



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

Research & Product Development  
**FINANCIAL SERVICES**



## S.A. BOND MANAGER WATCH™ SURVEY

### COMMENTARY

The South Africa's Central Bank Monetary Policy Committee (MPC) has left the repo rate unchanged at 5.0% over the course of the last 12 months. The themes affecting the interest rate policy has remained consistent: concerns about the weak rand at R9.00 to the US Dollar has exacerbated as the currency depreciated closer to R9.90 to the USD; rising inflation; labour conflicts and wage increases; moderate to weak economic growth, a wider current account deficit, and stubborn unemployment.

Global inflation is declining which has resulted in the gold price collapsing. Many countries including our BRIC counterparts and Australia (a commodity-based economy like South Africa) are cutting rates to increase competitiveness and stimulate growth. During April the market anticipated a similar response from the MPC; and correspondingly bond yields shifted downward. When this did not happen and the outlook presented significantly changed; our bond yields moved up significantly across the entire curve.

The Reserve Bank governor believes that the current policy is accommodative and is aware that the real policy rate is slightly negative. The deteriorating domestic inflation outlook, with current forecasts of an expected average of 5.9% for 2013 and a peak of 6.3% in Q3 2013 (breaching the upper end of the target range); places the short end of the yield curve in a very fragile position of sustained negative real rates.

Coming of the back of a flat first quarter, bond investors have been burnt for the year with the ALBI benchmark down 2.3% for the quarter underperforming cash (1.27% STeFI) by 4.6%. This implies that bonds have had a negative real performance of -4.3% for the year to date and is only slightly ahead of inflation over 1 year. Inflation Linked Bonds which naturally hedges inflation risk was even weaker with the Barclays ILB Index down 4.9% as real yields started to tick up.

The change over 1 year is dramatic; 6.3% currently versus 14.3% in March. This is not only because of the weak quarter but the dropping of a strong quarter from the calculation. Net foreign flows have been negative over the past two months with R16bn in outflows.

The yield curve has shifted upwards by over 50bps across all maturities since the end of March. Unlike the previous quarter which saw not much effect across durations, these changes have impacted all Yield-to-Maturity (YTM) buckets differently and a fund's positioning in each duration bucket would have had a material effect on performance. Short dated instrument (1-3 years) actually had a positive return.

From the previous quarter, almost all managers lowered their overall duration to the ALBI, largely driven by them commonly moving their exposure to the 3-7 year maturities from the 7-12 year. This tactical switch helped them outperform the index. The use of credit in the portfolios will be another performance contributor over the benchmarks with the average fund only 55% invested in AAA instruments.

Funds have demonstrated larger performance differences than the previous quarter (1.42% difference between the top and bottom fund); and 3.0% over 1 year, with the 2<sup>nd</sup> and 3<sup>rd</sup> quartile dispersion at only 80bps.

The theory that low duration portfolios perform better in rising yield markets is supported by the fact that correlation of the ranks of performance of the funds to the ranks of duration levels are high. Futuregrowth's Yield Enhanced fund, Prescient's Bond QuantPlus fund and Investment Solutions Pure Fixed Interest Portfolio all had the lowest beginning of period durations; and where in the Top 4 performers for the quarter. On average managers have increased their duration by 0.1 points while Prescient has increased its portfolio's duration by 0.9 points but it still remains the lowest duration portfolio. Most managers have increased their exposure to the 12+ Yield-to-Maturity from the 7-12 year region.

Coronation's Absolute Bond Portfolio's persistent low duration in its Absolute fund paid off this quarter, as yields rose. It lost only 1% versus the ILB benchmark of 4.8% and the peer group of 4.4%. The 4.2 duration made it less sensitive to the yield movement. 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. Prescient which has a 90% ILB, 10% STEFI benchmark has struggled to outperform its benchmark over periods 1 year also due to keeping a low duration portfolio during strong bond markets.

The outlook for bonds is not strong for the remainder of 2013. Real yields, potentially up to June 2017, are currently being traded negatively. This implies that inflation expectations are higher than the yields that the bonds are delivering. Performance differentials between managers should over the short term be driven by duration positioning; and complemented by the quality of credit exposure and tactical trading of market opportunities.

Futuregrowth's Yield Enhanced fund which recovered its performance from the previous quarter is not managed to Reg. 28 principles and assumes unlisted credit which is convertible to equity.

# 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 to 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	5.84	48.20%	3	205	12 July 2013	
Cadiz Core Bond	V		Y	All Bond Index	5.98	70.94%	4	1 836	12 July 2013	
Cadiz Dynamic Bond	V		Y	All Bond Index	6.04	64.63%	2	3 059	12 July 2013	
Coronation Active Bond Portfolio (Composite)	V		Y	All Bond Index	6.29	59.79%	9	6 324	10 July 2013	
Coronation Strategic Bond Composite	V		Y	All Bond Index	5.77	53.62%	8	3 491	10 July 2013	
Futuregrowth Core Bond Composite	V		Y	All Bond Index	5.40	69.30%	6	19 637	12 July 2013	
Futuregrowth Yield Enhanced	V		N	All Bond Index	5.37	32.02%	8	4 427	12 July 2013	
Investec Corporate Bond Composite	V		Y	All Bond Index	6.07	22.03%	3	12 748	12 July 2013	
Investec Dynamic Bond Portfolio	V		Y	All Bond Index	5.94	43.09%	7	5 448	12 July 2013	
Investec Triple Alpha	V		Y	All Bond Index	6.08	48.77%	11	3 013	12 July 2013	
Investment Solutions Pure Fixed Interest Portfolio	n/a		Y	All Bond Index	5.36	57.37%	n/a	8 847	12 July 2013	
JM BUSHUA BondPlus			Y	All Bond Index	5.68	83.41%	3	749	09 July 2013	
Momentum AM Bond Fund	V		Y	All Bond Index	6.00	64.45%	14	7 758	15 July 2013	
Momentum MoM Moderate Bond FOF			Y	All Bond Index	5.78	60.80%	n/a	199	15 July 2013	
Pan Africa AM Segregated Domestic Bond	C		Y	All Bond Index	5.94	42.00%	5	2 961	12 July 2013	
Prescient Bond Quant	V		Y	All Bond Index	5.93	57.90%	2	387	10 July 2013	
Prescient Bond QuantPlus	V		Y	All Bond Index	5.02	49.70%	13	7 084	10 July 2013	
Prudential Yield Enhanced Portfolio	V		Y	All Bond Index	6.13	62.00%	8	1 958	04 July 2013	
SIM Institutional Total Return Bond Fund	V		Y	All Bond Index	6.50	64.80%	19	8 337	10 July 2013	
Stanlib Core Bond Portfolio	V		Y	All Bond Index	5.97	61.00%	11	4 752	12 July 2013	
SYmmETRY Bond Portfolio			N	All Bond Index	6.09	66.25%	n/a	253	11 July 2013	
Vunani Active Bond Fund	V		N	All Bond Index	5.99	37.02%	5	702	09 July 2013	
		<i>This includes multi-managers thus must be noted as possible "double-counting"</i>		<b>TOTAL</b>				103 968		
INFLATION LINKED BONDS										
Coronation Absolute Bond Portfolio	V		N	CPI + 4%pa	4.20	14.87%	2	7 357	10 July 2013	
Investec Inflation Linked Bond Composite	V			Barclays - BESA SA Inflation Linked Index	9.59	65.01%	3	1 200	12 July 2013	
Momentum AM Inflation Linked Bond Fund			Y	Barclays - BESA SA Inflation Linked Index	11.36	83.74%	4	1 926	15 July 2013	
Prescient Inflation Linked Bond Composite	V		Y	90 ILBI / 10 STEFI Call	9.27	77.20%	4	3 463	10 July 2013	
Prudential Inflation Linked Bond Fund	V		Y	Barclays South Africa Inflation Linked Index	11.00	76.00%	1	220	04 July 2013	
SIM Inflation Linked Bond Fund	V		Y	Barclays BESA Govt Inflation-linked Bond Index	10.71	33.00%	4	10 634	10 July 2013	
INDICES										
All Bond Index					6.14					
		<i>This includes multi-managers thus must be noted as possible "double-counting"</i>		<b>TOTAL</b>				24 799		

\* 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 JUNE 2013																										
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 2012	Calendar Year 2011	Calendar Year 2010	Calendar Year 2009	Calendar Year 2008					
	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>																										
Argon Domestic Core Bond	-1.07%	3	-1.46%	6	0.02%	3	9.02%	3	10.81%	19	12.18%	18	9.43%	15	*	18.55%	2	6.81%	21	13.81%	20	-1.04%	20	16.98%	18	
Cadiz Core Bond	-1.23%	9	-1.62%	11	-0.43%	11	7.81%	13	11.47%	15	12.89%	11	10.01%	12	10.19%	8	16.70%	14	8.82%	20	16.13%	11	-0.33%	18	17.56%	14
Cadiz Dynamic Bond	-1.17%	6	-1.74%	14	-0.43%	10	7.92%	11	11.62%	9	*	*	*	*	*	17.14%	12	8.98%	18	16.07%	12	*	*	*	*	
Coronation Active Bond Portfolio (Composite)	-1.33%	10	-1.59%	10	-0.23%	7	8.64%	4	12.01%	6	13.38%	6	10.41%	4	10.39%	4	17.66%	5	9.85%	4	15.86%	13	0.00%	14	17.78%	7
Coronation Strategic Bond Composite	-1.13%	5	-1.33%	3	0.25%	1	9.46%	1	12.48%	2	13.96%	2	*	*	*	18.25%	3	9.70%	7	16.34%	8	1.14%	7	18.54%	2	
Futuregrowth Core Bond Composite	-1.43%	17	-1.56%	9	-0.45%	12	8.11%	7	11.73%	8	13.12%	10	10.12%	10	10.13%	10	17.30%	8	9.35%	12	16.39%	7	-0.27%	17	17.64%	10
Futuregrowth Yield Enhanced	-0.76%	1	-0.76%	1	-0.06%	5	9.41%	2	13.69%	1	14.82%	1	11.60%	1	11.27%	1	19.59%	1	11.27%	1	18.44%	1	1.06%	8	18.70%	1
Investec Corporate Bond Composite	-1.33%	11	-1.51%	7	-0.02%	4	8.11%	8	*	*	*	*	*	*	*	17.16%	10	*	*	*	*	*	*	*	*	
Investec Dynamic Bond Portfolio	-1.41%	15	-1.78%	15	-0.62%	16	7.02%	19	11.11%	17	12.72%	12	9.96%	13	10.01%	13	16.17%	18	8.92%	19	15.53%	15	-0.24%	16	18.12%	4
Investec Triple Alpha	-1.39%	14	-1.84%	17	-0.76%	17	7.02%	18	11.55%	12	*	*	*	*	*	16.49%	16	9.82%	5	16.48%	6	0.60%	12	18.05%	5	
Investment Solutions Pure Fixed Interest Portfolio	-1.18%	7	-1.39%	4	-0.31%	9	7.70%	14	11.21%	16	12.72%	13	10.04%	11	10.07%	12	16.05%	19	9.27%	13	15.52%	16	0.75%	10	17.65%	9
JM BUNSA BondPlus	-1.47%	20	-2.17%	21	-1.07%	22	6.46%	22	10.59%	20	*	*	*	*	*	15.97%	20	9.16%	16	13.64%	21	1.88%	5	13.71%	20	
Momentum AM Bond Fund	-1.65%	21	-2.18%	22	-0.99%	21	7.42%	16	11.54%	13	13.41%	5	10.46%	3	10.36%	5	17.17%	9	9.58%	9	16.30%	9	1.35%	6	18.53%	3
Momentum MoM Moderate Bond FOF	-1.46%	19	-1.88%	19	-0.83%	19	7.31%	17	11.53%	14	12.71%	14	10.34%	5	10.23%	7	16.44%	17	9.38%	11	15.82%	14	2.14%	4	17.18%	16
Pan Africa AM Segregated Domestic Bond	-1.43%	16	-1.87%	18	-0.51%	13	7.93%	9	11.61%	10	13.21%	9	10.30%	7	10.07%	11	16.83%	13	9.07%	17	16.72%	4	0.65%	11	17.61%	11
Prescient Bond Quant	-1.35%	13	-1.84%	16	-0.85%	20	6.74%	21	10.93%	18	12.54%	16	9.84%	14	9.93%	14	15.55%	21	9.46%	10	15.40%	17	0.96%	9	17.33%	15
Prescient Bond QuantPlus	-0.83%	2	-0.76%	2	0.25%	2	6.98%	20	10.41%	21	12.28%	17	10.13%	9	10.25%	6	13.54%	22	9.17%	15	14.91%	19	3.59%	1	17.58%	13
Prudential Yield Enhanced Portfolio	-1.35%	12	-1.66%	13	-0.53%	14	7.87%	12	12.31%	3	13.69%	3	10.50%	2	10.53%	3	17.14%	11	10.58%	3	17.30%	2	0.03%	13	17.59%	12
SIM Institutional Total Return Bond Fund	-1.07%	4	-1.41%	5	-0.26%	8	7.69%	15	11.95%	7	13.22%	8	10.19%	8	10.16%	9	16.69%	15	9.67%	8	16.82%	3	-0.78%	19	17.72%	8
Stanlib Core Bond Portfolio	-1.87%	22	-2.14%	20	-0.79%	18	7.93%	10	12.11%	4	13.43%	4	10.30%	6	10.56%	2	17.77%	4	10.61%	2	16.26%	10	-0.19%	15	17.01%	17
SYmmETRY Bond Portfolio	-1.45%	18	-1.64%	12	-0.58%	15	8.15%	6	11.56%	11	12.62%	15	*	*	*	17.31%	7	9.26%	14	15.39%	18	2.37%	2	15.39%	19	
Vunani Active Bond Fund	-1.18%	8	-1.56%	8	-0.22%	6	8.35%	5	12.03%	5	13.23%	7	*	*	*	17.56%	6	9.74%	6	16.72%	5	2.33%	3	17.81%	6	
<b>SPECIALIST BONDS STATISTICS</b>																										
Highest	-0.76%		-0.76%		0.25%		9.46%		13.69%		14.82%		11.60%		11.27%		19.59%		11.27%		18.44%		3.59%		18.70%	
Upper Quartile	-1.17%		-1.48%		-0.22%		8.14%		12.01%		13.41%		10.38%		10.38%		17.50%		9.74%		16.48%		1.48%		17.87%	
Median	-1.34%		-1.63%		-0.44%		7.89%		11.56%		13.16%		10.19%		10.21%		17.14%		9.38%		16.13%		0.70%		17.63%	
Average	-1.30%		-1.62%		-0.43%		7.86%		11.63%		13.12%		10.24%		10.30%		16.96%		9.45%		15.99%		0.80%		17.42%	
Lower Quartile	-1.43%		-1.84%		-0.73%		7.34%		11.21%		12.72%		10.02%		10.09%		16.46%		9.16%		15.52%		-0.20%		17.30%	
Lowest	-1.87%		-2.18%		-1.07%		6.46%		10.41%		12.18%		9.43%		9.93%		13.54%		6.81%		13.64%		-1.04%		13.71%	
Range	1.11%		1.42%		1.32%		3.00%		3.28%		2.65%		2.17%		1.34%											
Number of participants	22		22		22		22		21		18		15		14		22		21		21		20		20	
<b>INFLATION LINKED BONDS</b>																										
Coronation Absolute Bond Portfolio	-1.95%		-1.00%		0.76%		8.74%		11.92%		13.20%		11.82%		11.11%		13.44%		13.88%		15.66%		12.34%		13.29%	
Investec Inflation Linked Bond Composite	-4.73%		-4.08%		-2.20%		11.53%		*		*		*		*		18.81%		*		*	*	*	*	*	
Momentum AM Inflation Linked Bond Fund	-5.26%		-4.64%		-2.69%		11.34%		12.38%		*		*		*		19.73%		13.48%		12.00%		*	*	*	
Prescient Inflation Linked Bond Composite	-4.47%		-3.87%		-2.30%		8.24%		*		*		*		*		15.63%		11.45%		*	*	*	*	*	
Prudential Inflation Linked Bond Fund	-5.45%		-4.80%		-2.98%		11.28%		11.72%		10.02%		11.02%		*		19.98%		13.25%		11.56%		7.29%		13.96%	
SIM Inflation Linked Bond Fund	-5.24%		-4.74%		-2.91%		10.85%		*		*		*		*		19.39%		*		*	*	*	*	*	
<b>INFLATION LINKED BONDS STATISTICS</b>																										
Highest	-1.95%		-1.00%		0.76%		11.53%		12.38%		13.20%		11.82%		*		19.98%		13.88%		15.66%		12.34%		13.96%	
Upper Quartile	-4.53%		-3.93%		-2.22%		11.32%		12.15%		12.40%		11.62%		*		19.64%		13.58%		13.83%		11.07%		13.07%	
Median	-4.98%		-4.36%		-2.50%		11.06%		11.92%		11.61%		11.42%		*		19.10%		13.37%		12.00%		9.81%		13.63%	
Average	-4.52%		-3.86%		-2.05%		10.33%		12.01%		11.61%		11.42%		*		17.83%		13.01%		13.08%		9.81%		13.63%	
Lower Quartile	-5.26%		-4.72%		-2.86%		9.27%		11.82%		10.81%		11.22%		*		16.42%		12.80%		11.78%		8.55%		13.46%	
Lowest	-5.45%		-4.80%		-2.98%		8.24%		11.72%		10.02%		11.02%		*		13.44%		11.45%		11.56%		7.29%		13.29%	
Range	3.50%		3.80%		3.75%		3.29%		0.66%		3.18%		0.80%		*		6.55%		2.43%		4.10%		5.05%		0.67%	
Number of participants	6		6		6		6		3		2		2		*		6		4		3		2		2	
<b>INDICES</b>																										
All Bond Index	-1.56%		-2.27%		-1.38%		6.24%		10.66%		12.17%		9.28%		9.40%		15.99%		8.82%		14.96%		-0.99%		16.97%	
1-3 Year Bond Index	-0.12%		0.36%		1.29%		4.45%		7.57%		9.52%		8.37%		8.41%		8.90%		8.90%		8.75%		7.74%		12.90%	
3-7 Year Bond Index	-1.85%		-2.40%		-1.55%		4.69%		9.47%		11.92%		9.06%		9.13%		13.65%		10.18%		12.79%		2.80%		15.72%	
7-12 Year Bond Index	-2.28%		-3.28%		-2.32%		6.43%		11.55%		13.02%		9.91%		10.13%		18.40%		10.20%		16.00%		-2.19%		17.43%	
12+ Year Bond Index	-1.44%		-2.39%		-1.57%		7.64%		11.30%		13.06%		8.79%		9.32%		18.81%		6.00%		15.86%		-7.47%		18.83%	
Barclays - BESA SA Inflation Linked Index	-5.47%		-4.86%		-3.12%		10.89%		11.34%		10.87%		10.59%		10.59%		19.37%		13.05%		10.97%		7.66%		13.62%	
BESA Standard Bank Credit Index	-1.25%		-1.07%		-0.84%		0.04%		9.27%		12.38%		9.54%		*		15.74%		10.95%		20.50%		2.51%		14.82%	
GVOI	-1.58%		-2.39%		-1.54%		5.89%		11.23%		10.08%		8.77%		9.03%		15.64%		7.84%		14.58%		-0.44%		14.17%	
OTHI	-1.26%		-1.69%		-0.26%		8.52%		11.87%		13.72%		9.48%		9.64%											

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INVESTMENT DATA TO THE END OF JUNE 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
<b>SPECIALIST BONDS</b>																		
Argon Domestic Core Bond	10.81%	19	6.78%	21	0.15%	19	1.31%	0.12	19	12.18%	18	7.50%	16	0.00%	17	1.16%	0.00	17
Cadiz Core Bond	11.47%	15	6.35%	13	0.81%	15	0.60%	1.35	12	12.89%	11	7.27%	11	0.71%	10	0.55%	1.28	9
Cadiz Dynamic Bond	11.62%	9	6.50%	17	0.96%	9	0.52%	1.82	10	*	*	*	*	*	*	*	*	*
Coronation Active Bond Portfolio (Composite)	12.01%	6	6.34%	12	1.35%	6	0.65%	2.07	6	13.38%	6	7.20%	10	1.21%	5	0.74%	1.64	7
Coronation Strategic Bond Composite	12.48%	2	6.30%	10	1.82%	2	0.74%	2.44	4	13.96%	2	*	*	*	*	*	*	*
Futuregrowth Core Bond Composite	11.73%	8	6.22%	9	1.07%	8	0.76%	1.40	11	13.12%	10	7.18%	9	0.94%	9	0.70%	1.34	8
Futuregrowth Yield Enhanced	13.69%	1	5.77%	2	3.03%	1	1.65%	1.83	9	14.82%	1	6.83%	6	2.65%	1	1.43%	1.85	4
Investec Dynamic Bond Portfolio	11.11%	17	6.14%	7	0.45%	17	0.76%	0.58	17	12.72%	12	7.38%	13	0.55%	11	0.75%	0.74	10
Investec Triple Alpha	11.55%	12	6.20%	8	0.89%	12	0.73%	1.22	13	*	*	*	*	*	*	*	*	*
Investment Solutions Pure Fixed Interest Portfolio	11.21%	16	5.86%	3	0.55%	16	0.91%	0.61	16	12.72%	13	6.66%	4	0.54%	12	0.96%	0.56	12
JM BUSHA BondPlus	10.59%	20	5.96%	4	-0.07%	20	0.80%	-0.09	20	*	*	*	*	*	*	*	*	*
Momentum AM Bond Fund	11.54%	13	6.36%	14	0.88%	13	0.47%	1.86	8	13.41%	5	7.14%	8	1.24%	4	0.59%	2.11	3
Momentum MoM Moderate Bond FOF	11.53%	14	6.31%	11	0.87%	14	0.74%	1.17	14	12.71%	14	6.86%	7	0.54%	13	1.63%	0.33	14
Pan Africa AM Segregated Domestic Bond	11.61%	10	6.54%	19	0.95%	10	0.48%	1.99	7	13.21%	9	7.29%	12	1.03%	8	0.58%	1.79	5
Prescient Bond Quant	10.93%	18	6.12%	5	0.27%	18	0.60%	0.46	18	12.54%	16	6.79%	5	0.36%	15	0.83%	0.44	13
Prescient Bond QuantPlus	10.41%	21	4.92%	1	-0.25%	21	1.87%	-0.13	21	12.28%	17	5.49%	1	0.10%	16	2.22%	0.05	16
Prudential Yield Enhanced Portfolio	12.31%	3	6.57%	20	1.65%	3	0.26%	6.26	1	13.69%	3	7.52%	17	1.52%	2	0.53%	2.84	1
SIM Institutional Total Return Bond Fund	11.95%	7	6.42%	16	1.29%	7	0.53%	2.42	5	13.22%	8	7.40%	15	1.04%	7	0.59%	1.78	6
Stanlib Core Bond Portfolio	12.11%	4	6.52%	18	1.45%	4	0.51%	2.81	3	13.43%	4	7.39%	14	1.25%	3	0.54%	2.31	2
SYmmETRY Bond Portfolio	11.56%	11	6.13%	6	0.90%	11	0.91%	1.00	15	12.62%	15	6.29%	2	0.44%	14	1.59%	0.28	15
Vunani Active Bond Fund	12.03%	5	6.39%	15	1.37%	5	0.44%	3.13	2	13.23%	7	6.44%	3	1.06%	6	1.62%	0.65	11
			<i>Lower volatility = higher ranking</i>						<i>Lower volatility = higher ranking</i>									
<b>STATISTICS</b>																		
Highest	13.69%		6.78%		3.03%		1.87%	6.26		14.82%		7.52%		2.65%		2.22%	2.84	
Upper Quartile	12.01%		6.42%		1.35%		0.80%	2.07		13.41%		7.38%		1.21%		1.36%	1.79	
Median	11.56%		6.31%		0.90%		0.73%	1.40		13.16%		7.18%		0.94%		0.74%	1.28	
Average	11.63%		6.22%		0.97%		0.77%	1.63		13.12%		6.98%		0.89%		0.99%	1.18	
Lower Quartile	11.21%		6.13%		0.55%		0.52%	0.61		12.72%		6.79%		0.54%		0.59%	0.44	
Lowest	10.41%		4.92%		-0.25%		0.26%	-0.13		12.18%		5.49%		0.00%		0.53%	0.00	
Number of participants	21		21		21		21	21		18		17		17		18	17	
<b>INFLATION LINKED BONDS</b>																		
Coronation Absolute Bond Portfolio	11.92%		3.62%							13.20%		3.08%						
Investec Inflation Linked Bond Composite	*		*							*		*						
Momentum AM Inflation Linked Bond Fund	12.38%		6.38%							*		*						
Prescient Inflation Linked Bond Composite	*		4.64%							*		*						
Prudential Inflation Linked Bond Fund	11.72%		6.23%							10.02%		5.62%						
SIM Inflation Linked Bond Fund	*		*							*		*						
<b>STATISTICS</b>																		
Highest	12.38%		6.38%							13.20%		5.62%						
Upper Quartile	12.15%		6.26%							12.40%		4.99%						
Median	11.92%		5.43%							11.61%		4.35%						
Average	12.01%		5.22%							11.61%		4.35%						
Lower Quartile	11.82%		4.39%							10.81%		3.72%						
Lowest	11.72%		3.62%							10.02%		3.08%						
Number of participants	3		4							2		2						
<b>INDICES</b>																		
All Bond Index	10.66%		6.66%							12.17%		7.53%						
Barclays - BESA SA Inflation Linked Index	11.34%		6.23%							9.69%		5.58%						
BESA Standard Bank Credit Index	9.27%		7.27%							12.38%		7.27%						

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# S.A. BOND MANAGER WATCH™ SURVEY

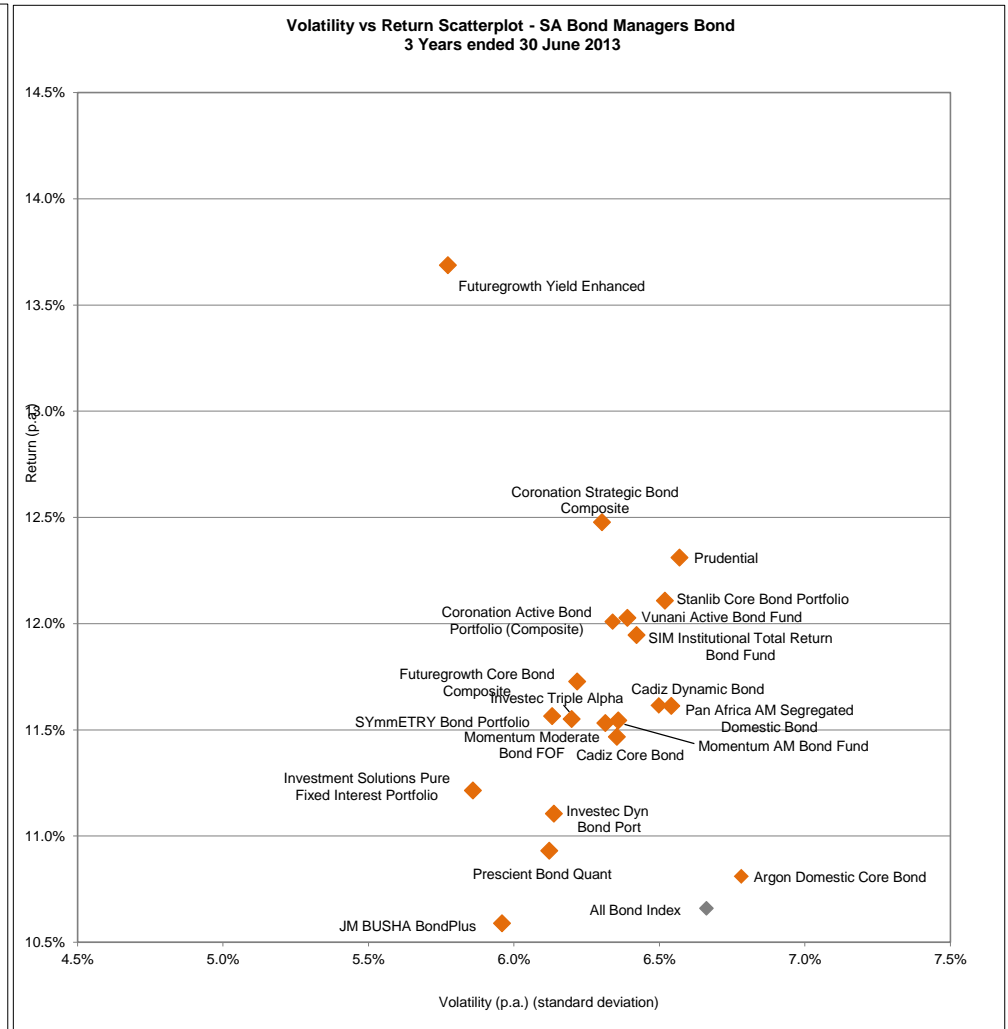
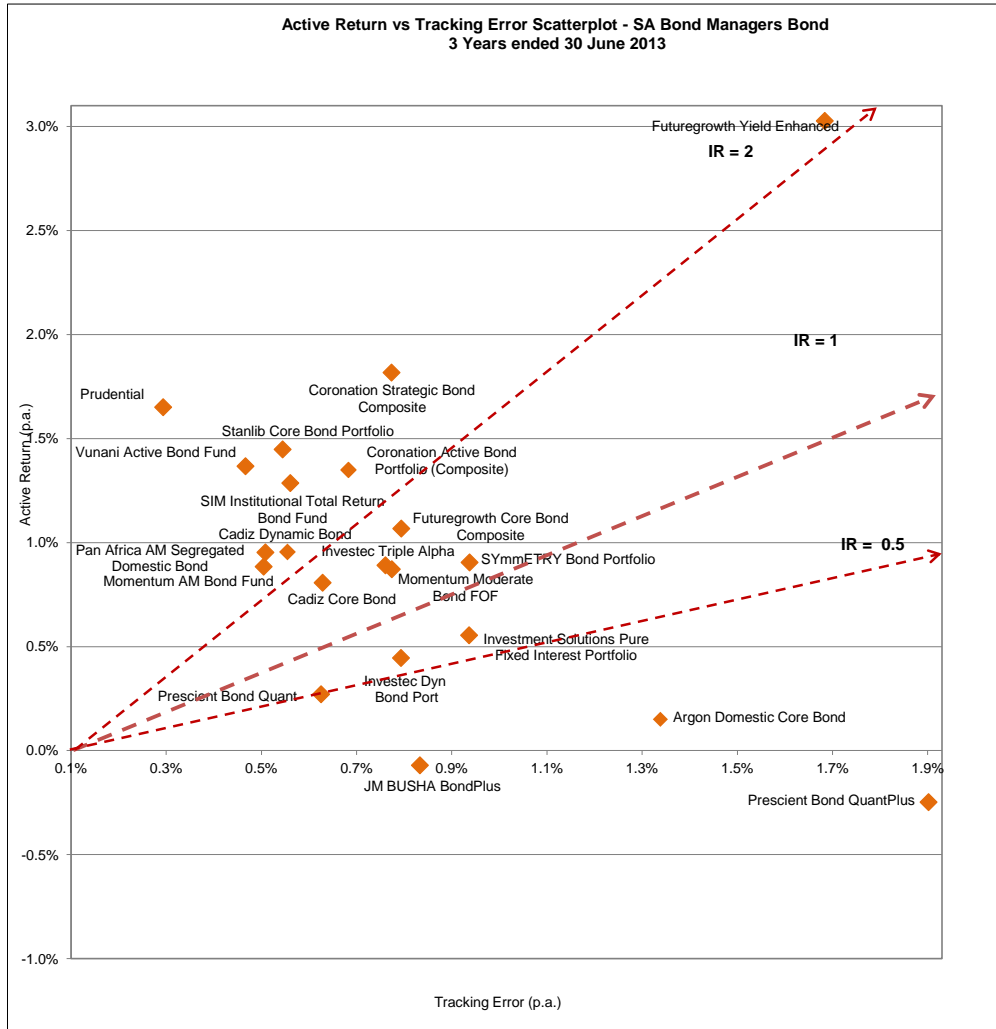
Objective - The portfolios included in this Survey represent specialist bond portfolios with ALBI as their benchmark and have an effective modified duration mandate of +/- 2 years around the ALBI

SECTOR ALLOCATION								
	1-3 Years	3-7 Years	7-12 Years	12+ Years	Other	Cash	Inflation Linked Bonds	Total
INVESTMENT MANAGERS								
SPECIALIST BONDS								
Argon Domestic Core Bond	9.90%	21.80%	24.00%	44.10%	0.00%	0.20%	0.00%	100.00%
Cadiz Core Bond	15.21%	23.92%	19.08%	38.26%	0.00%	3.53%	0.00%	100.00%
Cadiz Dynamic Bond	19.93%	23.29%	14.67%	38.12%	0.00%	3.99%	0.00%	100.00%
Coronation Active Bond Portfolio (Composite)	14.52%	28.61%	14.76%	30.29%	8.88%	2.94%	0.00%	100.00%
Coronation Strategic Bond Composite	13.53%	24.17%	15.42%	30.95%	6.69%	9.24%	0.00%	100.00%
Futuregrowth Core Bond Composite	17.39%	33.89%	17.28%	29.20%	2.24%	0.00%	0.00%	100.00%
Futuregrowth Yield Enhanced	16.31%	31.26%	13.37%	8.96%	5.71%	24.40%	0.00%	100.00%
Investec Corporate Bond Composite	0.23%	38.15%	26.17%	33.04%	0.00%	2.40%	0.00%	100.00%
Investec Dynamic Bond Portfolio	4.67%	23.51%	12.25%	24.54%	30.64%	4.38%	0.00%	100.00%
Investec Triple Alpha	3.18%	16.58%	7.04%	13.66%	55.77%	3.78%	0.00%	100.00%
Investment Solutions Pure Fixed Interest Portfolio	16.13%	27.75%	18.12%	35.47%	2.53%	0.00%	0.00%	100.00%
JM BUSHA BondPlus	14.20%	27.97%	20.66%	35.45%	0.00%	1.73%	0.00%	100.00%
Momentum AM Bond Fund	13.39%	21.94%	23.95%	38.33%	1.66%	0.73%	0.00%	100.00%
Momentum MoM Moderate Bond FOF	6.61%	29.78%	20.79%	34.53%	0.00%	8.29%	0.00%	100.00%
Pan Africa AM Segregated Domestic Bond	11.02%	23.08%	26.66%	38.39%	0.00%	0.85%	0.00%	100.00%
Prescient Bond Quant	10.00%	31.09%	18.31%	39.03%	1.57%	0.00%	0.00%	100.00%
Prescient Bond QuantPlus	15.38%	31.88%	16.82%	31.48%	4.43%	0.00%	0.00%	100.00%
Prudential Yield Enhanced Portfolio	11.05%	26.52%	14.60%	42.04%	0.00%	5.80%	0.00%	100.00%
SIM Institutional Total Return Bond Fund	11.77%	21.86%	10.50%	54.93%	0.00%	0.94%	0.00%	100.00%
Stanlib Core Bond Portfolio	1.73%	17.14%	34.05%	32.49%	7.86%	6.72%	0.00%	100.00%
SYmmETRY Bond Portfolio	8.12%	24.73%	18.22%	38.98%	9.95%	0.00%	0.00%	100.00%
Vunani Active Bond Fund	12.00%	28.45%	20.45%	38.33%	0.78%	0.00%	0.00%	100.00%
INFLATION LINKED BONDS								
Coronation Absolute Bond Portfolio	15.63%	19.80%	6.21%	5.40%	49.74%	3.22%	0.00%	100.00%
Investec Inflation Linked Bond Composite	0.00%	3.89%	50.30%	36.71%	0.00%	9.10%	0.00%	100.00%
Momentum AM Inflation Linked Bond Fund	2.34%	6.28%	45.41%	45.61%	0.00%	0.36%	0.00%	100.00%
Prescient Inflation Linked Bond Composite	6.49%	14.63%	44.77%	34.11%	0.00%	0.00%	0.00%	100.00%
Prudential Inflation Linked Bond Fund	2.72%	7.90%	27.02%	35.86%	0.00%	26.51%	0.00%	100.00%
SIM Inflation Linked Bond Fund	1.71%	8.88%	38.99%	46.05%	1.19%	3.18%	0.00%	100.00%
Indices								
All Bond Index	1.96%	31.98%	16.72%	39.86%	0.00%	9.48%	0.00%	100.00%

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Quantitative figures are calculated on 3 year performance returns.

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

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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

GIPS™ - Status:

C - Indication that manager is compliant but not verified

V - Indication that manager is verified

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