	1,556	10 January 2017
Prescient Bond Quant	V		N	All Bond Index	7.09	85.50%	2	375	06 January 2017
Prescient Bond QuantPlus	V		N	All Bond Index	6.91	75.50%	10	7,712	06 January 2017
Prudential Yield Enhanced Portfolio	V		Y	All Bond Index	7.27	79.79%	7	2,534	09 January 2017
SIM Institutional Total Return Bond Fund	V		Y	All Bond Index	7.40	74.84%	13	6,931	05 January 2017
Stanlib Core Bond Portfolio	V		Y	All Bond Index	6.83	68.00%	8	6,673	13 January 2017
STANLIB Multi-Manager Bond	n/a		Y	All Bond Index	6.32	72.60%	N/A	4,325	16 January 2017
Vunani Active Bond Fund	V		Y	All Bond Index	7.10	61.34%	7	1,040	13 January 2017
		<i>This includes multi-managers thus must be noted as possible "double-counting"</i>							
<b>TOTAL</b>								112,716	
<b>INFLATION LINKED BONDS</b>									
Aluwani Capital Partners - Inflation Linked Bond Composite	C		Y	Barclays ILB Index (ILBI)	11.86	61.3%	3	2,166	13 January 2017
Coronation Absolute Bond Portfolio	C		N	CPI + 4%pa	3.97	27.3%	2	6,142	11 January 2017
Investec Inflation Linked Bond Composite	V		Y	Barclays - BESA SA Inflation Linked Index	11.89	77.5%	3	3,111	13 January 2017
Prescient Inflation Linked Bond Composite	V		N	90 ILBI / 10 STEFI Call	10.2	72.2%	3	3,417	06 January 2017
SIM Inflation Linked Bond Fund	V		Y	Barclays BESA Govt Inflation-linked Bond Index	11.82	80.9%	2	2,474	05 January 2017
<b>INDICES</b>									
All Bond Index					7.14				
		<i>This includes multi-managers thus must be noted as possible "double-counting"</i>							
<b>TOTAL</b>								15,145	

\* Characteristics are updated on a quarterly basis.

\* 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 DECEMBER 2016																										
PERFORMANCE DATA																										
	Month		Quarter		Year to Date		1 Year		3 Years (p.a.)		5 Years (p.a.)		7 Years (p.a.)		10 Years (p.a.)		Calendar Year 2015	Calendar Year 2014	Calendar Year 2013	Calendar Year 2012	Calendar Year 2011					
	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank					
<b>SPECIALIST BONDS</b>																										
Absa Asset Management Bond Fund	1.60%	16	0.77%	5	16.63%	8	16.63%	8	*	*	*	*	*	*	*	*	-1.14%	3	10.27%	11	*	*				
Aluwani Capital Partners - SA Bond Composite	1.60%	15	0.53%	17	16.28%	13	16.28%	13	7.32%	16	7.99%	11	9.39%	12	8.97%	5	-3.52%	19	10.18%	13	1.38%	19	17.21%	8	9.63%	10
Argon SA Bond Fund	1.66%	11	0.48%	20	16.37%	11	16.37%	11	8.03%	4	8.95%	3	9.32%	16	8.46%	16	-2.47%	8	11.08%	5	2.69%	5	18.55%	2	6.81%	20
Atlantic Bond Composite	1.68%	8	0.77%	6	16.70%	6	16.70%	6	*	*	*	*	*	*	*	*	-2.48%	9	10.92%	6	2.32%	8	*	*	*	
Cadiz Houseview Bond Fund	1.33%	22	0.14%	23	15.47%	23	15.47%	23	7.38%	12	8.13%	9	9.35%	13	8.80%	12	-2.51%	10	9.98%	15	1.93%	11	17.14%	12	8.98%	19
Coronation Active Bond Portfolio (Composite)	1.73%	4	0.54%	16	16.65%	7	16.65%	7	8.01%	5	8.69%	4	9.85%	4	9.10%	3	-2.98%	13	11.33%	3	2.30%	9	17.66%	5	9.85%	5
Coronation Strategic Bond Composite	1.94%	1	0.78%	4	16.12%	15	16.12%	15	8.20%	2	9.01%	2	10.13%	3	*	*	-3.33%	7	11.69%	2	2.76%	4	18.25%	3	9.70%	8
Futuregrowth Core Bond Composite	1.57%	18	0.74%	7	15.79%	21	15.79%	21	7.20%	19	8.09%	10	9.42%	11	8.70%	13	-3.56%	21	10.33%	8	2.10%	10	17.30%	7	9.35%	14
Futuregrowth Yield Enhanced	1.70%	6	1.10%	1	16.95%	3	16.95%	3	9.38%	1	10.08%	1	11.41%	1	10.44%	1	-0.82%	2	12.81%	1	3.29%	1	19.59%	1	11.27%	2
Investec Corporate Bond Composite	1.72%	5	0.81%	3	17.13%	2	17.13%	2	7.77%	7	8.64%	5	10.44%	2	9.73%	2	-0.20%	1	7.08%	22	3.22%	2	17.16%	10	11.56%	1
Investec Triple Alpha	1.47%	21	0.46%	21	15.99%	19	15.99%	19	7.35%	13	7.99%	12	9.43%	10	*	*	-2.00%	5	8.83%	21	1.91%	12	16.49%	15	9.82%	6
Investment Solutions Pure Fixed Interest Portfolio	1.75%	3	0.67%	8	16.53%	9	16.53%	9	8.05%	3	8.43%	6	9.54%	8	8.94%	7	-2.56%	11	11.08%	4	2.40%	7	16.05%	17	9.27%	15
JM BUSHA BondPlus	1.67%	9	0.61%	10	15.73%	22	15.73%	22	7.44%	10	7.81%	19	8.82%	20	*	*	-2.22%	6	9.59%	20	1.28%	21	15.97%	18	9.16%	17
MMI - SA Bond	1.54%	20	0.59%	13	16.00%	18	16.00%	18	7.26%	18	7.94%	16	9.34%	15	8.94%	6	-3.53%	20	10.27%	10	1.36%	20	17.17%	9	9.58%	11
Momentum MoM Moderate Bond FOF	1.58%	17	0.59%	12	16.02%	17	16.02%	17	7.27%	17	7.87%	18	9.19%	17	8.89%	9	-3.48%	18	10.22%	12	1.63%	17	16.44%	16	9.38%	13
Pan Africa AM Segregated Domestic Bond	1.62%	14	0.49%	19	15.82%	20	15.82%	20	7.33%	14	7.97%	15	9.35%	14	8.81%	11	-3.21%	15	10.31%	9	1.72%	14	16.63%	14	9.14%	18
Prescient Bond Quant	1.62%	13	0.56%	15	16.11%	16	16.11%	16	7.41%	11	7.79%	20	9.08%	19	8.59%	15	-3.08%	14	10.12%	14	1.60%	18	15.55%	19	9.46%	12
Prescient Bond QuantPlus	1.56%	19	0.56%	14	16.36%	12	16.36%	12	7.86%	6	7.97%	13	9.11%	18	9.00%	4	-1.67%	4	9.66%	18	3.01%	3	13.54%	20	9.17%	16
Prudential Yield Enhanced Portfolio	1.66%	12	0.59%	11	16.52%	10	16.52%	10	7.09%	20	7.93%	17	9.60%	7	8.87%	10	-4.05%	22	9.86%	16	1.78%	13	17.14%	11	10.58%	4
SIM Institutional Total Return Bond Fund	1.69%	7	0.45%	22	16.73%	5	16.73%	5	7.33%	15	7.97%	14	9.43%	9	8.65%	14	-4.29%	23	10.67%	7	1.70%	15	16.69%	13	9.67%	9
Stanlib Core Bond Portfolio	1.86%	2	1.07%	2	17.51%	1	17.51%	1	7.61%	8	8.33%	8	9.76%	5	8.91%	8	-3.25%	16	9.61%	19	1.66%	16	17.77%	4	10.61%	3
STANLIB Multi-Manager Bond	1.28%	23	0.51%	18	16.24%	14	16.24%	14	*	*	*	*	*	*	*	*	-2.67%	12	*	*	*	*	*	*	*	*
Vunani Active Bond Fund	1.67%	10	0.66%	9	16.93%	4	16.93%	4	7.46%	9	8.36%	7	9.71%	6	*	*	-3.25%	17	9.69%	17	2.41%	6	17.56%	6	9.74%	7
<b>SPECIALIST BONDS STATISTICS</b>																										
Highest	1.94%		1.10%		17.51%		17.51%		9.38%		10.08%		11.41%		10.44%		-0.20%		12.81%		3.29%		19.59%		11.56%	
Upper Quartile	1.69%		0.75%		16.68%		16.70%		7.93%		8.54%		9.74%		8.97%		-2.27%		10.85%		2.41%		17.59%		9.83%	
Median	1.66%		0.59%		16.36%		16.36%		7.41%		7.99%		9.42%		8.88%		-2.67%		10.25%		1.93%		17.15%		9.61%	
Average	1.63%		0.63%		16.37%		16.36%		7.60%		8.25%		9.55%		8.98%		-2.67%		10.25%		2.12%		16.99%		9.64%	
Lower Quartile	1.57%		0.52%		16.01%		16.00%		7.33%		7.96%		9.33%		8.75%		-3.37%		9.74%		1.66%		16.48%		9.25%	
Lowest	1.28%		0.14%		15.47%		15.47%		7.09%		7.79%		8.82%		8.46%		-4.29%		7.08%		1.28%		13.54%		6.81%	
Range	0.67%		0.96%		2.04%		2.04%		2.29%		2.29%		2.59%		1.99%		4.09%		5.73%		2.01%		6.05%		4.75%	
Number of participants	23		23		23		23		20		20		20		16		23		22		21		20		20	
<b>INFLATION LINKED BONDS</b>																										
Aluwani Capital Partners - Inflation Linked Bond Composite	-0.51%		-0.96%		6.82%		6.82%		*		*		*		*		4.11%		*		*		*		*	
Coronation Absolute Bond Portfolio	0.83%		1.08%		10.02%		10.02%		7.82%		8.25%		10.07%		10.44%		4.98%		8.51%		4.56%		13.44%		13.88%	
Investec Inflation Linked Bond Composite	-0.83%		-1.40%		5.62%		5.62%		6.76%		7.89%		*		*		3.88%		10.91%		1.11%		18.81%		13.56%	
Prescient Inflation Linked Bond Composite	-0.37%		-0.64%		6.64%		6.64%		6.81%		7.38%		8.45%		*		3.66%		10.22%		1.35%		*		*	
SIM Inflation Linked Bond Fund	-0.48%		-0.95%		6.43%		6.43%		6.97%		8.12%		*		*		3.73%		10.87%		1.12%		19.39%		*	
<b>INFLATION LINKED BONDS STATISTICS</b>																										
Highest	0.83%		1.08%		10.02%		10.02%		7.82%		8.25%		10.07%		*		4.98%		10.91%		4.56%		19.39%		13.88%	
Upper Quartile	-0.07%		-0.21%		7.48%		7.48%		7.18%		8.15%		9.67%		*		4.16%		10.88%		2.15%		19.10%		13.80%	
Median	-0.43%		-0.79%		6.53%		6.53%		6.89%		8.01%		9.26%		*		3.81%		10.55%		1.23%		18.81%		13.72%	
Average	-0.21%		-0.48%		7.18%		7.18%		7.09%		7.91%		9.26%		*		4.06%		10.13%		2.03%		17.21%		13.72%	
Lower Quartile	-0.57%		-1.07%		6.23%		6.23%		6.79%		7.76%		8.86%		*		3.72%		9.80%		1.12%		16.12%		13.64%	
Lowest	-0.83%		-1.40%		5.62%		5.62%		6.76%		7.38%		8.45%		*		3.66%		8.51%		1.11%		13.44%		13.56%	
Range	1.66%		2.48%		4.40%		4.40%		1.05%		0.87%		1.62%		*		1.32%		2.40%		3.44%		5.95%		0.32%	
Number of participants	5		5		5		5		4		4		2		1		5		4		4		3		2	
<b>INDICES</b>																										
All Bond Index	1.57%		0.35%		15.45%		15.45%		6.90%		7.36%		8.62%		7.97%		-3.93%		10.15%		0.64%		15.99%		8.82%	
1-3 Year Bond Index	0.78%		1.44%		10.08%		10.08%		6.78%		6.60%		7.23%		7.82%		4.10%		6.23%		4.42%		8.30%		8.90%	
3-7 Year Bond Index	1.21%		1.07%		13.44%		13.44%		7.30%		7.33%		8.50%		8.27%		0.93%		7.90%		1.46%		13.65%		10.18%	
7-12 Year Bond Index	1.45%		0.69%		15.40%		15.40%		6.56%		7.41%		8.99%		8.15%		-3.19%		8.30%		-0.21%		18.40%		10.20%	
12+ Year Bond Index	1.76%		-0.04%		17.46%		17.46%		7.23%		7.78%		8.64%		7.14%		-7.04%		12.91%		-0.69%		18.81%		6.00%	
Barclays - BESA SA Inflation Linked Index	-0.29%		-1.07%		6.27%		6.27%		6.99%		8.06%		9.17%		9.45%		3.68%		11.15%		0.79%		19.37%		13.05%	
BESA Standard Bank Credit Index	-0.34%		-0.88%		1.37%		1.37%		0.65%		2.89%		6.38%		6.58%		-7.85%		9.14%		-2.29%		15.74%		10.95%	
GOVI	1.58%		0.35%		14.93%		14.93%		6.81%		7.21%		8.32%		7.58%		-3.44%		9.81%		0.52%		15.64%		7.84%	
OTHI	1.54%		0.33%		16.73%	</																				

# 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 DECEMBER 2016																			
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	
<b>SPECIALIST BONDS</b>																			
Argon SA Bond Fund	8.03%	4	8.31%	12	1.13%	4	0.81%	1.39	3	8.95%	3	7.62%	13	1.59%	3	0.74%	2.16	2	
Aluwani Capital Partners - SA Bond Composite	7.32%	16	8.38%	14	0.41%	16	0.56%	0.73	10	7.99%	11	7.72%	16	0.63%	11	0.50%	1.27	7	
Cadiz Houseview Bond Fund	7.38%	12	7.66%	1	0.47%	12	1.36%	0.35	17	8.13%	9	7.28%	4	0.77%	9	1.09%	0.71	15	
Coronation Active Bond Portfolio (Composite)	8.01%	5	8.22%	10	1.11%	5	0.60%	1.85	2	8.69%	4	7.54%	11	1.33%	4	0.64%	2.09	3	
Coronation Strategic Bond Composite	8.20%	2	7.87%	2	1.30%	2	1.09%	1.19	6	9.01%	2	7.36%	6	1.65%	2	0.97%	1.71	4	
Futuregrowth Core Bond Composite	7.20%	19	8.57%	18	0.30%	19	0.64%	0.46	15	8.09%	10	7.74%	17	0.73%	10	0.76%	0.96	13	
Futuregrowth Yield Enhanced	9.38%	1	8.23%	11	2.48%	1	0.94%	2.63	1	10.08%	1	7.47%	8	2.72%	1	1.14%	2.38	1	
Investec Corporate Bond Composite	7.77%	7	8.07%	5	0.87%	7	2.71%	0.32	18	8.64%	5	7.22%	3	1.29%	5	2.23%	0.58	17	
Investec Triple Alpha	7.35%	13	8.15%	7	0.45%	13	1.46%	0.31	19	7.99%	12	7.43%	7	0.63%	12	1.23%	0.51	19	
Investment Solutions Pure Fixed Interest Portfolio	8.05%	3	7.89%	3	1.14%	3	0.94%	1.21	5	8.43%	6	7.15%	2	1.07%	6	0.96%	1.12	8	
JM BUSHA BondPlus	7.44%	10	8.03%	4	0.53%	10	0.82%	0.65	13	7.81%	19	7.30%	5	0.45%	19	0.82%	0.55	18	
MMI - SA Bond	7.26%	18	8.37%	13	0.36%	18	0.51%	0.70	11	7.94%	16	7.71%	15	0.59%	16	0.46%	1.28	6	
Momentum MoM Moderate Bond FOF	7.27%	17	8.44%	16	0.37%	17	1.04%	0.35	16	7.87%	18	7.68%	14	0.52%	18	0.87%	0.59	16	
Pan Africa AM Segregated Domestic Bond	7.33%	14	8.16%	8	0.43%	14	0.64%	0.68	12	7.97%	15	7.53%	10	0.61%	15	0.60%	1.02	12	
Prescient Bond Quant	7.41%	11	8.39%	15	0.51%	11	0.38%	1.34	4	7.79%	20	7.60%	12	0.43%	20	0.50%	0.86	14	
Prescient Bond QuantPlus	7.86%	6	8.09%	6	0.95%	6	1.04%	0.92	8	7.97%	13	6.95%	1	0.62%	13	1.56%	0.39	20	
Prudential Yield Enhanced Portfolio	7.09%	20	8.67%	19	0.19%	20	0.65%	0.29	20	7.93%	17	7.97%	19	0.57%	17	0.55%	1.04	11	
SIM Institutional Total Return Bond Fund	7.33%	15	8.99%	20	0.42%	15	0.53%	0.81	9	7.97%	14	8.10%	20	0.61%	14	0.56%	1.08	10	
Stanlib Core Bond Portfolio	7.61%	8	8.44%	17	0.71%	8	0.73%	0.97	7	8.33%	8	7.77%	18	0.98%	8	0.67%	1.46	5	
Vunani Active Bond Fund	7.46%	9	8.17%	9	0.56%	9	1.07%	0.52	14	8.36%	7	7.52%	9	1.00%	7	0.91%	1.11	9	
			<i>Lower volatility = higher ranking</i>									<i>Lower volatility = higher ranking</i>							
<b>STATISTICS</b>																			
Highest	9.38%		8.99%		2.48%		2.71%	2.63		10.08%		8.10%		2.72%		2.23%	2.38		
Upper Quartile	7.90%		8.40%		0.99%		1.05%	1.19		8.48%		7.71%		1.13%		1.00%	1.33		
Median	7.42%		8.23%		0.52%		0.81%	0.72		8.04%		7.54%		0.68%		0.79%	1.06		
Average	7.64%		8.25%		0.73%		0.93%	0.88		8.30%		7.53%		0.94%		0.89%	1.14		
Lower Quartile	7.32%		8.09%		0.42%		0.63%	0.44		7.96%		7.34%		0.60%		0.59%	0.68		
Lowest	7.09%		7.66%		0.19%		0.38%	0.29		7.79%		6.95%		0.43%		0.46%	0.39		
Number of participants	20		20		20		20	20		20		20		20		20	20		
<b>INFLATION LINKED BONDS</b>																			
Coronation Absolute Bond Portfolio	7.82%		2.57%							8.25%		2.78%							
Investec Inflation Linked Bond Composite	6.76%		5.30%							7.89%		5.86%							
Prescient Inflation Linked Bond Composite	6.81%		4.64%							7.38%		5.08%							
SIM Inflation Linked Bond Fund	6.97%		5.26%							8.12%		6.03%							
<b>STATISTICS</b>																			
Highest	7.82%		5.30%							8.25%		6.03%							
Upper Quartile	7.18%		5.27%							8.15%		5.90%							
Median	6.89%		4.95%							8.01%		5.47%							
Average	7.09%		4.44%							7.91%		4.94%							
Lower Quartile	6.79%		4.13%							7.76%		4.50%							
Lowest	6.76%		2.57%							7.38%		2.78%							
Number of participants	4		4							4		4							
<b>INDICES</b>																			
All Bond Index	6.90%		8.58%							7.36%		7.91%							
Barclays - BESA SA Inflation Linked Index	6.99%		5.31%							8.06%		6.13%							
BESA Standard Bank Credit Index	0.65%		7.64%							2.89%		7.72%							

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# S.A. BOND MANAGER WATCH™ SURVEY

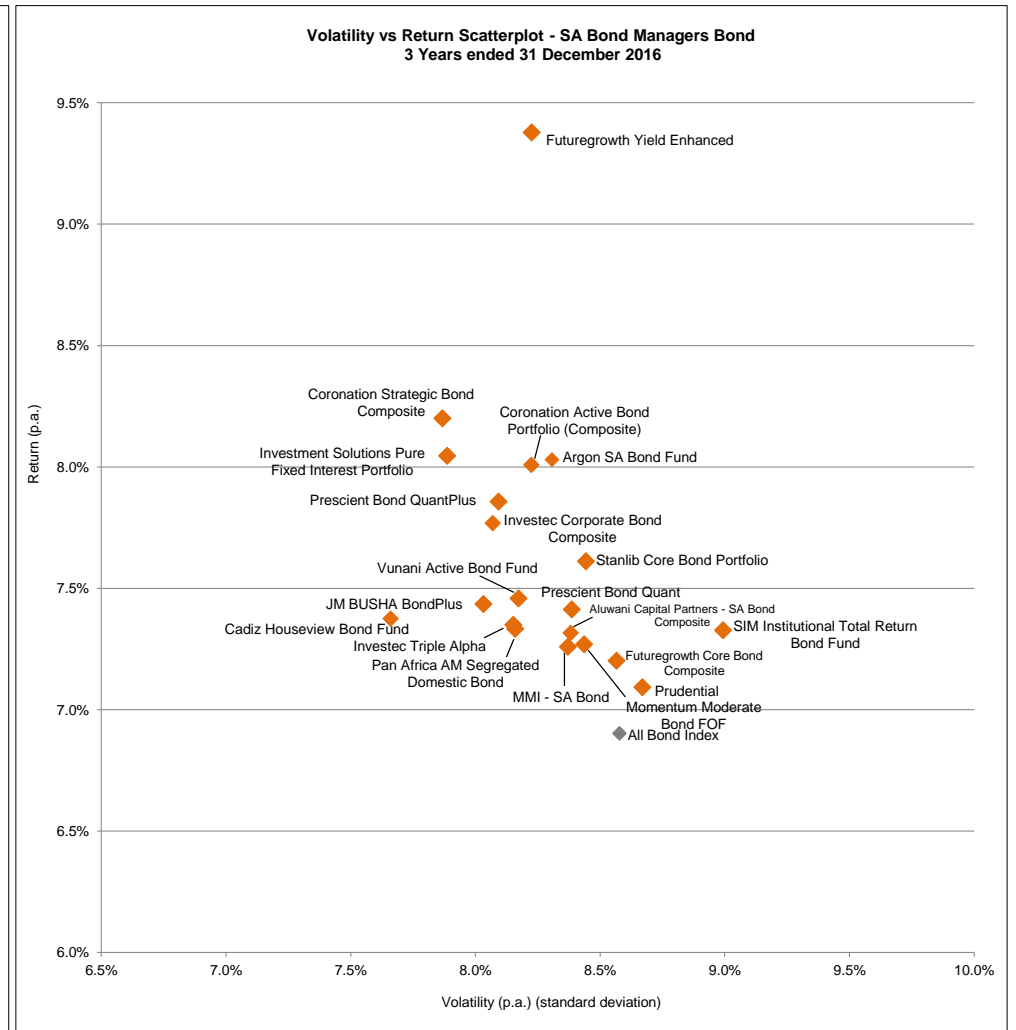
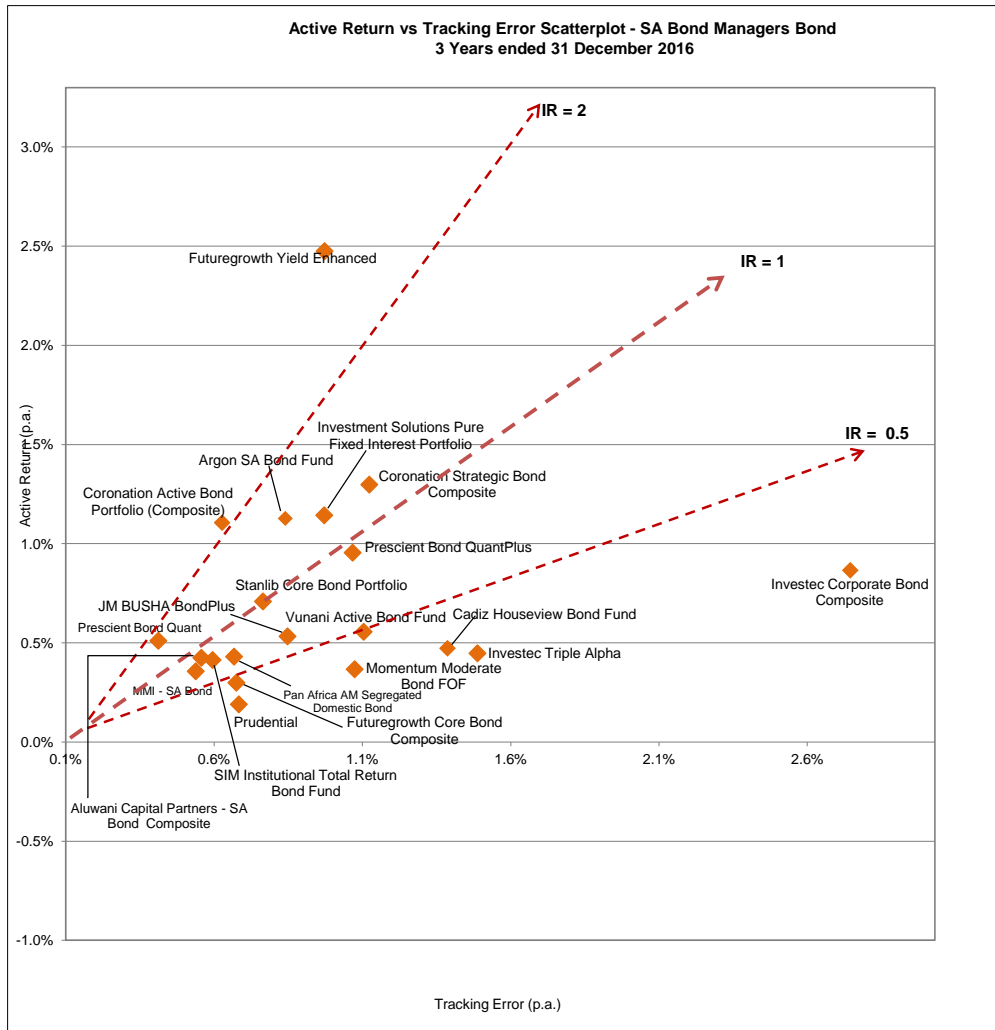
Objective - The portfolios included in this Survey represent specialist bond portfolios with ALBI as their benchmark and have an effective modified duration mandate of +/- 2 years around the ALBI

SECTOR ALLOCATION								
	1-3 Years	3-7 Years	7-12 Years	12+ Years	Other	Cash	Inflation Linked Bonds	Total
INVESTMENT MANAGERS SPECIALIST BONDS								
Absa Asset Management Bond Fund	0.85%	27.65%	41.25%	49.88%	4.07%	-23.70%	0.00%	100.00%
Aluwani Capital Partners - SA Bond (Specialist Bond) C	0.00%	31.47%	17.29%	49.92%	0.00%	1.32%	0.00%	100.00%
Argon SA Bond Fund	3.96%	14.81%	13.88%	58.95%	0.00%	8.40%	0.00%	100.00%
Atlantic Bond Composite	3.41%	12.68%	14.48%	53.76%	6.49%	9.18%	0.00%	100.00%
Cadiz Houseview Bond Fund	15.69%	18.87%	7.25%	53.40%	24.96%	-20.17%	0.00%	100.00%
Coronation Active Bond Portfolio (Composite)	5.92%	8.98%	13.73%	67.48%	3.03%	0.86%	0.00%	100.00%
Coronation Strategic Bond Composite	6.97%	7.35%	14.46%	61.02%	9.94%	0.26%	0.00%	100.00%
Futuregrowth Core Bond Composite	7.26%	21.54%	16.88%	53.20%	0.00%	1.13%	0.00%	100.00%
Futuregrowth Yield Enhanced	15.07%	26.80%	23.38%	52.46%	19.66%	-37.37%	0.00%	100.00%
Investec Corporate Bond Composite	16.74%	37.89%	38.92%	25.40%	0.00%	-18.95%	0.00%	100.00%
Investec Triple Alpha	10.67%	19.22%	34.76%	35.71%	0.00%	-0.35%	0.00%	100.00%
Investment Solutions Pure Fixed Interest Portfolio	21.24%	15.42%	13.47%	51.85%	1.14%	-3.12%	0.00%	100.00%
JM BUSHA BondPlus	2.22%	16.43%	17.09%	53.61%	0.00%	10.65%	0.00%	100.00%
MMI - SA Bond	3.06%	11.78%	12.01%	68.40%	0.35%	4.39%	0.00%	100.00%
Momentum MoM Moderate Bond FOF	3.48%	13.84%	16.26%	61.00%	1.06%	4.36%	0.00%	100.00%
Pan Africa AM Segregated Domestic Bond	4.24%	7.87%	20.27%	61.27%	3.92%	2.43%	0.00%	100.00%
Prescient Bond Quant	21.17%	19.00%	29.61%	30.21%	0.00%	0.00%	0.00%	100.00%
Prescient Bond QuantPlus	21.17%	19.00%	29.61%	30.21%	0.00%	0.00%	0.00%	99.99%
Prudential Yield Enhanced Portfolio	0.83%	1.34%	7.97%	57.31%	31.16%	1.38%	0.00%	100.00%
SIM Institutional Total Return Bond Fund	1.50%	16.69%	16.85%	62.77%	1.42%	0.78%	0.00%	100.00%
Stanlib Core Bond Portfolio	9.16%	12.52%	17.12%	53.57%	7.62%	0.00%	0.00%	100.00%
STANLIB Multi-Manager Bond	4.95%	14.23%	17.70%	57.57%	5.17%	0.37%	0.00%	100.00%
Vunani Active Bond Fund	9.17%	10.10%	21.59%	58.58%	0.00%	0.56%	0.00%	100.00%
INFLATION LINKED BONDS								
Aluwani Capital Partners - Inflation Linked Bond Comp	9.03%	14.58%	9.98%	61.69%	1.87%	2.84%	0.00%	100.00%
Coronation Absolute Bond Portfolio	12.11%	18.80%	19.34%	10.64%	37.72%	1.39%	0.00%	100.00%
Investec Inflation Linked Bond Composite	1.12%	11.67%	33.00%	46.01%	6.84%	0.00%	0.00%	100.00%
Prescient Inflation Linked Bond Composite	10.26%	44.29%	34.46%	10.99%	0.00%	0.00%	0.00%	99.99%
SIM Inflation Linked Bond Fund	0.00%	0.00%	0.00%	0.00%	93.03%	6.97%	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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### General :

Managers are ranked from highest to lowest active return. In some cases rankings may be different due to return differences disguised by the rounding. Rankings are purely for illustrative purposes.

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### Statistical Definitions :

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.

GIPS™ - Global Investment Performance Standards

Ethical principles to achieve full disclosure and fair presentation of investment performance

In South Africa GIPS™ SA requires managers to obtain a verification certificate on compliance

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