



## S.A Bond Manager Watch™ Survey for the month ending June 2015

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FINANCIAL SERVICES

  
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# COMMENTARY

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## 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 the second quarter of 2015:

Bond Manager Watch™ (Specialist Bonds): The Absa Asset Management Bond Fund has entered the survey during the second quarter of 2015.

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

*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.
- 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 Q2 2015

The dominant economic themes that influenced markets and portfolio management strategy were:

- Greece's financial woes and its inability to service its debt have resulted in a default and require a structured bailout program in order for the country to survive. As a member of the Euro common currency, its performance is intrinsically linked to the other major economies of Europe such as Germany and France. Greece could potentially exit from the Euro which has severe ramifications for both the country and region. With a society against austerity measures, a breakdown in trust resulted in protracted negotiations and impacted investor confidence. European debt, equity and currency markets have all seen increased volatility and negative returns towards the end of the quarter.
- Japan's stronger stimulus programs (QE) in the face of flailing growth and fears of stagflation has resulted in a devaluation of the yen and has positively impacted the Japanese equity markets
- Further economic statistics confirmed that the Chinese economy is slowing. June also saw the Chinese equity market, which was up 122% over the last year, come to a grinding halt losing 13% in a week. China is also seeking to shift its economy towards consumption and will have a decreased demand for commodities in the future.
- Mixed signs of recovery of the US economy have delayed the interest rate hike expected after the QE program ended. With a deteriorating European and slowing Chinese economy, the Dollar has quietly strengthened across almost all major competitive currencies. As such, its equity markets remain muted as its pricing competitiveness wanes.
- The SA economic outlook continues to look bleak, with electricity shortfalls and load shedding, difficulties in the labour market and persistent unemployment concerns. GDP growth has dropped to 2% and credit agencies have warning that credit downgrades could be applied in the future unless SA is able to implement growth enhancing economic reforms.
- The Rand depreciated by c.15% to the US Dollar over the last year, which helped close the deficit but has increased inflationary risks. The South African Reserve Bank has for some time been hawkish on a rate hike, with the market pricing a 25bps hike in July.
- The slump in global commodity prices has significantly hurt companies in the Resource sector. Impending job cuts is more negative news for the country.

## COMMENTARY

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The South Africa's Central Bank Monetary Policy Committee (MPC) kept rates on hold through the quarter but hiked rates by 25bp at the time of this survey going to print. Inflation was low at 4.7% y-o-y with strong indications of increasing over the year and possibly breaching the MPC's upper target of 6%. The rate hike is an intervention against prevailing dollar strength and 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.

Interest rate markets had a mixed bag of returns; nominal bonds down -1.4%. Inflation linked bonds performing better in an increasing inflation environment up 1.6% and the best performing major asset for the quarter. The long end of the SA 10 year government bond curve (bonds maturing >12 years) weakened by almost 50bp since March as long term inflation forecasts changed and the probability of imminent rate hikes increased.

The local property market lost significant momentum and went from the best performing asset class in the first quarter to the worst losing -6.2%. Cash returns were strong with the STeFI returning +1.4%.

### HOW THE MANAGERS PERFORMED OVER THE Q2 2015

Bond performance diminished over the quarter with all managers except 1 returning negative return and the average manager earning -1.09%, compared to 2.58%, in Q1 2015. 1 year performance dispersion between specialist bond managers has converged to 4.62% compared to 6.67% last quarter.

The best performing specialist bond composite for the quarter and the year to date was the Investec Corporate Bond Composite, returning 0.14% over the quarter and 3.48% for the year to date. However, over 1 year this portfolio has struggled and is lagging the ALBI by 2.1%. The quarter saw most managers outperforming the ALBI (90% or 19 out of 21) relative to last quarter (55% or 11 out of 20). The bottom three performers over the quarter were Prudential Yield Enhanced, Futuregrowth Core Bond and SIM Institutional Total Return composites all with a greater duration than the ALBI.

Specialist bond composite managers are on average 0.28 lower in duration relative to the ALBI, with Futuregrowth Core Bond, Futuregrowth Yield Enhanced composites having the highest duration for the quarter. A similar situation was seen last quarter with both of these composites having the highest durations. The use of credit in the specialist bond composites proliferates with the average fund only having 61.14% invested in AAA instruments, however this is up from last quarter's average of 55.85%.

In terms of ILB composites, Prudential Inflation Linked Bond composite performed the best over the quarter but was lagging the other composites on a 1 year basis (4.02%). In contrast the Coronation Absolute Bond portfolio struggled over the quarter but was the best performing portfolio over 1 year (6.79%) with the portfolio still possessing the lowest duration (3.48) relative to the other ILB composites.

It should be noted that the Absa Asset Management Bond Fund, Futuregrowth Yield Enhanced, Prescient Bond Quant and Prescient Bond Quant Plus 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™

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	5.50	54.21%	1	283	01 July 2015
Argon SA Bond Fund	V		Y	All Bond Index	5.86	51.37%	4	732	14 July 2015
Atlantic Bond Composite	C		Y	All Bond Index	5.61	46.56%	3	682	14 July 2015
Cadiz Houseview Bond Fund	V		Y	All Bond Index	6.21	65.59%	7	1,274	14 July 2015
Coronation Active Bond Portfolio (Composite)	C		Y	All Bond Index	6.99	73.87%	8	10,088	14 July 2015
Coronation Strategic Bond Composite	C		Y	All Bond Index	6.42	63.53%	6	4,152	14 July 2015
Futuregrowth Core Bond Composite	C		Y	All Bond Index	7.07	68.82%	4	21,337	14 July 2015
Futuregrowth Yield Enhanced	C		N	All Bond Index	7.16	29.93%	5	5,652	14 July 2015
Investec Corporate Bond Composite	V		Y	All Bond Index	6.27	31.90%	3	12,638	13 July 2015
Investec Triple Alpha	V		Y	All Bond Index	6.52	58.04%	16	3,557	13 July 2015
Investment Solutions Pure Fixed Interest Portfolio	n/a		Y	All Bond Index	5.57	61.27%	n/a	4,887	16 July 2015
JM BUSHA BondPlus	C		Y	All Bond Index	6.60	84.76%	3	868	08 July 2015
Momentum AM Bond Fund	C		Y	All Bond Index	6.97	82.18%	10	11,595	15 July 2015
Momentum MoM Moderate Bond FOF			Y	All Bond Index	6.68	62.10%	1	219	15 July 2015
Pan Africa AM Segregated Domestic Bond	V		Y	All Bond Index	6.65	55.73%	6	2,110	09 July 2015
Prescient Bond Quant	V		N	All Bond Index	6.35	62.47%	2	486	14 July 2015
Prescient Bond QuantPlus	V		N	All Bond Index	5.48	64.26%	10	7,420	14 July 2015
Prudential Yield Enhanced Portfolio	V		Y	All Bond Index	6.98	70.71%	8	2,836	03 July 2015
SIM Institutional Total Return Bond Fund	V		Y	All Bond Index	7.07	84.60%	15	7,197	06 July 2015
Stanlib Core Bond Portfolio	V		Y	All Bond Index	6.64	62.00%	8	5,893	13 July 2015
Vunani Active Bond Fund	V		Y	All Bond Index	6.71	50.05%	6	853	13 July 2015
		<i>This includes multi-managers thus must be noted as possible "double-counting"</i>							
<b>TOTAL</b>								104,476	
<b>INFLATION LINKED BONDS</b>									
Coronation Absolute Bond Portfolio	C		N	CPI + 4%pa	3.48	12.96%	2	7,707	14 July 2015
Investec Inflation Linked Bond Composite	V		Y	Barclays - BESA SA Inflation Linked Index	11.36	80.40%	3	3,156	13 July 2015
Momentum AM Inflation Linked Bond Fund	C		Y	Barclays - BESA SA Inflation Linked Index	11.48	65.65%	4	1,291	15 July 2015
Prescient Inflation Linked Bond Composite	V		N	90 ILBI / 10 STEFI Call	9.90	63.70%	4	2,652	14 July 2015
Prudential Inflation Linked Bond Fund	V		Y	Barclays South Africa Inflation Linked Index	10.79	54.24%	1	136	03 July 2015
SIM Inflation Linked Bond Fund	V		Y	Barclays BESA Govt Inflation-linked Bond Index	12.00	81.09%	2	2,780	06 July 2015
<b>INDICES</b>									
All Bond Index					6.72				
		<i>This includes multi-managers thus must be noted as possible "double-counting"</i>							
<b>TOTAL</b>								17,721	

\* 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 JUNE 2015																										
																			PERFORMANCE DATA							
																			Calendar Year 2014	Calendar Year 2013	Calendar Year 2012	Calendar Year 2011	Calendar Year 2010			
	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						
<b>SPECIALIST BONDS</b>																										
Absa Asset Management Bond Fund	-0.08%	10	-1.02%	7	2.23%	5	8.21%	11	*	*	*	*	*	*	10.27%	11	*	*	*	*						
Argon SA Bond Fund	-0.08%	8	-0.88%	5	2.59%	3	8.72%	4	8.45%	3	9.74%	15	11.01%	16	*	*	11.08%	5	2.69%	5	18.55%	2	6.81%	19	13.81%	18
Atlantic Bond Composite	-0.03%	4	-0.77%	3	2.17%	7	7.70%	16	*	*	*	*	*	*	10.92%	6	2.32%	*	*	*	*	*	*	*	*	*
Cadiz Houseview Bond Fund	-0.07%	7	-1.34%	18	1.92%	12	7.54%	17	7.38%	9	9.79%	12	11.37%	13	9.18%	5	9.98%	13	1.93%	11	17.14%	11	8.98%	18	16.07%	12
Coronation Active Bond Portfolio (Composite)	-0.12%	13	-1.29%	14	1.68%	18	8.24%	9	8.04%	4	10.28%	4	11.74%	4	9.33%	2	11.33%	3	2.30%	9	17.66%	5	9.85%	5	15.86%	13
Coronation Strategic Bond Composite	-0.19%	19	-1.30%	16	1.95%	11	8.85%	2	8.50%	2	10.68%	2	12.23%	3	*	*	11.69%	2	2.76%	4	18.25%	3	9.70%	8	16.34%	9
Futuregrowth Core Bond Composite	-0.15%	17	-1.48%	20	1.74%	15	8.52%	6	7.57%	6	9.93%	9	11.42%	12	9.02%	12	10.33%	8	2.10%	10	17.30%	7	9.35%	13	16.39%	8
Futuregrowth Yield Enhanced	0.24%	1	-1.07%	8	2.85%	2	10.73%	1	9.47%	1	12.00%	1	13.28%	1	10.52%	1	12.81%	1	3.29%	1	19.59%	1	11.27%	2	18.44%	2
Investec Corporate Bond Composite	0.02%	3	0.14%	1	3.48%	1	6.10%	21	7.34%	11	10.43%	3	12.55%	2	*	*	7.08%	20	3.22%	2	17.16%	9	11.56%	1	18.70%	1
Investec Triple Alpha	-0.08%	9	-0.58%	2	2.44%	4	7.05%	20	7.00%	18	9.71%	16	11.48%	8	*	*	8.83%	19	1.91%	12	16.49%	14	9.82%	6	16.48%	7
Investment Solutions Pure Fixed Interest Portfolio	0.21%	2	-0.84%	4	1.96%	9	8.78%	3	7.81%	5	9.86%	10	11.31%	14	9.08%	8	11.08%	4	2.40%	7	16.05%	16	9.27%	14	15.52%	15
JM BUSHA BondPlus	-0.16%	18	-1.32%	17	1.63%	19	7.73%	15	6.67%	19	9.05%	19	10.13%	19	*	*	9.59%	18	1.28%	20	15.97%	17	9.16%	16	13.64%	19
Momentum AM Bond Fund	-0.14%	16	-1.17%	10	2.05%	8	8.52%	5	7.36%	10	9.84%	11	11.64%	6	9.23%	3	10.27%	10	1.36%	19	17.17%	8	9.58%	10	16.30%	10
Momentum MoM Moderate Bond FOF	-0.12%	11	-1.29%	15	1.73%	17	8.32%	7	7.24%	14	9.78%	14	11.13%	15	9.12%	6	10.22%	11	1.63%	17	16.44%	15	9.38%	12	15.82%	14
Pan Africa AM Segregated Domestic Bond	-0.13%	14	-1.10%	9	1.82%	13	7.95%	13	7.39%	8	9.79%	13	11.41%	10	9.09%	7	10.31%	9	1.72%	14	16.63%	13	9.14%	17	16.74%	5
Prescient Bond Quant	-0.12%	12	-1.24%	12	1.78%	14	8.21%	10	7.03%	17	9.41%	17	10.98%	17	8.77%	13	10.12%	12	1.60%	18	15.55%	18	9.46%	11	15.40%	16
Prescient Bond QuantPlus	-0.04%	5	-0.89%	6	2.21%	6	8.17%	12	7.20%	15	9.16%	18	10.84%	18	9.06%	10	9.66%	16	3.01%	3	13.54%	19	9.17%	15	14.91%	17
Prudential Yield Enhanced Portfolio	-0.24%	20	-1.39%	19	1.60%	21	7.43%	18	7.20%	16	10.10%	5	11.70%	5	9.20%	4	9.86%	14	1.78%	13	17.14%	10	10.58%	4	17.30%	3
SIM Institutional Total Return Bond Fund	-0.29%	21	-1.59%	21	1.61%	20	8.28%	8	7.28%	12	9.97%	8	11.43%	11	9.03%	11	10.67%	7	1.70%	15	16.68%	12	9.67%	9	16.82%	4
Stanlib Core Bond Portfolio	-0.14%	15	-1.23%	11	1.74%	16	7.83%	14	7.24%	13	10.00%	7	11.52%	7	9.07%	9	9.61%	17	1.66%	16	17.77%	4	10.61%	3	16.26%	11
Vunani Active Bond Fund	-0.06%	6	-1.29%	13	1.96%	10	7.33%	19	7.54%	7	10.05%	6	11.46%	9	*	*	9.69%	15	2.41%	6	17.56%	6	9.74%	7	16.72%	6
<b>SPECIALIST BONDS STATISTICS</b>																										
Highest	0.24%		0.14%		3.48%		10.73%		9.47%		12.00%		13.28%		10.52%		12.81%		3.29%		19.59%		11.56%		18.70%	
Upper Quartile	-0.06%		-0.89%		2.21%		8.52%		7.69%		10.08%		11.67%		9.20%		10.92%		2.48%		17.61%		9.83%		16.73%	
Median	-0.12%		-1.23%		1.95%		8.06%		7.34%		9.84%		11.43%		9.09%		10.17%		2.02%		17.14%		9.58%		16.30%	
Average	-0.08%		-1.09%		2.05%		8.05%		7.48%		9.92%		11.45%		9.20%		10.26%		2.15%		16.98%		9.64%		16.19%	
Lower Quartile	-0.14%		-1.30%		1.74%		7.66%		7.22%		9.76%		11.21%		9.06%		9.69%		1.69%		16.47%		9.22%		15.67%	
Lowest	-0.29%		-1.59%		1.60%		6.10%		6.67%		9.05%		10.13%		8.77%		7.08%		1.28%		13.54%		6.81%		13.64%	
Range	0.53%		1.73%		1.88%		4.62%		2.80%		2.95%		3.15%		1.75%		5.73%		2.01%		6.05%		4.75%		5.05%	
Number of participants	21		21		21		20		19		19		19		13		21		20		19		19		19	
<b>INFLATION LINKED BONDS</b>																										
Coronation Absolute Bond Portfolio	0.70%		1.36%		2.96%		6.79%		8.03%		10.20%		11.59%		10.50%		8.51%		4.56%		13.44%		13.88%		15.66%	
Investec Inflation Linked Bond Composite	0.43%		1.55%		1.98%		5.06%		9.26%		*		*		*		10.91%		1.11%		18.81%		13.56%		*	
Momentum AM Inflation Linked Bond Fund	0.38%		1.46%		2.18%		5.34%		9.47%		10.83%		*		*		10.86%		1.21%		19.73%		13.48%		12.00%	
Prescient Inflation Linked Bond Composite	0.49%		1.58%		1.90%		4.88%		*		*		*		*		10.22%		*		15.63%		11.45%		10.92%	
Prudential Inflation Linked Bond Fund	0.30%		1.61%		1.84%		4.02%		9.24%		10.33%		9.60%		10.46%		10.33%		1.14%		19.98%		13.32%		11.59%	
SIM Inflation Linked Bond Fund	0.40%		1.54%		2.00%		5.17%		9.30%		*		*		*		10.87%		1.12%		19.39%		*		*	
<b>INFLATION LINKED BONDS STATISTICS</b>																										
Highest	0.70%		1.61%		2.96%		6.79%		9.47%		10.83%		11.59%		*		10.91%		4.56%		19.98%		13.88%		15.66%	
Upper Quartile	0.48%		1.57%		2.13%		5.30%		9.30%		10.58%		11.09%		*		10.87%		1.21%		19.64%		13.56%		12.92%	
Median	0.41%		1.55%		1.99%		5.12%		9.26%		10.33%		10.59%		*		10.60%		1.14%		19.10%		13.48%		11.79%	
Average	0.45%		1.52%		1.95%		5.21%		9.06%		10.45%		10.59%		*		10.29%		1.83%		17.83%		13.14%		12.54%	
Lower Quartile	0.38%		1.48%		1.92%		4.93%		9.24%		10.26%		10.10%		*		10.25%		1.12%		16.42%		13.32%		11.42%	
Lowest	0.30%		1.36%		1.84%		4.02%		8.03%		10.20%		9.60%		*		8.51%		1.11%		13.44%		11.45%		10.92%	
Range	0.41%		0.25%		1.12%		2.77%		1.44%		0.63%		1.99%		*		2.40%		3.44%		6.55%		2.43%		4.75%	
Number of participants	6		6		6		6		5		3		2		*		6		5		6		5		4	
<b>INDICES</b>																										
All Bond Index	-0.20%		-1.40%		1.55%		8.21%		6.64%		9.11%		10.62%		8.24%		10.15%		0.64%		15.99%		8.82%		14.96%	
1-3 Year Bond Index	0.43%		1.01%		2.81%		6.55%		6.98%		8.54%		7.66%		6.23%		6.23%		4.42%		8.30%		8.90%		8.75%	
3-7 Year Bond Index	0.11%		-0.11%		2.20%		7.66%		5.96%		8.32%		10.37%		8.10%		7.90%		1.46%		13.65%		10.18%		12.79%	
7-12 Year Bond Index	-0.22%		-1.22%		1.73%		7.82%		6.21%		9.34%		10.99%		8.54%		8.30%		-0.21%		18.40%		10.20%		16.00%	
12+ Year Bond Index	-0.47%		-2.85%		1.01%		9.09%		7.39%		9.67%		11.37%		7.76%		12.91%		-0.69%		18.81%		6.00%		15.86%	
Barclays - BESA SA Inflation Linked Index	0.43%		1.55%		1.79%		5.12%		9.28%		10.19%		9.34%		10.37%		11.15%		0.79%		19.37%		13.05%		10.97%	
BESA Standard Bank Credit Index	0.96%		-0.06%		1.76%		6.24%		5.23%		8.73%		11.09%		*		9.14%		-2.29%		15.74%		10.95%		20.50%	
GOVI	-0.14%		-1.27%		7.79%		6.35%		6.77%		9.88%		7.82%		*		9.81%		0.52%		15.64%		7.84%		14.58%	
OTHI	-0.37%		-1.85%		2.31%		9.75%		8.10%		10.26%		12.03%		8.66%		11.81%		1.49%		17.98%		8.10%		17.28%	
STeFI	0.55%		1.59%		3.15%		6.31%		5.67%		5.78%		6.80%		7.33%		5.90%		5.18%		5.55%		5.73%		6.93%	

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

# 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	Total
<b>INVESTMENT MANAGERS</b>							
<b>SPECIALIST BONDS</b>							
Absa Asset Management Bond Fund	3.52%	22.59%	42.13%	16.54%	0.63%	14.57%	100.00%
Argon Domestic Core Bond	9.58%	18.46%	22.56%	42.65%	0.00%	6.75%	100.00%
Atlantic Bond Composite	10.32%	17.30%	15.60%	41.39%	2.80%	12.59%	100.00%
Cadiz Houseview Bond Fund	13.92%	22.21%	11.81%	43.74%	0.00%	8.33%	100.00%
Coronation Active Bond Portfolio (Composite)	10.33%	3.51%	37.74%	38.03%	7.20%	3.20%	100.00%
Coronation Strategic Bond Composite	15.12%	7.42%	30.21%	36.73%	9.30%	1.22%	100.00%
Futuregrowth Core Bond Composite	6.03%	11.29%	17.47%	57.13%	2.77%	5.31%	100.00%
Futuregrowth Yield Enhanced	33.44%	19.11%	16.11%	18.86%	6.62%	5.86%	100.00%
Investec Corporate Bond Composite	10.22%	28.69%	34.98%	24.36%	0.00%	1.74%	100.00%
Investec Triple Alpha	11.17%	26.44%	25.73%	32.33%	0.00%	4.33%	100.00%
Investment Solutions Pure Fixed Interest Portfolio	1.66%	9.69%	15.60%	48.83%	6.60%	17.62%	100.00%
JM BUSHA BondPlus	7.38%	27.37%	14.73%	49.92%	0.00%	0.60%	100.00%
Momentum AM Bond Fund	3.56%	13.00%	28.23%	48.99%	1.26%	4.96%	100.00%
Momentum MoM Moderate Bond FOF	1.67%	29.76%	20.49%	40.34%	0.48%	7.26%	100.00%
Pan Africa AM Segregated Domestic Bond	3.20%	16.00%	27.68%	46.84%	4.89%	1.39%	100.00%
Prescient Bond Quant	4.40%	32.81%	25.44%	37.35%	0.00%	0.00%	100.00%
Prescient Bond QuantPlus	16.81%	29.42%	21.65%	32.12%	0.00%	0.00%	100.00%
Prudential Yield Enhanced Portfolio	6.44%	17.62%	22.64%	47.97%	5.10%	0.23%	100.00%
SIM Institutional Total Return Bond Fund	4.36%	11.05%	36.30%	47.80%	0.01%	0.46%	100.00%
Stanlib Core Bond Portfolio	7.63%	16.29%	27.95%	45.91%	1.07%	1.15%	100.00%
Vunani Active Bond Fund	11.04%	14.25%	21.90%	49.82%	0.00%	2.98%	100.00%
<b>INFLATION LINKED BONDS</b>							
Coronation Absolute Bond Portfolio	26.47%	21.50%	12.70%	4.59%	32.81%	1.93%	100.00%
Investec Inflation Linked Bond Composite	1.91%	12.48%	29.97%	48.81%	4.72%	2.12%	100.00%
Momentum AM Inflation Linked Bond Fund	0.19%	11.05%	30.24%	53.49%	5.03%	0.00%	100.00%
Prescient Inflation Linked Bond Composite	3.31%	10.31%	38.80%	47.58%	0.00%	0.00%	100.00%
Prudential Inflation Linked Bond Fund	6.32%	8.93%	7.52%	36.89%	38.06%	2.29%	100.00%
SIM Inflation Linked Bond Fund	4.53%	7.00%	30.59%	53.10%	0.00%	4.78%	100.00%
<b>Indices</b>							
All Bond Index	2.51%	34.32%	7.61%	55.56%	0.00%	0.00%	100.00%

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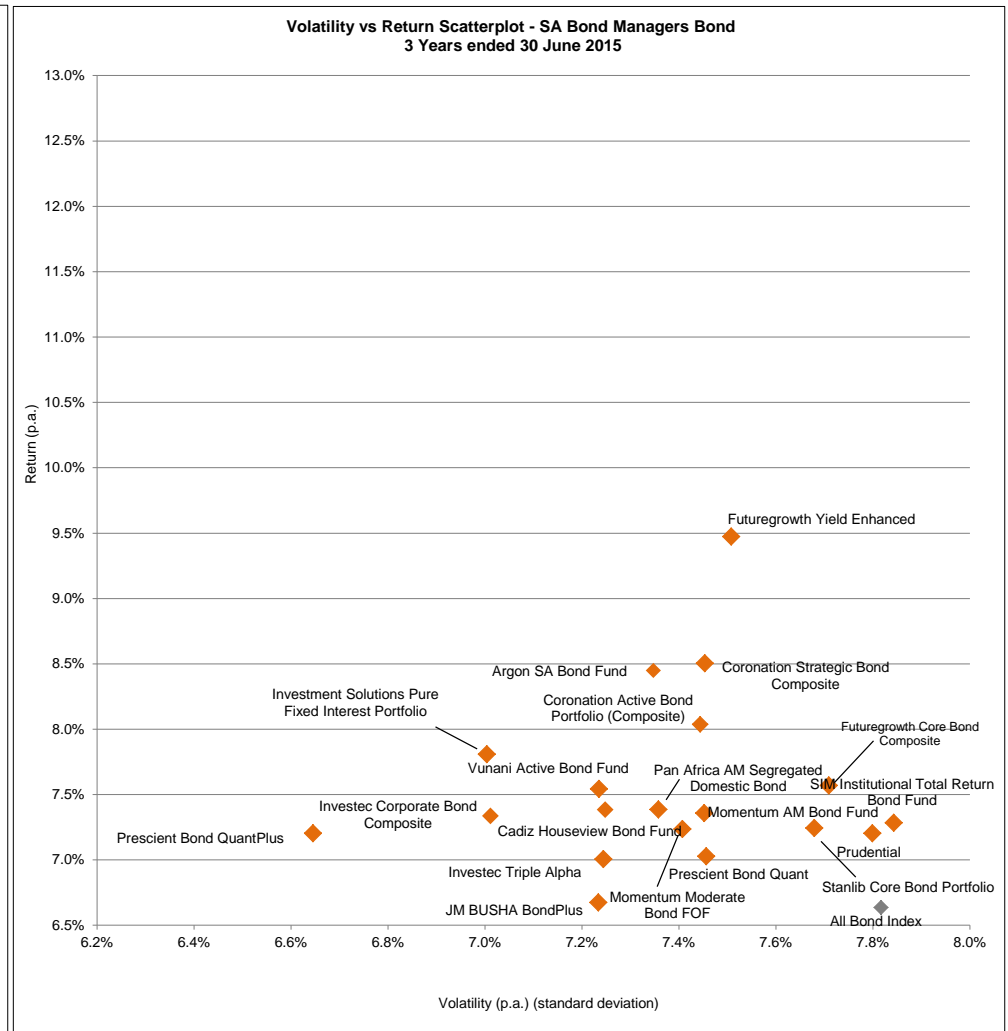
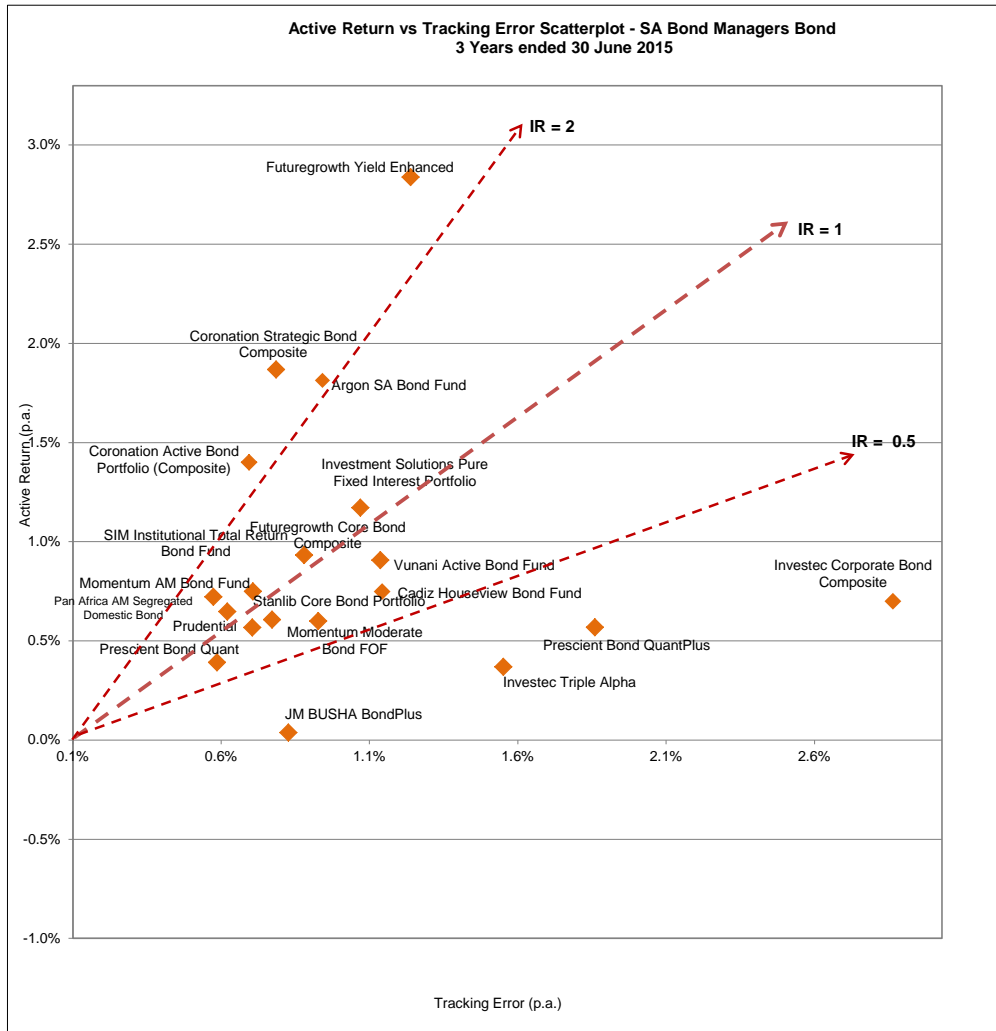
Objective - The portfolios included in this Survey represent specialist bond portfolios with ALBI as their benchmark and have an effective modified duration mandate of +/- 2 years around the ALBI

INVESTMENT DATA TO THE END OF JUNE 2015																		
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	8.45%	3	7.35%	8	1.81%	3	0.91%	1.99	4	9.74%	15	6.95%	16	0.63%	15	1.20%	0.52	16
Cadiz Houseview Bond Fund	7.38%	9	7.25%	7	0.75%	9	1.11%	0.67	14	9.79%	12	6.68%	7	0.68%	12	0.92%	0.74	13
Coronation Active Bond Portfolio (Composite)	8.04%	4	7.44%	11	1.40%	4	0.86%	2.11	3	10.28%	4	6.80%	13	1.17%	4	0.60%	1.94	3
Coronation Strategic Bond Composite	8.50%	2	7.45%	13	1.87%	2	0.76%	2.47	1	10.68%	2	6.75%	11	1.56%	2	0.70%	2.24	1
Futuregrowth Core Bond Composite	7.57%	6	7.71%	17	0.93%	6	0.85%	1.10	8	9.93%	9	6.95%	15	0.82%	9	0.72%	1.14	8
Futuregrowth Yield Enhanced	9.47%	1	7.51%	15	2.84%	1	1.21%	2.35	2	12.00%	1	6.64%	5	2.88%	1	1.40%	2.06	2
Investec Corporate Bond Composite	7.34%	11	7.01%	3	0.70%	11	2.83%	0.25	17	10.43%	3	6.43%	3	1.31%	3	2.24%	0.59	14
Investec Triple Alpha	7.00%	18	7.24%	6	0.37%	18	1.52%	0.24	18	9.71%	16	6.68%	6	0.59%	16	1.22%	0.49	17
Investment Solutions Pure Fixed Interest Portfolio	7.81%	5	7.00%	2	1.17%	5	1.04%	1.13	6	9.86%	10	6.37%	2	0.75%	10	0.92%	0.81	11
JM BUSHA BondPlus	6.67%	19	7.23%	4	0.04%	19	0.80%	0.05	19	9.05%	19	6.53%	4	-0.06%	19	0.75%	-0.09	19
Momentum AM Bond Fund	7.36%	10	7.45%	12	0.72%	10	0.54%	1.33	5	9.84%	11	6.75%	10	0.72%	11	0.52%	1.40	6
Momentum MoM Moderate Bond FOF	7.24%	14	7.41%	10	0.60%	14	0.90%	0.67	15	9.78%	14	6.76%	12	0.66%	14	0.86%	0.78	12
Pan Africa AM Segregated Domestic Bond	7.39%	8	7.36%	9	0.75%	8	0.68%	1.11	7	9.79%	13	6.81%	14	0.67%	13	0.61%	1.11	9
Prescient Bond Quant	7.03%	17	7.46%	14	0.39%	17	0.56%	0.70	13	9.41%	17	6.73%	9	0.30%	17	0.52%	0.57	15
Prescient Bond QuantPlus	7.20%	15	6.65%	1	0.57%	15	1.83%	0.31	16	9.16%	18	5.92%	1	0.05%	18	1.65%	0.03	18
Prudential Yield Enhanced Portfolio	7.20%	16	7.80%	18	0.57%	16	0.68%	0.84	10	10.10%	5	7.08%	18	0.99%	5	0.56%	1.75	4
SIM Institutional Total Return Bond Fund	7.28%	12	7.84%	19	0.65%	12	0.59%	1.09	9	9.97%	8	7.12%	19	0.86%	8	0.52%	1.65	5
Stanlib Core Bond Portfolio	7.24%	13	7.68%	16	0.61%	13	0.74%	0.82	12	10.00%	7	6.96%	17	0.88%	7	0.65%	1.36	7
Vunani Active Bond Fund	7.54%	7	7.24%	5	0.91%	7	1.11%	0.82	11	10.05%	6	6.68%	8	0.93%	6	0.88%	1.07	10
			Lower volatility = higher ranking									Lower volatility = higher ranking						
<b>STATISTICS</b>																		
Highest	9.47%		7.84%		2.84%		2.83%	2.47		12.00%		7.12%		2.88%		2.24%	2.24	
Upper Quartile	7.69%		7.48%		1.05%		1.11%	1.23		10.08%		6.88%		0.96%		1.06%	1.53	
Median	7.36%		7.41%		0.72%		0.85%	0.84		9.86%		6.75%		0.75%		0.75%	1.07	
Average	7.56%		7.37%		0.93%		1.02%	1.05		9.98%		6.71%		0.86%		0.92%	1.06	
Lower Quartile	7.22%		7.24%		0.58%		0.68%	0.67		9.76%		6.66%		0.65%		0.60%	0.58	
Lowest	6.67%		6.65%		0.04%		0.54%	0.05		9.05%		5.92%		-0.06%		0.52%	-0.09	
Number of participants	19		19		19		19	19		19		19		19		19	19	
<b>INFLATION LINKED BONDS</b>																		
Coronation Absolute Bond Portfolio	8.03%		3.13%							10.20%		3.34%						
Investec Inflation Linked Bond Composite	9.26%		6.77%							-		-						
Momentum AM Inflation Linked Bond Fund	9.47%		7.06%							10.83%		6.28%						
Prudential Inflation Linked Bond Fund	9.24%		7.27%							10.33%		6.28%						
SIM Inflation Linked Bond Fund	9.30%		7.06%							-		-						
<b>STATISTICS</b>																		
Highest	9.47%		7.27%							10.83%		6.28%						
Upper Quartile	9.30%		7.06%							10.58%		6.28%						
Median	9.26%		7.06%							10.33%		6.28%						
Average	9.06%		6.26%							10.45%		5.30%						
Lower Quartile	9.24%		6.77%							10.26%		4.81%						
Lowest	8.03%		3.13%							10.20%		3.34%						
Number of participants	5		5							3		3						
<b>INDICES</b>																		
All Bond Index	6.64%		7.82%							9.11%		7.10%						
Barclays - BESA SA Inflation Linked Index	9.28%		7.21%							10.19%		6.23%						
BESA Standard Bank Credit Index	5.23%		8.05%							8.73%		7.05%						

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Quantitative figures are calculated on 3 year performance returns.

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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:

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