

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

Research & Product Development
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 the second quarter of 2016:

Bond Manager Watch™ (Specialist Bonds): Aluwani Capital Partners – SA Bond Composite and the Stanlib Multi-Manager Bond funds have entered the survey.

Bond Manager Watch™ (Inflation Linked Bonds): Aluwani Capital Partners – Inflation Linked Bond Composite has entered the survey.

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

MARKET DYNAMICS THAT INFLUENCED PERFORMANCE AND STRATEGY OVER Q2 2016

Initial positive US economic data saw the Fed's tone turn hawkish early in the quarter. At that point, there was enough positive data for the Fed to hike interest rates as soon as June. The increased probability of a rate hike in June and the positive economic data supported the US Dollar's appreciation against the world's major currencies over the quarter. However, mixed economic data from May combined with the then upcoming UK referendum saw the Fed opt to defer the rate hike at its June meeting. 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

With the outlook on developed market bonds looking bleak, the quest for yield continues in EM markets, with South Africa remaining an investment point for bonds despite the harsh economic outlook. As at the end of June 2016, foreigners were net buyers of local bonds to the tune of R19 billion.

Disappointingly, GDP data released from Stats SA showed that the local economy contracted 1.2% in the first quarter of 2016 but notwithstanding South Africa avoided a credit downgrade by all three of the credit rating agencies over the quarter. The results seemed to have already been discounted by the market, with the focus already shifting to the next round of credit ratings in December. Inflation ticked up to 6.3% in June from 6.1% in May on a year on year basis. The residual item was the main contributor to the higher inflation in June. The residual item is the catch all category for all the price increases that are too small to warrant their own category. Food prices continue to be under pressure as the drought and insufficient government financial aid continues to affect the local farmers.

Over the quarter the South African Reserve Bank elected to leave rates unchanged. The Reserve Bank revised its 2016 GDP forecast from 0.8% to 0.6%. Inflation forecasts for 2017 and 2018 were also revised downwards. The 2016 inflation forecast was slightly revised upwards to 6.7%. It still expects an inflation peak of 7.3% in the fourth quarter of 2016.

The nominal yield curve rallied late in the quarter as increased risk sentiment post Brexit saw support for emerging markets bonds. SA headline inflation increased to 6.3% in June from 6.1% in May. The local 10-year bond yield ended the quarter at 8.83%. Core inflation (ex-food & NAB and petrol & energy) ended June at 5.6%. The best-performing area of the curve over the quarter was the ultra-long end, which returned 4.96%, ahead of the 7-12-year area's 4.13%, with the 1-3 and 3-7 areas returning 2.86% and 3.82% respectively.

HOW THE MANAGERS PERFORMED OVER THE Q2 2016

Bond performance has declined from the previous quarter with the average manager earning 4.59% compared to 5.89%. The one year performance dispersion among the specialist bond managers has narrowed from 4.21% to 2.83% this quarter.

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

1. Long duration (Exposure to long dated maturity bonds)
2. High exposure to ILB's
3. Floating rate assets vs fixed assets for cash holdings

The Stanlib Multi-Manager bond was the best performing specialist composite over June, returning 4.40%. Over the quarter it was the Vunani Active Bond Fund that was the best performer returning 5.16%. The Investec corporate Bond composite was the best performer over the 1 year period, returning 7.97% against the 5.24% return from the All Bond Index (ALBI).

The quarter saw less managers underperforming the ALBI (17% or 4 out of 23) relative to last quarter (43% or 9 out of 21). Vunani Active Bond Fund, Investment Solutions Pure Fixed Interest Portfolio and Stanlib Core Bond Portfolio were the top three performing funds over the quarter. The bottom three performers over the quarter were Atlantic Bond Composite, Momentum MoM Moderate Bond FOF and Pan Africa AM Segregated Domestic Bond.

Specialist bond composite managers are on average 0.01 lower in duration relative to the ALBI, with SIM Institutional Total Return Bond Fund and Prudential Yield Enhanced Portfolio 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 having 65.35% invested in AAA instruments, up from last quarter's average of 61.76%.

COMMENTARY

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™

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
INVESTMENT MANAGERS									
SPECIALIST BONDS									
Absa Asset Management Bond Fund	V		N	All Bond Index	6.74	56.68%	1	561	08 July 2016
Aluwani Capital Partners - SA Bond Composite	C		Y	All Bond Index	6.70	78.11%	7	4 625	14 July 2016
Argon SA Bond Fund	V		Y	All Bond Index	6.77	80.03%	3	961	14 July 2016
Atlantic Bond Composite	C		Y	All Bond Index	6.80	47.71%	2	159	12 July 2016
Cadiz Houseview Bond Fund	V		Y	All Bond Index	6.51	60.11%	3	853	13 July 2016
Coronation Active Bond Portfolio (Composite)	C		Y	All Bond Index	6.88	77.34%	6	4 689	12 July 2016
Coronation Strategic Bond Composite	C		Y	All Bond Index	6.53	69.73%	8	4 123	12 July 2016
Futuregrowth Core Bond Composite	C		Y	All Bond Index	6.17	64.47%	4	21 642	14 July 2016
Futuregrowth Yield Enhanced	C		N	All Bond Index	6.09	28.06%	7	13 297	14 July 2016
Investec Corporate Bond Composite	V		Y	All Bond Index	6.82	25.62%	3	12 212	07 July 2016
Investec Triple Alpha	V		Y	All Bond Index	6.90	76.17%	7	3 064	07 July 2016
Investment Solutions Pure Fixed Interest Portfolio	n/a		Y	All Bond Index	5.84	-	0	4 617	12 July 2016
JM BUSHUA BondPlus	C		Y	All Bond Index	6.96	-	3	918	08 July 2016
MMI - SA Bond	C		Y	All Bond Index	6.81	85.91%	2	5 056	14 July 2016
Momentum MoM Moderate Bond FOF			Y	All Bond Index	6.78	83.11%	1	177	14 July 2016
Pan Africa AM Segregated Domestic Bond	V		Y	All Bond Index	6.89	62.69%	3	1 579	14 July 2016
Prescient Bond Quant	V		N	All Bond Index	6.76	71.27%	2	367	08 July 2016
Prescient Bond QuantPlus	V		N	All Bond Index	6.85	76.17%	10	7 842	08 July 2016
Prudential Yield Enhanced Portfolio	V		Y	All Bond Index	6.98	76.70%	7	2 582	06 July 2016
SIM Institutional Total Return Bond Fund	V		Y	All Bond Index	7.42	81.10%	13	6 891	11 July 2016
Stanlib Core Bond Portfolio	V		Y	All Bond Index	6.83	68.00%	9	6 988	13 July 2016
STANLIB Multi-Manager Bond	n/a		Y	All Bond Index	6.59	63.60%	0	4 729	11 July 2016
Vunani Active Bond Fund	V		Y	All Bond Index	6.90	57.77%	7	1 045	11 July 2016
		<i>This includes multi-managers thus must be noted as possible "double-counting"</i>							
TOTAL								108 975	
INFLATION LINKED BONDS									
Aluwani Capital Partners - Inflation Linked Bond Composite	C		Y	Barclays ILB Index (ILBI)	12.041	63.27%	3	2 183	14 July 2016
Coronation Absolute Bond Portfolio	C		N	CPI + 4%pa	3.82	27.74%	2	7 297	12 July 2016
Investec Inflation Linked Bond Composite	V		Y	Barclays - BESA SA Inflation Linked Index	12.28	73.22%	3	4 265	07 July 2016
Prescient Inflation Linked Bond Composite	V		N	90 ILBI / 10 STEFI Call	12.35	72.20%	3	2 885	08 July 2016
SIM Inflation Linked Bond Fund	V		Y	Barclays BESA Govt Inflation-linked Bond Index	12.41	77.46%	2	2 560	11 July 2016
INDICES									
All Bond Index					6.72				
		<i>This includes multi-managers thus must be noted as possible "double-counting"</i>							
TOTAL								17 007	

* 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 JUNE 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	Rank	Rank	Rank	Rank	Rank	Rank
SPECIALIST BONDS																											
Absa Asset Management Bond Fund	4.20%	5	4.69%	12	11.47%	16	7.80%	2	*	*	*	*	*	*	*	*	-1.14%	3	10.27%	11	*	*	*	*	*	*	*
Aluwani Capital Partners - SA Bond Composite	4.02%	14	4.83%	5	11.72%	6	5.65%	18	6.73%	14	8.50%	14	9.49%	10	9.36%	4	-3.52%	19	10.18%	13	1.38%	19	17.21%	8	9.63%	10	
Argon SA Bond Fund	4.14%	8	4.63%	14	11.53%	13	6.03%	15	7.45%	4	9.34%	3	9.29%	16	8.83%	16	-2.47%	8	11.08%	5	2.69%	5	18.55%	2	6.81%	20	
Atlantic Bond Composite	3.48%	23	4.08%	23	11.67%	7	6.59%	10	*	*	*	*	*	*	*	*	-2.48%	9	10.92%	6	2.32%	8	*	*	*		
Cadiz Houseview Bond Fund	3.74%	21	4.72%	9	11.57%	11	6.72%	7	6.98%	8	8.74%	9	9.47%	12	9.30%	6	-2.51%	10	9.98%	15	1.93%	11	17.14%	12	8.98%	19	
Coronation Active Bond Portfolio (Composite)	4.11%	10	4.75%	7	11.64%	8	6.53%	12	7.33%	5	9.16%	5	9.88%	4	9.48%	3	-2.98%	13	11.33%	3	2.30%	9	17.66%	5	9.85%	5	
Coronation Strategic Bond Composite	3.74%	20	4.43%	18	10.96%	22	6.31%	13	7.45%	3	9.42%	2	10.25%	3	*	*	-2.33%	7	11.69%	2	2.76%	4	18.25%	3	9.70%	8	
Futuregrowth Core Bond Composite	3.66%	22	4.37%	20	10.92%	23	5.14%	23	6.58%	18	8.51%	12	9.45%	13	9.05%	14	-3.56%	21	10.33%	8	2.10%	10	17.30%	7	9.35%	14	
Futuregrowth Yield Enhanced	3.85%	19	4.72%	10	11.39%	18	7.42%	3	8.81%	1	10.37%	1	11.45%	1	10.76%	1	-0.82%	2	12.81%	1	3.29%	1	19.59%	1	11.27%	2	
Investec Corporate Bond Composite	4.18%	6	4.74%	8	11.95%	3	7.97%	1	7.29%	7	9.22%	4	10.57%	2	10.07%	2	-0.20%	1	7.08%	22	3.22%	2	17.16%	10	11.56%	1	
Investec Triple Alpha	4.28%	2	4.60%	15	11.53%	12	6.70%	8	6.90%	9	8.51%	13	9.53%	9	*	*	-2.00%	5	8.83%	21	1.91%	12	16.49%	15	9.82%	6	
Investment Solutions Pure Fixed Interest Portfolio	4.01%	15	4.98%	2	11.62%	9	6.67%	9	7.46%	2	8.85%	7	9.56%	8	9.26%	10	-2.56%	11	11.08%	4	2.40%	7	16.05%	17	9.27%	15	
JM BUSHUA BondPlus	3.91%	18	4.70%	11	10.97%	21	6.76%	6	6.77%	13	8.22%	20	8.69%	20	*	*	-2.22%	6	9.59%	20	1.28%	21	15.97%	18	9.16%	17	
MMI - SA Bond	4.03%	13	4.53%	17	11.48%	15	5.39%	22	6.68%	16	8.46%	15	9.44%	14	9.31%	5	-3.53%	20	10.27%	10	1.36%	20	17.17%	9	9.58%	11	
Momentum MoM Moderate Bond FOF	4.05%	11	4.29%	22	11.41%	17	5.71%	17	6.70%	15	8.42%	16	9.21%	17	9.24%	11	-3.48%	18	10.22%	12	1.63%	17	16.44%	16	9.38%	13	
Pan Africa AM Segregated Domestic Bond	4.00%	16	4.35%	21	11.08%	20	5.59%	19	6.64%	17	8.41%	17	9.42%	15	9.18%	12	-3.21%	15	10.31%	9	1.72%	14	16.63%	14	9.14%	18	
Prescient Bond Quant	4.13%	9	4.42%	19	11.32%	19	6.00%	16	6.78%	12	8.28%	19	9.12%	19	8.91%	15	-3.08%	14	10.12%	14	1.60%	18	15.55%	19	9.46%	12	
Prescient Bond QuantPlus	4.26%	3	4.55%	16	11.51%	14	7.28%	4	7.30%	6	8.35%	18	9.15%	18	9.28%	7	-1.67%	4	9.66%	18	3.01%	3	13.54%	20	9.17%	16	
Prudential Yield Enhanced Portfolio	4.05%	12	4.67%	13	11.75%	5	5.53%	21	6.42%	20	8.55%	10	9.69%	7	9.26%	9	-4.05%	22	9.86%	16	1.78%	13	17.14%	11	10.58%	4	
SIM Institutional Total Return Bond Fund	4.23%	4	4.89%	4	12.05%	2	5.53%	20	6.56%	19	8.52%	11	9.49%	11	9.09%	13	-4.29%	23	10.67%	7	1.70%	15	16.69%	13	9.67%	9	
Stanlib Core Bond Portfolio	4.17%	7	4.90%	3	12.34%	1	6.83%	5	6.88%	10	8.91%	6	9.78%	6	9.26%	8	-3.25%	16	9.61%	19	1.66%	16	17.77%	4	10.61%	3	
STANLIB Multi-Manager Bond	4.40%	1	4.81%	6	11.57%	10	6.57%	11	*	*	*	*	*	*	*	*	-2.67%	12	*	*	*	*	*	*	*		
Vunani Active Bond Fund	3.94%	17	5.16%	1	11.93%	4	6.20%	14	6.83%	11	8.79%	8	9.80%	5	*	*	-3.25%	17	9.69%	17	2.41%	6	17.56%	6	9.74%	7	
SPECIALIST BONDS STATISTICS																											
Highest	4.40%		5.16%		12.34%		7.97%		8.81%		10.37%		11.45%		10.76%		-0.20%		12.81%		3.29%		19.59%		11.56%		
Upper Quartile	4.17%		4.78%		11.69%		6.72%		7.32%		9.04%		9.79%		9.31%		-2.27%		10.85%		2.41%		17.59%		9.83%		
Median	4.05%		4.69%		11.53%		6.57%		6.83%		8.52%		9.47%		9.26%		-2.67%		10.25%		1.93%		17.15%		9.61%		
Average	4.03%		4.64%		11.54%		6.35%		7.00%		8.73%		9.59%		9.34%		-2.67%		10.25%		2.12%		16.99%		9.64%		
Lower Quartile	3.92%		4.48%		11.40%		5.71%		6.69%		8.44%		9.35%		9.14%		-3.37%		9.74%		1.66%		16.48%		9.25%		
Lowest	3.48%		4.08%		10.92%		5.14%		6.42%		8.22%		8.69%		8.83%		-4.29%		7.08%		1.28%		13.54%		6.81%		
Range	0.92%		1.07%		1.42%		2.83%		2.38%		2.15%		2.77%		1.93%		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		
INFLATION LINKED BONDS																											
Aluwani Capital Partners - Inflation Linked Bond Composite	1.99%		4.58%		6.82%		9.03%		*		*		*		*		4.11%		*		*		*		*		
Coronation Absolute Bond Portfolio	1.77%		3.52%		6.25%		8.33%		7.89%		9.15%		10.40%		10.62%		4.98%		8.51%		4.56%		13.44%		13.88%		
Investec Inflation Linked Bond Composite	2.00%		4.51%		6.60%		8.58%		8.29%		9.78%		*		*		3.88%		10.91%		1.11%		18.81%		13.56%		
Prescient Inflation Linked Bond Composite	1.82%		4.28%		6.30%		8.13%		8.00%		8.65%		*		*		3.66%		10.22%		1.35%		*		*		
SIM Inflation Linked Bond Fund	1.99%		4.69%		6.91%		8.73%		8.60%		9.83%		*		*		3.73%		10.87%		1.12%		19.39%		*		
INFLATION LINKED BONDS STATISTICS																											
Highest	2.00%		4.69%		6.91%		8.73%		8.60%		9.83%		10.40%		*		4.98%		10.91%		4.56%		19.39%		13.88%		
Upper Quartile	1.99%		4.56%		6.68%		8.62%		8.36%		9.79%		10.40%		*		4.16%		10.88%		2.15%		19.10%		13.80%		
Median	1.91%		4.40%		6.45%		8.45%		8.15%		9.47%		10.40%		*		3.81%		10.55%		1.23%		18.81%		13.72%		
Average	1.89%		4.25%		6.51%		8.44%		8.19%		9.35%		10.40%		*		4.06%		10.13%		2.03%		17.21%		13.72%		
Lower Quartile	1.81%		4.09%		6.28%		8.28%		7.97%		9.03%		10.40%		*		3.72%		9.80%		1.12%		16.12%		13.64%		
Lowest	1.77%		3.52%		6.25%		8.13%		7.89%		8.65%		10.40%		*		3.66%		8.51%		1.11%		13.44%		13.56%		
Range	0.23%		1.17%		0.67%		0.60%		0.71%		1.18%		0.00%		*		1.32%		2.40%		3.44%		5.95%		0.32%		
Number of participants	5		5		5		5		4		4		1		1		5		4		4		3		2		
INDICES																											
All Bond Index	4.04%		4.40%		11.24%		5.24%		6.30%		7.90%		8.66%		8.38%		-3.93%		10.15%		0.64%		15.99%		8.82%		
1-3 Year Bond Index	1.51%		2.86%		6.17%		7.51%		6.58%		6.92%		7.27%		7.86%		4.10%		6.23%		4.42%		8.30%		8.90%		
3-7 Year Bond Index	3.07%		3.82%		9.08%		7.71%		6.97%		7.89%		8.60%		8.43%		0.93%		7.90%		1.46%		13.65%		10.18%		
7-12 Year Bond Index	4.33%		4.13%		11.08%		5.71%		5.96%		8.14%		9.02%		8.71%		-3.19%		8.30%		-0.21%		18.40%		10.20%		
12+ Year Bond Index	4.73%		4.96%		13.01%		4.01%		6.17%		8.04%		8.59%		8.00%		-7.04%		12.91%		-0.69%		18.81%		6.00%		
Barclays - BESA SA Inflation Linked Index	2.15%		4.67%		6.96%		8.94%		8.64%		9.80%		9.53%		10.19%		3.68%		11.15%		0.79%		19.37%		13.05%		
BESA Standard Bank Credit Index	1.48%		1.73%		0.55%		-8.95%		1.98%		4.13%		7.01%		7.22%		-7.85%		9.14%		-2.29%		15.74%		10.95%		
GOVI	3.92%		4.25%		10.80%		5.59%		6.24%		7.77%		8.36%		8.00%		-3.44%		9.81%		0.52%		15.64%		7.84%		
OTHI	4.34%		4.79%																								

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 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
SPECIALIST BONDS																		
Argon SA Bond Fund	7.45%	4	8.25%	12	1.15%	4	0.84%	1.37	3	9.34%	3	7.65%	14	1.44%	3	0.80%	1.79	3
Aluwani Capital Partners - SA Bond Composite	6.73%	14	8.36%	13	0.43%	14	0.57%	0.76	10	8.50%	14	7.69%	15	0.61%	14	0.53%	1.15	8
Cadiz Houseview Bond Fund	6.98%	8	7.75%	1	0.68%	8	1.23%	0.55	11	8.74%	9	7.32%	5	0.84%	9	1.02%	0.82	13
Coronation Active Bond Portfolio (Composite)	7.33%	5	8.19%	10	1.03%	5	0.55%	1.87	2	9.16%	5	7.57%	11	1.27%	5	0.61%	2.07	1
Coronation Strategic Bond Composite	7.45%	3	7.84%	2	1.15%	3	1.05%	1.10	6	9.42%	2	7.34%	6	1.53%	2	0.95%	1.60	5
Futuregrowth Core Bond Composite	6.58%	18	8.57%	18	0.27%	18	0.63%	0.43	16	8.51%	12	7.75%	17	0.61%	12	0.76%	0.81	14
Futuregrowth Yield Enhanced	8.81%	1	8.25%	11	2.51%	1	0.97%	2.58	1	10.37%	1	7.40%	7	2.47%	1	1.28%	1.93	2
Investec Corporate Bond Composite	7.29%	7	8.02%	6	0.99%	7	2.73%	0.36	19	9.22%	4	7.25%	3	1.32%	4	2.23%	0.59	17
Investec Triple Alpha	6.90%	9	8.16%	9	0.60%	9	1.46%	0.41	18	8.51%	13	7.44%	8	0.61%	13	1.24%	0.49	18
Investment Solutions Pure Fixed Interest Portfolio	7.46%	2	7.85%	3	1.16%	2	0.94%	1.24	5	8.85%	7	7.14%	2	0.95%	7	0.97%	0.98	10
JM BUSHSA BondPlus	6.77%	13	7.96%	4	0.47%	13	0.87%	0.55	12	8.22%	20	7.29%	4	0.32%	20	0.83%	0.39	19
MMI - SA Bond	6.68%	16	8.37%	15	0.38%	16	0.49%	0.77	9	8.46%	15	7.71%	16	0.56%	15	0.47%	1.19	6
Momentum MoM Moderate Bond FOF	6.70%	15	8.37%	14	0.40%	15	0.97%	0.41	17	8.42%	16	7.61%	13	0.52%	16	0.85%	0.62	16
Pan Africa AM Segregated Domestic Bond	6.64%	17	8.15%	8	0.33%	17	0.64%	0.53	13	8.41%	17	7.56%	10	0.51%	17	0.57%	0.90	12
Prescient Bond Quant	6.78%	12	8.39%	16	0.48%	12	0.38%	1.25	4	8.28%	19	7.59%	12	0.39%	19	0.52%	0.74	15
Prescient Bond QuantPlus	7.30%	6	8.00%	5	1.00%	6	1.15%	0.87	7	8.35%	18	6.87%	1	0.46%	18	1.63%	0.28	20
Prudential Yield Enhanced Portfolio	6.42%	20	8.70%	19	0.12%	20	0.66%	0.19	20	8.55%	10	7.99%	19	0.65%	10	0.56%	1.16	7
SIM Institutional Total Return Bond Fund	6.56%	19	9.00%	20	0.26%	19	0.55%	0.48	15	8.52%	11	8.07%	20	0.62%	11	0.56%	1.11	9
Stanlib Core Bond Portfolio	6.88%	10	8.44%	17	0.58%	10	0.67%	0.86	8	8.91%	6	7.81%	18	1.01%	6	0.63%	1.62	4
Vunani Active Bond Fund	6.83%	11	8.11%	7	0.53%	11	1.10%	0.48	14	8.79%	8	7.52%	9	0.89%	8	0.91%	0.98	11
			<i>Lower volatility = higher ranking</i>									<i>Lower volatility = higher ranking</i>						
STATISTICS																		
Highest	8.81%		9.00%		2.51%		2.73%	2.58		10.37%		8.07%		2.47%		2.23%	2.07	
Upper Quartile	7.31%		8.38%		1.01%		1.06%	1.13		8.97%		7.70%		1.08%		0.98%	1.29	
Median	6.85%		8.22%		0.55%		0.85%	0.65		8.53%		7.57%		0.64%		0.82%	0.98	
Average	7.03%		8.24%		0.73%		0.92%	0.85		8.78%		7.53%		0.88%		0.90%	1.06	
Lower Quartile	6.69%		8.02%		0.39%		0.62%	0.47		8.45%		7.34%		0.55%		0.57%	0.71	
Lowest	6.42%		7.75%		0.12%		0.38%	0.19		8.22%		6.87%		0.32%		0.47%	0.28	
Number of participants	20		20		20		20	20		20		20		20		20	20	
INFLATION LINKED BONDS																		
Coronation Absolute Bond Portfolio	7.89%		2.75%							9.15%		3.08%						
Investec Inflation Linked Bond Composite	8.29%		5.73%							9.78%		6.27%						
Prescient Inflation Linked Bond Composite	8.00%		5.14%							8.65%		5.13%						
SIM Inflation Linked Bond Fund	8.60%		5.83%							9.83%		6.19%						
STATISTICS																		
Highest	8.60%		5.83%							9.83%		6.27%						
Upper Quartile	8.36%		5.75%							9.79%		6.21%						
Median	8.15%		5.43%							9.47%		5.66%						
Average	8.19%		4.86%							9.35%		5.17%						
Lower Quartile	7.97%		4.54%							9.03%		4.62%						
Lowest	7.89%		2.75%							8.65%		3.08%						
Number of participants	4		4							4		4						
INDICES																		
All Bond Index	6.30%		8.57%							7.90%		7.92%						
Barclays - BESA SA Inflation Linked Index	8.64%		5.88%							9.80%		6.30%						
BESA Standard Bank Credit Index	1.98%		7.83%							4.13%		7.95%						

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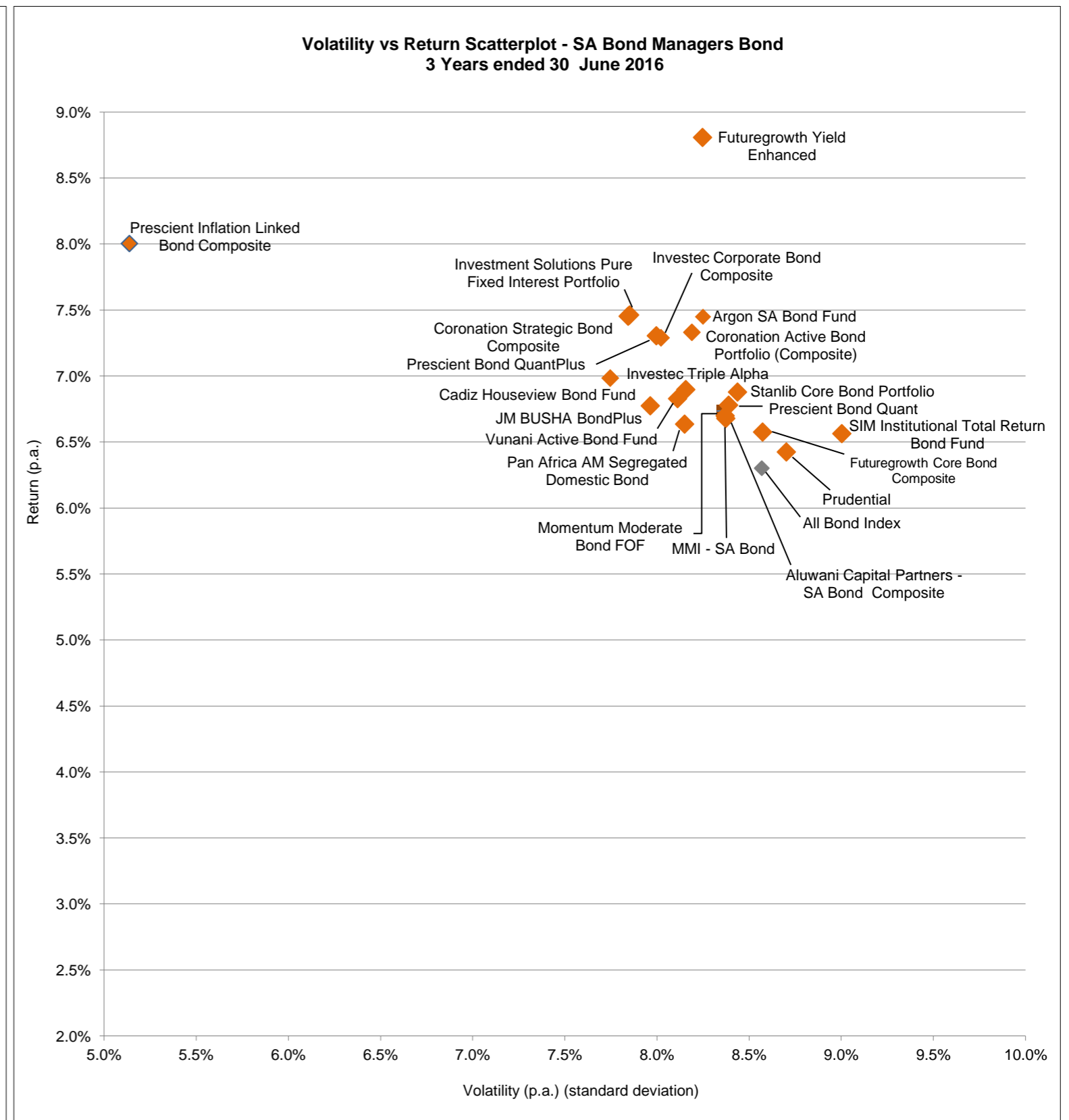
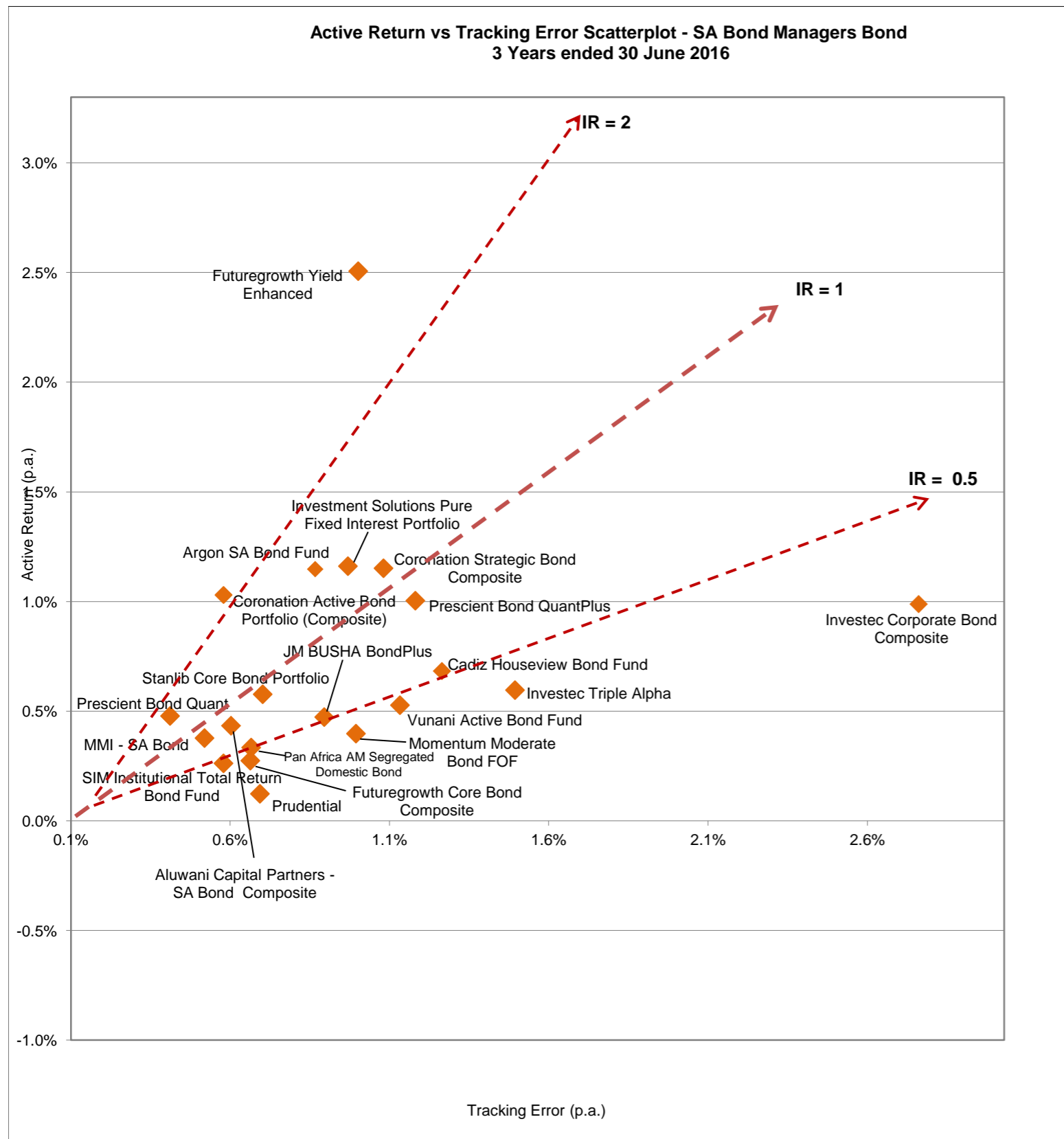
Objective - The portfolios included in this Survey represent specialist bond portfolios with ALBI as their benchmark and have an effective modified duration mandate of +/- 2 years around the ALBI

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	10.45%	18.93%	15.49%	51.18%	0.30%	3.66%	0.00%	100.00%
Aluwani Capital Partners - SA Bond (Specialist Bond) C	3.52%	14.65%	19.75%	55.37%	1.98%	4.73%	0.00%	100.00%
Argon SA Bond Fund	2.96%	20.16%	17.46%	55.19%	0.00%	4.23%	0.00%	100.00%
Atlantic Bond Composite	3.63%	13.73%	14.08%	43.39%	6.13%	19.04%	0.00%	100.00%
Cadiz Houseview Bond Fund	21.70%	15.39%	15.57%	40.44%	-0.01%	6.92%	0.00%	100.00%
				19.59%	2.66%			
Coronation Active Bond Portfolio (Composite)	8.16%	18.96%	14.47%	53.28%	3.64%	1.48%	0.00%	100.00%
Coronation Strategic Bond Composite	9.46%	12.65%	20.26%	47.78%	9.04%	0.82%	0.00%	100.00%
Futuregrowth Core Bond Composite	5.98%	15.05%	14.54%	53.46%	5.18%	5.80%	0.00%	100.00%
Futuregrowth Yield Enhanced	17.47%	20.31%	8.10%	22.73%	25.87%	5.52%	0.00%	100.00%
Investec Corporate Bond Composite	14.02%	29.84%	30.20%	21.82%	0.00%	4.12%	0.00%	100.00%
Investec Triple Alpha	12.42%	21.12%	24.88%	37.14%	0.00%	4.44%	0.00%	100.00%
Investment Solutions Pure Fixed Interest Portfolio	14.00%	14.33%	16.00%	46.90%	1.00%	7.76%	0.00%	100.00%
JM BUSHA BondPlus	3.74%	20.06%	19.26%	56.31%	0.00%	0.62%	0.00%	100.00%
MMI - SA Bond	3.40%	13.09%	11.97%	60.70%	0.33%	10.51%	0.00%	100.00%
Momentum MoM Moderate Bond FOF	4.01%	22.91%	18.91%	49.69%	0.49%	3.98%	0.00%	100.00%
Pan Africa AM Segregated Domestic Bond	6.76%	11.66%	16.34%	61.42%	4.37%	-0.54%	0.00%	100.00%
Prescient Bond Quant	1.94%	3.52%	20.81%	73.73%	0.00%	0.00%	0.00%	100.00%
Prescient Bond QuantPlus	4.04%	1.06%	14.45%	80.45%	0.00%	0.00%	0.00%	100.00%
Prudential Yield Enhanced Portfolio	3.95%	5.01%	8.60%	55.55%	23.19%	3.71%	0.00%	100.00%
SIM Institutional Total Return Bond Fund	7.38%	16.06%	10.08%	65.92%	0.01%	0.55%	0.00%	100.00%
Stanlib Core Bond Portfolio	7.81%	16.89%	24.42%	51.47%	0.00%	-0.59%	0.00%	100.00%
STANLIB Multi-Manager Bond	3.57%	17.51%	21.05%	51.13%	4.80%	1.93%	0.00%	100.00%
Vunani Active Bond Fund	10.02%	15.25%	20.02%	53.68%	0.00%	1.03%	0.00%	100.00%
INFLATION LINKED BONDS								
Aluwani Capital Partners - Inflation Linked Bond Comp	5.10%	11.17%	37.57%	46.16%	0.00%	0.00%	0.00%	100.00%
Coronation Absolute Bond Portfolio	20.18%	21.58%	16.85%	7.09%	32.87%	1.42%	0.00%	100.00%
Investec Inflation Linked Bond Composite	1.14%	12.53%	32.01%	45.58%	6.79%	1.97%	0.00%	100.00%
Prescient Inflation Linked Bond Composite	1.72%	10.73%	42.84%	28.17%	16.54%	0.00%	0.00%	100.00%
SIM Inflation Linked Bond Fund	2.02%	7.92%	38.86%	43.68%	0.00%	7.51%	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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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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