



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

Research & Product Development
FINANCIAL SERVICES


ALEXANDERFORBES
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; with the following being material changes within each category over the first quarter of 2015:

Bond Manager Watch™ (Specialist Bonds): No changes

Bond Manager Watch™ (Inflation Linked Bonds): Momentum AM Inflation Linked Bond Fund has exited 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.
- 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.

COMMENTARY

MARKET DYNAMICS THAT INFLUENCED PERFORMANCE AND STRATEGY OVER Q1 2016

The first quarter of 2016 saw the South African Reserve Bank aggressively raise lending rates by 75 basis points in a pre-emptive move to try to curb inflation. Inflation accelerated to a higher than anticipated 7% in February from January's 6.2% on account of previous rand weakness and the delayed impact of the currency on inflation. Food inflation was the main contributor to the higher inflation as the effects from the depreciating Rand and the most severe drought in more than a century filter through and increase import and food prices. Core inflation (ex-food & NAB and petrol & energy) also ticked up to 5.7% from 5.2%. Inflation is predicted to remain above the 6% for the year as the electricity tariff and fuel price increases come into effect.

The nominal yield curve rallied over the quarter partly due to increased demand for emerging-market bonds following the Fed's dovish pronouncement after its March interest-rate meeting that lower oil prices and China's slowdown could hamper US growth. Returns in the local fixed income space were positive over the quarter. The rally in long bonds from their oversold position in December and the 0.75% increase in the local interest rate by the South African Reserve Bank were contributing factors to the All Bond Index returning 6.6% over the quarter, whilst Inflation linked bonds returned a muted 2.2%

With the interest rate hikes, it is interesting to note that the longer dated bonds outperformed near dated bonds. Bonds with 12+ yrs to maturity returned 7.2%, slightly ahead of the 7-12-year bonds at 6.2%, with the 3-7yrs and 1-3yr bonds trailing at 4.8% and 3.1% respectively. The money-market curve ended the quarter higher, with the 12 month NCD ending the quarter at 8.6%. The three-month Jibar also ended higher at 7.23% from 6.63% after the rate increases. Forward-rate agreements (FRAs) ended on average around 40bps lower, with the forward rate pricing in 75bps worth of increases over the next 12 months at quarter-end. Foreigners were net buyers of local bonds with inflows to the tune of R19 billion.

The All Bond Index returned 6.6% over the quarter but is -0.6% over 1 year. The OTHI bond index outperforming government bonds by almost 1%.

HOW THE MANAGERS PERFORMED OVER THE Q1 2015

Bond performance improved over the quarter with the average manager earning 5.9%, compared to -5.8% in Q4 2015, but unlike last quarter where only 3 managers failed to outperform the benchmark, 9 managers failed to produce at least a benchmark return this time. 1 year performance dispersion between specialist bond managers remains over 4%. Portfolios

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

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

The Atlantic Bond composite was the best performing specialist composite over the month and quarter due to its duration positioning and credit enhancements despite having its high holdings in cash. Investec Corporate Bond Composite was the best performer over the 1 year period, returning 3.23% based on higher credit exposure and leveraged positions.

Surprisingly the high duration of Pan Africa did not convert into positive relative performance. Like Pan Africa, Futuregrowth Core Bond fund had an ideal exposure to the curve that did not translate into performance.

Specialist bond composite managers are on average 0.23 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. The use of credit in the specialist bond composites proliferates with the average fund having 61.76% invested in AAA instruments, up from last quarter's average of 61.16%.

In terms of ILB composites, Coronation Absolute Bond Portfolio performed the best on a 1 year basis (6.06%). This is in part due to its absolute mandate and not holding majority positions in ILB's. It is also surprising that the remainder of the category did not outperform ILB's as almost any other bond holding would have outperformed the category for the quarter.

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	5.03	71.38%	1	441	14 April 2016
Argon SA Bond Fund	V		Y	All Bond Index	6.70	67.96%	5	1,056	08 April 2016
Atlantic Bond Composite	C		Y	All Bond Index	7.06	4771.00%	2	228	15 April 2016
Cadiz Houseview Bond Fund	V		Y	All Bond Index	5.22	52.05%	3	843	14 April 2016
Coronation Active Bond Portfolio (Composite)	C		Y	All Bond Index	6.53	62.90%	6	5,537	12 April 2016
Coronation Strategic Bond Composite	C		Y	All Bond Index	5.87	60.93%	9	3,842	12 April 2016
Futuregrowth Core Bond Composite	C		Y	All Bond Index	6.47	65.76%	4	21,929	14 April 2016
Futuregrowth Yield Enhanced	C		N	All Bond Index	6.35	28.87%	6	12,028	14 April 2016
Investec Corporate Bond Composite	V		Y	All Bond Index	6.72	19.81%	3	11,546	14 April 2016
Investec Triple Alpha	V		Y	All Bond Index	6.73	52.99%	8	2,838	14 April 2016
Investment Solutions Pure Fixed Interest Portfolio	n/a		Y	All Bond Index	5.70	-	0	4,936	12 April 2016
JM BUSHUA BondPlus	C		Y	All Bond Index	6.44	-	3	880	08 April 2016
MMI - SA Bond	C		Y	All Bond Index	6.88	91.27%	2	4,927	11 April 2016
Momentum MoM Moderate Bond FOF			Y	All Bond Index	6.77	69.07%	1	170	11 April 2016
Pan Africa AM Segregated Domestic Bond	V		Y	All Bond Index	7.02	60.49%	6	2,215	08 April 2016
Prescient Bond Quant	V		N	All Bond Index	6.63	71.33%	2	467	11 April 2016
Prescient Bond QuantPlus	V		N	All Bond Index	6.57	77.50%	10	8,005	11 April 2016
Prudential Yield Enhanced Portfolio	V		Y	All Bond Index	7.11	74.40%	7	2,921	06 April 2016
SIM Institutional Total Return Bond Fund	V		Y	All Bond Index	7.55	80.46%	13	6,611	05 April 2016
Stanlib Core Bond Portfolio	V		Y	All Bond Index	6.91	63.36%	9	6,781	13 April 2016
Vunani Active Bond Fund	V		Y	All Bond Index	6.60	55.26%	7	956	12 April 2016
		<i>This includes multi-managers thus must be noted as possible "double-counting"</i>							
								TOTAL	99,156
INFLATION LINKED BONDS									
Coronation Absolute Bond Portfolio	C		N	CPI + 4%pa	3.76	13.59%	2	7,177	12 April 2016
Investec Inflation Linked Bond Composite	V		Y	Barclays - BESA SA Inflation Linked Index	11.97	74.38%	3	3,980	14 April 2016
Prescient Inflation Linked Bond Composite	V		N	90 ILBI / 10 STEFI Call	10.30	87.50%	3	2,859	11 April 2016
SIM Inflation Linked Bond Fund	V		Y	Barclays BESA Govt Inflation-linked Bond Index	11.55	80.00%	2	2,549	05 April 2016
INDICES									
All Bond Index					6.72				
		<i>This includes multi-managers thus must be noted as possible "double-counting"</i>							
								TOTAL	16,565

* 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 MARCH 2016																										
PERFORMANCE DATA																										
SPECIALIST BONDS																										
	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	Calendar Year 2015	Rank	Calendar Year 2014	Rank	Calendar Year 2013	Rank	Calendar Year 2012	Rank	Calendar Year 2011	Rank
Absa Asset Management Bond Fund	2.68%	9	6.48%	14	6.48%	14	1.92%	2	*	*	*	*	*	*	*	*	-1.14%	3	10.27%	11	*	*	*	*	*	
Argon SA Bond Fund	2.62%	15	6.59%	11	6.59%	11	0.44%	12	5.32%	4	9.08%	4	8.63%	16	7.97%	14	-2.47%	8	11.08%	5	2.69%	5	18.55%	2	6.81%	19
Atlantic Bond Composite	2.91%	1	7.28%	1	7.28%	1	1.62%	4	*	*	*	*	*	*	*	*	-2.48%	9	10.92%	6	2.32%	8	*	*	*	
Cadiz Houseview Bond Fund	2.28%	21	6.54%	13	6.54%	13	0.55%	10	4.74%	8	8.56%	9	8.89%	11	8.57%	3	-2.51%	10	9.98%	14	1.93%	11	17.14%	11	8.98%	18
Coronation Active Bond Portfolio (Composite)	2.55%	18	6.58%	12	6.58%	12	0.38%	13	5.12%	6	9.06%	5	9.30%	4	8.64%	2	-2.98%	12	11.33%	3	2.30%	9	17.66%	5	9.85%	5
Coronation Strategic Bond Composite	2.75%	3	6.25%	20	6.25%	20	0.47%	11	5.44%	3	9.38%	2	9.70%	3	*	*	-2.33%	7	11.69%	2	2.76%	4	18.25%	3	9.70%	8
Futuregrowth Core Bond Composite	2.48%	20	6.28%	19	6.28%	19	-0.76%	20	4.52%	12	8.44%	12	8.84%	14	8.21%	11	-3.56%	19	10.33%	8	2.10%	10	17.30%	7	9.35%	13
Futuregrowth Yield Enhanced	2.66%	12	6.38%	17	6.38%	17	1.49%	5	6.88%	1	10.48%	1	10.85%	1	9.91%	1	-0.82%	2	12.81%	1	3.29%	1	19.59%	1	11.27%	2
Investec Corporate Bond Composite	2.67%	11	6.88%	3	6.88%	3	3.23%	1	5.11%	7	9.35%	3	10.00%	2	*	*	-0.20%	1	7.08%	21	3.22%	2	17.16%	9	11.56%	1
Investec Triple Alpha	2.68%	10	6.63%	9	6.63%	9	1.41%	6	4.66%	9	8.46%	11	8.92%	9	*	*	-2.00%	5	8.83%	20	1.91%	12	16.49%	14	9.82%	6
Investment Solutions Pure Fixed Interest Portfolio	2.57%	16	6.33%	18	6.33%	18	0.75%	7	5.24%	5	8.62%	7	8.91%	10	8.41%	8	-2.56%	11	11.08%	4	2.40%	7	16.05%	16	9.27%	14
JM BUSHA BondPlus	2.50%	19	5.98%	21	5.98%	21	0.62%	8	4.39%	16	8.07%	19	8.17%	19	*	*	-2.22%	6	9.59%	19	1.28%	20	15.97%	17	9.16%	16
MMI - SA Bond	2.69%	8	6.66%	7	6.66%	7	-0.35%	18	4.35%	18	8.34%	16	8.89%	12	8.47%	5	-3.53%	18	10.27%	10	1.36%	19	17.17%	8	9.58%	10
Momentum MoM Moderate Bond FOF	2.90%	2	6.83%	5	6.83%	5	0.04%	16	4.55%	11	8.35%	15	9.05%	8	8.45%	6	-3.48%	17	10.22%	12	1.63%	17	16.44%	15	9.38%	12
Pan Africa AM Segregated Domestic Bond	2.57%	17	6.45%	15	6.45%	15	0.08%	15	4.47%	14	8.37%	13	8.88%	13	8.38%	9	-3.21%	14	10.31%	9	1.72%	14	16.63%	13	9.14%	17
Prescient Bond Quant	2.66%	12	6.61%	10	6.61%	10	0.26%	14	4.60%	10	8.18%	17	8.52%	18	8.10%	13	-3.08%	13	10.12%	13	1.60%	18	15.55%	18	9.46%	11
Prescient Bond QuantPlus	2.70%	7	6.65%	8	6.65%	8	1.70%	3	5.45%	2	8.14%	18	8.61%	17	8.50%	4	-1.67%	4	9.66%	17	3.01%	3	13.54%	19	9.17%	15
Prudential Yield Enhanced Portfolio	2.72%	6	6.77%	6	6.77%	6	-0.57%	19	4.24%	19	8.47%	10	9.07%	7	8.43%	7	-4.05%	20	9.86%	15	1.78%	13	17.14%	10	10.58%	4
SIM Institutional Total Return Bond Fund	2.74%	4	6.83%	4	6.83%	4	-0.98%	21	4.38%	17	8.37%	14	8.79%	15	8.20%	12	-4.29%	21	10.67%	7	1.70%	15	16.69%	12	9.67%	9
Stanlib Core Bond Portfolio	2.73%	5	7.09%	2	7.09%	2	0.59%	9	4.43%	15	8.72%	6	9.08%	6	8.31%	10	-3.25%	15	9.61%	18	1.66%	16	17.77%	4	10.61%	3
Vunani Active Bond Fund	2.62%	14	6.44%	16	6.44%	16	-0.31%	17	4.50%	13	8.61%	8	9.15%	5	*	*	-3.25%	16	9.69%	16	2.41%	6	17.56%	6	9.74%	7
SPECIALIST BONDS STATISTICS																										
Highest	2.91%		7.28%		7.28%		3.23%		6.88%		10.48%		10.85%		9.91%		-0.20%		12.81%		3.29%		19.59%		11.56%	
Upper Quartile	2.72%		6.77%		6.77%		0.91%		5.18%		8.89%		9.12%		8.49%		-2.22%		10.92%		2.48%		17.61%		9.83%	
Median	2.67%		6.59%		6.59%		0.49%		4.55%		8.46%		8.89%		8.41%		-2.82%		10.27%		2.02%		17.14%		9.58%	
Average	2.65%		6.60%		6.60%		0.54%		4.81%		8.61%		9.02%		8.46%		-3.62%		10.26%		2.15%		16.98%		9.64%	
Lower Quartile	2.57%		6.44%		6.44%		-0.04%		4.45%		8.36%		8.82%		8.24%		-3.25%		9.69%		1.69%		16.47%		9.22%	
Lowest	2.28%		5.98%		5.98%		-0.98%		4.24%		8.07%		8.17%		7.97%		-4.29%		7.08%		1.28%		13.54%		6.81%	
Range	0.63%		1.30%		1.30%		4.21%		2.64%		2.41%		2.68%		1.94%		4.09%		5.73%		2.01%		6.05%		4.75%	
Number of participants	21		21		21		20		19		19		19		14		21		21		20		19		19	
INFLATION LINKED BONDS																										
Coronation Absolute Bond Portfolio	1.15%		2.63%		2.63%		6.06%		6.30%		9.21%		10.39%		10.38%		4.98%		8.51%		4.56%		13.44%		13.88%	
Investec Inflation Linked Bond Composite	0.96%		2.00%		2.00%		5.51%		5.23%		9.70%		*		*		3.88%		10.91%		1.11%		18.81%		13.56%	
Prescient Inflation Linked Bond Composite	0.93%		1.93%		1.93%		5.32%		5.11%		8.43%		*		*		3.66%		10.22%		1.35%		*		*	
SIM Inflation Linked Bond Fund	1.00%		2.12%		2.12%		5.46%		5.23%		*		*		*		3.73%		10.87%		1.12%		19.39%		*	
INFLATION LINKED BONDS STATISTICS																										
Highest	1.15%		2.63%		2.63%		6.06%		6.30%		9.70%		10.39%		*		4.98%		10.91%		4.56%		19.39%		13.88%	
Upper Quartile	1.04%		2.25%		2.25%		5.65%		5.50%		9.46%		10.39%		*		4.16%		10.88%		2.15%		19.10%		13.80%	
Median	0.98%		2.06%		2.06%		5.48%		5.23%		9.21%		10.39%		*		3.81%		10.55%		1.23%		18.81%		13.72%	
Average	1.01%		2.17%		2.17%		5.59%		5.47%		9.12%		10.39%		*		4.06%		10.13%		2.03%		17.21%		13.72%	
Lower Quartile	0.95%		1.98%		1.98%		5.42%		5.20%		8.82%		10.39%		*		3.72%		9.80%		1.12%		16.12%		13.64%	
Lowest	0.93%		1.93%		1.93%		5.32%		5.11%		8.43%		10.39%		*		3.66%		8.51%		1.11%		13.44%		13.56%	
Range	0.22%		0.70%		0.70%		1.19%		1.28%		1.28%		0.00%		*		1.32%		2.40%		3.44%		5.95%		0.32%	
Number of participants	4		4		4		4		4		3		1		*		4		4		4		3		2	
INDICES																										
All Bond Index	2.63%		6.55%		6.55%		-0.61%		3.99%		7.79%		8.04%		7.52%		-3.93%		10.15%		0.64%		15.99%		8.82%	
1-3 Year Bond Index	1.28%		3.22%		3.22%		5.57%		5.71%		6.78%		7.04%		7.52%		4.10%		6.23%		4.42%		8.30%		8.90%	
3-7 Year Bond Index	2.23%		5.06%		5.06%		3.64%		4.79%		7.76%		8.11%		7.79%		0.93%		7.90%		1.46%		13.65%		10.18%	
7-12 Year Bond Index	2.73%		6.68%		6.68%		0.28%		3.39%		8.12%		8.38%		7.74%		-3.19%		8.30%		-0.21%		18.40%		10.20%	
12+ Year Bond Index	3.02%		7.67%		7.67%		-3.73%		3.63%		8.03%		7.86%		6.63%		-7.04%		12.91%		-0.69%		18.81%		6.00%	
Barclays - BESA SA Inflation Linked Index	1.05%		2.19%		2.19%		5.70%		5.24%		9.62%		9.34%		9.76%		3.68%		11.15%		0.79%		19.37%		13.05%	
BESA Standard Bank Credit Index	-3.87%		-1.16%		-1.16%		-10.55%		1.04%		4.58%		6.86%		6.76%		-7.85%		9.14%		-2.29%		15.74%		10.95%	
GOVI	2.59%		6.28%		6.28%		0.00%		3.94%		7.46%		7.76%		7.15%		-3.44%		9.81%		0.52%		15.64%		7.84%	
OTHI	2.74%		7.26%		7.26%		-2.33%		4.43%		8.61%		8.85%		7.79%		-0.08%		11.81%		1.49%		17.98%		8.10%	
STeFI	0.58%		1.68%		1.68%		6.65%		6.02%		5.83%		6.26%		7.31%		6.49%		5.90%		5.18%		5.55%		5.73%	

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".

** Please see final page for Disclaimers and Glossary **

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 MARCH 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	5.32%	4	8.60%	12	1.33%	4	0.90%	1.47	3	9.08%	4	7.43%	14	1.29%	4	0.85%	1.52	4
Cadiz Houseview Bond Fund	4.74%	8	8.29%	5	0.75%	8	1.20%	0.62	11	8.56%	9	7.17%	5	0.77%	9	0.99%	0.78	13
Coronation Active Bond Portfolio (Composite)	5.12%	6	8.52%	10	1.13%	6	0.71%	1.60	2	9.06%	5	7.40%	12	1.27%	5	0.60%	2.10	1
Coronation Strategic Bond Composite	5.44%	3	8.30%	6	1.45%	3	1.08%	1.35	4	9.38%	2	7.20%	6	1.59%	2	0.93%	1.72	3
Futuregrowth Core Bond Composite	4.52%	12	8.88%	17	0.53%	12	0.85%	0.62	12	8.44%	12	7.61%	16	0.65%	12	0.72%	0.90	11
Futuregrowth Yield Enhanced	6.88%	1	8.50%	9	2.89%	1	1.23%	2.35	1	10.48%	1	7.24%	8	2.69%	1	1.34%	2.00	2
Investec Corporate Bond Composite	5.11%	7	8.23%	3	1.12%	7	2.82%	0.40	18	9.15%	3	7.03%	3	1.36%	3	2.24%	0.61	16
Investec Triple Alpha	4.66%	9	8.44%	7	0.67%	9	1.51%	0.44	16	8.46%	11	7.22%	7	0.67%	11	1.24%	0.54	17
Investment Solutions Pure Fixed Interest Portfolio	5.24%	5	8.14%	2	1.26%	5	1.12%	1.12	6	8.62%	7	6.95%	2	0.82%	7	0.96%	0.86	12
JM BUSHA BondPlus	4.39%	16	8.28%	4	0.40%	16	1.00%	0.40	17	8.07%	19	7.10%	4	0.28%	19	0.82%	0.34	18
MMI - SA Bond	4.35%	18	8.82%	15	0.36%	18	0.51%	0.70	9	8.34%	16	7.52%	15	0.55%	16	0.47%	1.17	7
Momentum MoM Moderate Bond FOF	4.55%	11	8.76%	14	0.56%	11	1.00%	0.57	14	8.35%	15	7.42%	13	0.56%	15	0.84%	0.66	15
Pan Africa AM Segregated Domestic Bond	4.47%	14	8.58%	11	0.49%	14	0.66%	0.74	8	8.37%	13	7.38%	10	0.58%	13	0.57%	1.02	9
Prescient Bond Quant	4.60%	10	8.72%	13	0.62%	10	0.52%	1.18	5	8.18%	17	7.39%	11	0.39%	17	0.52%	0.75	14
Prescient Bond QuantPlus	5.45%	2	7.97%	1	1.47%	2	1.75%	0.84	7	8.14%	18	6.62%	1	0.35%	18	1.64%	0.21	19
Prudential Yield Enhanced Portfolio	4.24%	19	9.13%	18	0.25%	19	0.68%	0.37	19	8.47%	10	7.81%	18	0.68%	10	0.56%	1.22	6
SIM Institutional Total Return Bond Fund	4.38%	17	9.31%	19	0.40%	17	0.61%	0.65	10	8.37%	14	7.86%	19	0.58%	14	0.54%	1.07	8
Stanlib Core Bond Portfolio	4.43%	15	8.88%	16	0.45%	15	0.72%	0.62	13	8.72%	6	7.61%	17	0.93%	6	0.63%	1.46	5
Vunani Active Bond Fund	4.50%	13	8.50%	8	0.52%	13	1.09%	0.47	15	8.61%	8	7.33%	9	0.82%	8	0.87%	0.94	10
			Lower volatility = higher ranking									Lower volatility = higher ranking						
STATISTICS																		
Highest	6.88%		9.31%		2.89%		2.82%	2.35		10.48%		7.86%		2.69%		2.24%	2.10	
Upper Quartile	5.18%		8.79%		1.20%		1.16%	1.15		8.89%		7.48%		1.10%		0.97%	1.34	
Median	4.60%		8.52%		0.62%		1.00%	0.65		8.47%		7.38%		0.68%		0.84%	0.94	
Average	4.86%		8.57%		0.88%		1.05%	0.87		8.68%		7.33%		0.89%		0.91%	1.04	
Lower Quartile	4.45%		8.29%		0.47%		0.70%	0.52		8.36%		7.19%		0.57%		0.59%	0.70	
Lowest	4.24%		7.97%		0.25%		0.51%	0.37		8.07%		6.62%		0.28%		0.47%	0.21	
Number of participants	19		19		19		19	19		19		19		19		19	19	
INFLATION LINKED BONDS																		
Coronation Absolute Bond Portfolio	6.30%		3.11%							9.21%		3.07%						
Investec Inflation Linked Bond Composite	5.23%		6.38%							9.70%		6.16%						
Prescient Inflation Linked Bond Composite	5.11%		5.85%							8.43%		5.01%						
SIM Inflation Linked Bond Fund	5.23%		6.68%							*		*						
STATISTICS																		
Highest	6.30%		6.68%							9.70%		6.16%						
Upper Quartile	5.50%		6.46%							9.46%		5.58%						
Median	5.23%		6.12%							9.21%		5.01%						
Average	5.47%		5.51%							9.12%		4.74%						
Lower Quartile	5.20%		5.17%							8.82%		4.04%						
Lowest	5.11%		3.11%							8.43%		3.07%						
Number of participants	4		4							3		3						
INDICES																		
All Bond Index	3.99%		9.05%							7.79%		7.74%						
Barclays - BESA SA Inflation Linked Index	5.24%		6.77%							9.62%		6.15%						
BESA Standard Bank Credit Index	1.04%		8.15%							4.58%		7.92%						

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".

** Please see final page for Disclaimers and Glossary **

S.A. BOND MANAGER WATCH™ SURVEY

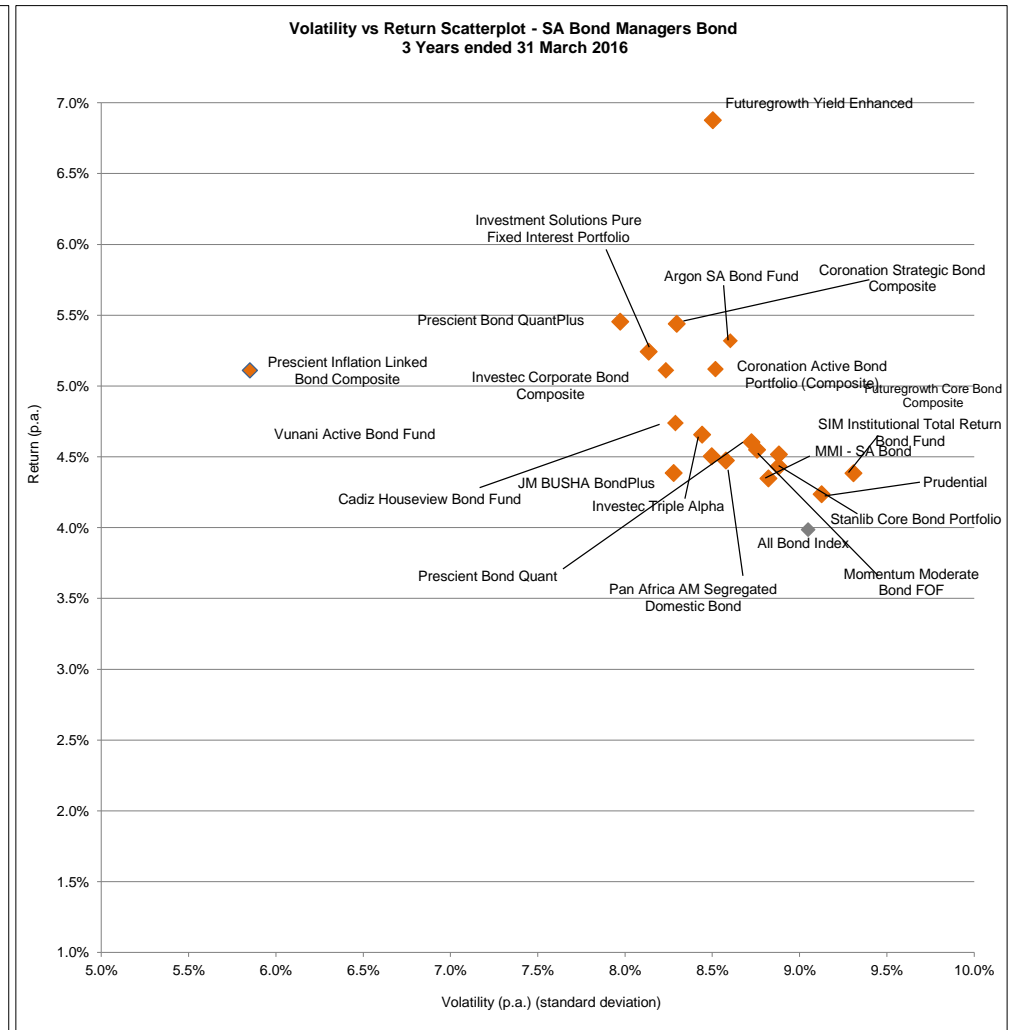
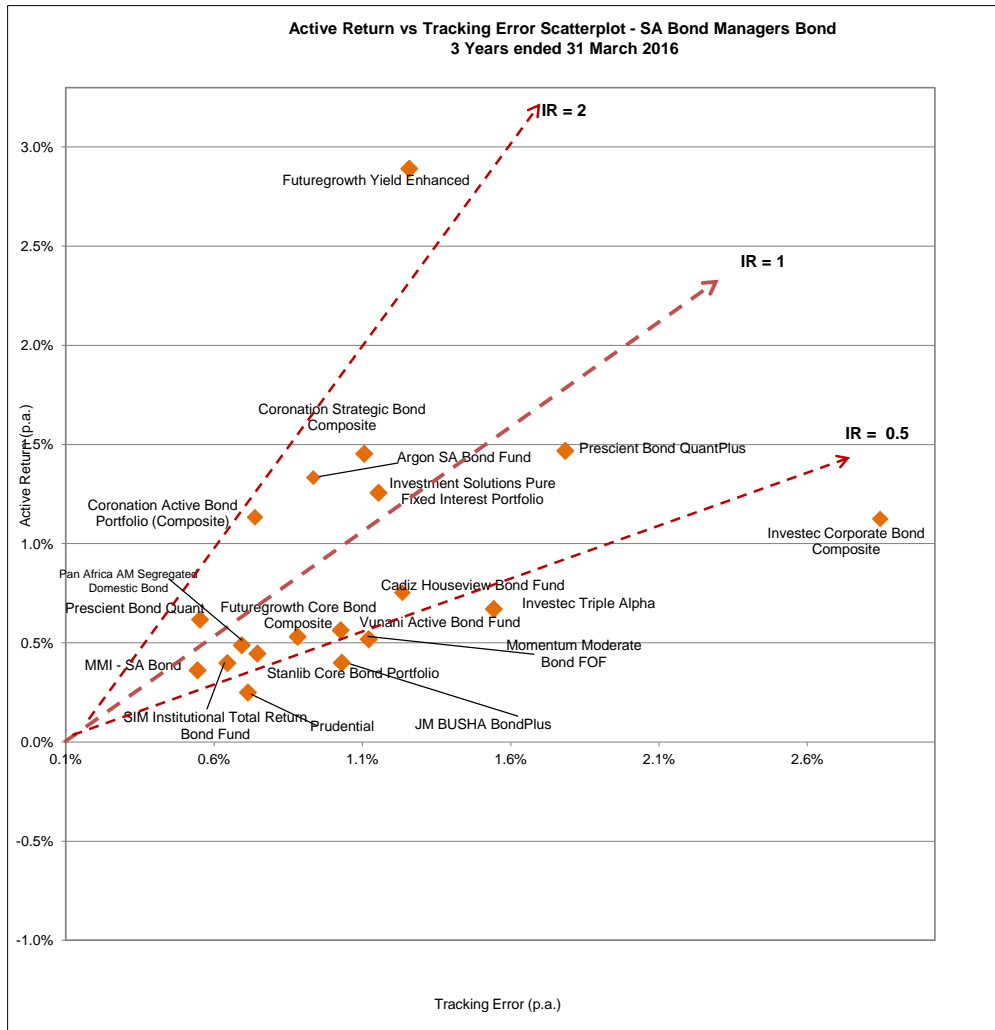
Objective - The portfolios included in this Survey represent specialist bond portfolios with ALBI as their benchmark and have an effective modified duration mandate of +/- 2 years around the ALBI

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	7.98%	12.24%	26.91%	43.73%	0.40%	8.73%	0.00%	100.00%
Argon Domestic Core Bond	4.49%	20.69%	18.98%	51.81%	0.00%	4.04%	0.00%	100.00%
Atlantic Bond Composite	2.76%	6.06%	15.51%	54.99%	4.95%	15.73%	0.00%	100.00%
Cadiz Houseview Bond Fund	25.43%	20.14%	8.61%	32.94%	18.71%	-5.83%	0.00%	100.00%
Coronation Active Bond Portfolio (Composite)	8.24%	22.24%	16.13%	45.57%	3.53%	4.29%	0.00%	100.00%
Coronation Strategic Bond Composite	11.87%	13.36%	18.07%	42.28%	10.28%	4.15%	0.00%	100.00%
Futuregrowth Core Bond Composite	5.16%	15.29%	14.37%	54.42%	5.81%	4.95%	0.00%	100.00%
Futuregrowth Yield Enhanced	21.83%	22.84%	10.00%	21.26%	23.96%	0.10%	0.00%	100.00%
Investec Corporate Bond Composite	13.43%	30.95%	40.14%	27.82%	0.00%	-12.35%	0.00%	100.00%
Investec Triple Alpha	13.68%	23.69%	28.68%	40.13%	0.02%	-6.19%	0.00%	100.00%
Investment Solutions Pure Fixed Interest Portfolio	11.02%	17.17%	16.13%	42.56%	0.93%	12.18%	0.00%	100.00%
JM BUSHUA BondPlus	9.01%	21.26%	19.64%	48.27%	0.00%	1.82%	0.00%	100.00%
Momentum AM Bond Fund	5.29%	7.77%	26.51%	56.30%	1.34%	2.79%	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	4.10%	8.23%	22.42%	59.60%	4.45%	1.20%	0.00%	100.00%
Prescient Bond Quant	11.05%	17.61%	18.71%	52.63%	0.00%	0.00%	0.00%	100.00%
Prescient Bond QuantPlus	11.05%	17.61%	18.71%	52.63%	0.00%	0.00%	0.00%	100.00%
Prudential Yield Enhanced Portfolio	8.09%	20.36%	24.48%	42.43%	0.00%	4.64%	0.00%	100.00%
SIM Institutional Total Return Bond Fund	4.49%	17.79%	10.55%	66.22%	0.01%	0.94%	0.00%	100.00%
Stanlib Core Bond Portfolio	6.13%	17.06%	17.86%	55.56%	0.99%	2.40%	0.00%	100.00%
Vunani Active Bond Fund	9.95%	11.06%	20.52%	55.29%	0.00%	3.18%	0.00%	100.00%
INFLATION LINKED BONDS								
Coronation Absolute Bond Portfolio	22.87%	18.13%	14.96%	5.45%	35.82%	2.76%	0.00%	100.00%
Investec Inflation Linked Bond Composite	1.18%	14.30%	29.33%	53.61%	7.11%	-5.53%	0.00%	100.00%
Momentum AM Inflation Linked Bond Fund	1.00%	10.16%	30.19%	58.33%	0.32%	0.00%	0.00%	100.00%
Prescient Inflation Linked Bond Composite	3.77%	12.92%	27.13%	56.18%	0.00%	0.00%	0.00%	100.00%
SIM Inflation Linked Bond Fund	5.28%	6.52%	30.85%	51.85%	5.50%	0.00%	0.00%	100.00%
Indices								
All Bond Index	0.00%	30.42%	16.74%	44.00%	0.00%	8.83%	0.00%	100.00%

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".

** Please see final page for Disclaimers and Glossary **

S.A. BOND MANAGER WATCH™ SURVEY



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".

** Please see final page for Disclaimers and Glossary **

S.A. BOND MANAGER WATCH™ SURVEY

EXPLANATORY NOTES

General Disclaimers :

This document has been prepared for use by clients of the Alexander Forbes Group. Any other third party that is not a client of the Alexander Forbes Group and for whose specific use this document has not been supplied, must be aware that Alexander Forbes Group shall not be liable for any damage, loss or liability of any nature incurred by any third party and resulting from the information contained herein.

The information contained herein is supplied on an "as is" basis and has not been compiled to meet any third party's individual requirements. It is the responsibility of any third party to satisfy himself or herself, prior to relying on this information that the contents meets the third party's individual requirements.

Nothing in this document, when read in isolation and without professional advice, should be construed as solicitation, offer, advice, recommendation, or any other enticement to acquire or dispose of any financial product, advice or investment, or to engage in any financial transaction or investment. A third party should consult with an authorised financial advisor prior to making any financial decisions.

Alexander Forbes has taken all reasonable steps to ensure the quality and accuracy of the contents of this document and encourages all readers to report incorrect and untrue information, subject to the right of Alexander Forbes to determine, in its sole and absolute discretion, the contents of this document. Irrespective of the attempts by Alexander Forbes to ensure the correctness of this document, Alexander Forbes does not make any warranties or representations that the content will in all cases be true, correct or free from any errors. In particular, certain aspects of this document might rely on or be based on information supplied to Alexander Forbes by other persons or institutions.

Alexander Forbes has attempted to ensure the accuracy of such information, but shall not be liable for any damage, loss or liability of any nature incurred by any party and resulting from the errors caused by incorrect information supplied to Alexander Forbes.

Performance figures are shown gross of fees and taxes. Past history is not necessarily a guide to future performance.

Quantitative figures are calculated on 3 year performance returns.

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

FAIS Notice and Disclaimer: This information is not advice as defined and contemplated in the Financial Advisory and Intermediary Services Act, 37 of 2002, as amended. Alexander Forbes shall not be liable for any actions taken by any person based on the correctness of this information.

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.

GIPS™ is a trademark owned by the CFA Institute.

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

More information can be obtained from <http://www.gipsstandards.org/>