



**S.A Bond Manager Watch™ Survey
for the month ending September 2014**

Research & Product Development
FINANCIAL SERVICES



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 third quarter of 2014:

Bond Manager Watch™ (Specialist Bonds): No changes

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 Q3 2014

Local bonds continue to rally over the quarter returning 2.2%. If one had to decompose the structure of the performance during the quarter, July and August were positive returning 1% and 2.8% respectively bolstering Q3's performance, with a sudden turnaround in September (-1.6%) underlined by adverse interest rate movements and currency depreciation diminishing returns. Despite this rather abrupt directional change in September, local bonds managed to perform positively for the quarter amid adverse changes

Inflation unexpectedly escalated during the quarter and remained outside the 3%-6% inflation target band, with August's CPI figure standing at 6.4%. The quarter was characterised by two MPC meetings, one in July and one in September. The repo rate was increased by 25bps in July and was unchanged in September as growth continued to deteriorate. The repo rate currently stands at 5.75%. With Gill Marcus expected to step down by November, comments from the SARB still signals that an interest rate hiking cycle will still persist.

The most topical issue over the quarter was the demise of African Bank Investments Limited ("ABIL") and its impact on managers who held this company's securities in their funds, either as debt or equity. The implications of ABIL's demise were several, managers suffering significant losses by writing the asset value down while others in Collective Investment Schemes applied the SARB recommended "side pocketing" mechanism to ABIL debt. Side-pocketing is a process where the ABIL securities are ring fenced and removed from the main portfolio into a "side pocket" portfolio. The basis for this is that new investors do not have to participate in these impaired securities.

The ABIL failure resulted in global credit agencies downgrading SA banks on the basis that the probability of the financial system managing another default has reduced. As a result, credit spreads widened, and bank issued debt was worth less. Subdued credit demand still persists.

On a granular level, local bonds benefited mainly from the ultra long end of the curve (12+ years) returning 2.5%, with the short to medium end of the curve (3-7 years) also benefiting returning 2% despite the nominal yield curve ending Q3 off flat amid the weak Rand and foreign outflow. The real yield curve flattened over the quarter with the long end rallied with the belly of the curve having sold off. The breakeven inflation rate is around 7% in the long end, resulting in ILBs being expensive even though the SARB expect inflation to be back with the inflation target range by 2015. Vulnerability still plagues the local currency as local economic conditions still remain poor, i.e. poor growth, twin deficits and high inflation.

HOW THE MANAGERS PERFORMED OVER THE Q3 2014

Bond performance over the quarter has declined with the average manager returning 1.65% for the quarter versus 2.74% in quarter 2. Performance dispersion between managers over 1 year has widened relative to Q2, from 2.67% to 4.76% this quarter.

The best performing specialist bond fund continues to be the Futuregrowth Yield Enhanced fund returning 8.55% over 1 year, outperforming the ALBI by 2.76%. Majority of the managers have outperformed the ALBI over 1 year with Investec Corporate Bond Composite, Investec Triple Alpha, Prudential Yield Enhanced Portfolio, Vunani Active Bond Fund and Stanlib Core Bond Portfolio being the laggards. The specialist bond managers are on average approximately 0.29 lower in duration to the ALBI, with SIM and Prudential having much higher duration while Cadiz, Investment Solutions and Prudential as outliers on the lower side. The use of credit in the portfolios is well proliferated with the average fund only 57.61% invested in AAA instruments.

Coronation's Absolute Bond Portfolio's low duration paid off for the quarter outperforming the other inflation linked bond managers, with Prudential Inflation Linked Bond Fund performing the worst for the quarter (-0.17%). Coronation's low duration of 2.35 and hedges made it far less sensitive yield movements.

It should be noted that the Futuregrowth Yield Enhanced Fund, Vunani Active Bond and Coronation Absolute Bond Fund are still not Reg. 20 compliant funds. This would allow them greater flexibility in the management of the fund which could result in significantly differing 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 ito 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	6.03	57.09%	4	636	10 October 2014
Cadiz Houseview Bond Fund	V		Y	All Bond Index	5.04	59.52%	9	5 543	14 October 2014
Coronation Active Bond Portfolio (Composite)	V		Y	All Bond Index	6.47	63.12%	9	6 599	14 October 2014
Coronation Strategic Bond Composite	V		Y	All Bond Index	6.22	57.56%	8	4 105	14 October 2014
Futuregrowth Core Bond Composite	V		Y	All Bond Index	6.63	68.36%	4	18 144	13 October 2014
Futuregrowth Yield Enhanced	V		N	All Bond Index	6.58	22.57%	5	5 140	13 October 2014
Investec Corporate Bond Composite	V		Y	All Bond Index	5.96	35.31%	3	12 969	14 October 2014
Investec Triple Alpha			Y	All Bond Index	5.87	60.44%	16	3 663	14 October 2014
Investment Solutions Pure Fixed Interest Portfolio	n/a		Y	All Bond Index	5.70	58.02%	n/a	8 844	15 October 2014
JM BUSH A BondPlus			Y	All Bond Index	5.90	84.76%	3	829	06 October 2014
Momentum AM Bond Fund	V		Y	All Bond Index	6.24	72.63%	11	7 979	14 October 2014
Momentum MoM Moderate Bond FOF			Y	All Bond Index	6.32	63.57%	2	199	14 October 2014
Pan Africa AM Segregated Domestic Bond	V		Y	All Bond Index	6.40	37.36%	5	1 986	13 October 2014
Prescient Bond Quant	V		Y	All Bond Index	5.95	57.91%	2	451	14 October 2014
Prescient Bond QuantPlus	V		Y	All Bond Index	5.71	49.33%	10	7 391	14 October 2014
Prudential Yield Enhanced Portfolio	V		Y	All Bond Index	6.70	67.00%	8	2 092	03 October 2014
SIM Institutional Total Return Bond Fund	V		Y	All Bond Index	6.94	80.39%	15	7 614	06 October 2014
Stanlib Core Bond Portfolio	V		Y	All Bond Index	6.32	56.00%	8	4 598	14 October 2014
Vunani Active Bond Fund	V		N	All Bond Index	6.25	43.66%	6	752	14 October 2014
		<i>This includes multi-managers thus must be noted as possible "double-counting"</i>		TOTAL				98 898	
INFLATION LINKED BONDS									
Coronation Absolute Bond Portfolio			N	CPI + 4%pa	2.35	8.77%	2	7 578	14 October 2014
Investec Inflation Linked Bond Composite				Barclays - BESA SA Inflation Linked Index	11.66	91.06%	3	2 924	14 October 2014
Momentum AM Inflation Linked Bond Fund			Y	Barclays - BESA SA Inflation Linked Index	11.34	79.36%	4	1 437	11 September 2014
Prescient Inflation Linked Bond Composite			Y	90 ILBI / 10 STEFI Call	9.75	82.60%	3	3 076	14 October 2014
Prudential Inflation Linked Bond Fund			Y	Barclays South Africa Inflation Linked Index	11.7	73.00%	1	212	03 October 2014
SIM Inflation Linked Bond Fund			Y	Barclays BESA Govt Inflation-linked Bond Index	11.01	80.00%	2	3 473	06 October 2014
INDICES									
All Bond Index					6.46				
		<i>This includes multi-managers thus must be noted as possible "double-counting"</i>		TOTAL				18 699	

* 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 SEPTEMBER 2014																										
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 2013	Calendar Year 2012	Calendar Year 2011	Calendar Year 2010	Calendar Year 2009					
	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank					
SPECIALIST BONDS																										
Argon Domestic Core Bond	-1.41%	7	1.73%	12	6.63%	4	7.03%	4	10.62%	2	9.91%	15	9.09%	17	*	2.69%	5	18.55%	2	6.81%	19	13.81%	18	-1.04%	19	
Cadiz Houseview Bond Fund	-1.29%	2	1.38%	15	5.66%	12	6.11%	12	9.25%	8	10.05%	12	9.71%	9	9.75%	6	1.93%	10	17.14%	11	8.98%	18	16.07%	12	0.71%	11
Coronation Active Bond Portfolio (Composite)	-1.49%	11	2.15%	6	6.83%	3	7.38%	3	10.02%	4	10.64%	4	9.99%	4	9.91%	4	2.30%	8	17.66%	5	9.85%	5	15.86%	13	0.00%	15
Coronation Strategic Bond Composite	-1.33%	3	2.25%	4	6.96%	2	7.56%	2	10.39%	3	10.98%	3	*	*	*	2.76%	4	18.25%	3	9.70%	8	16.34%	9	1.14%	7	
Futuregrowth Core Bond Composite	-1.55%	15	2.31%	2	5.83%	10	6.35%	8	9.45%	6	10.34%	8	9.69%	11	9.67%	12	2.10%	9	17.30%	7	9.35%	13	16.39%	8	-0.27%	17
Futuregrowth Yield Enhanced	-1.27%	1	2.60%	1	7.51%	1	8.55%	1	11.22%	1	12.30%	1	11.36%	1	10.96%	1	3.29%	1	19.59%	1	11.27%	2	18.44%	2	1.06%	8
Investec Corporate Bond Composite	-1.33%	4	-1.47%	19	2.89%	19	3.79%	19	8.90%	15	11.00%	2	10.50%	2	*	*	3.22%	2	17.16%	9	11.56%	1	18.70%	1	2.63%	2
Investec Triple Alpha	-1.40%	6	0.40%	18	4.57%	18	5.17%	18	8.71%	17	10.03%	14	9.64%	14	*	*	1.91%	11	16.49%	14	9.82%	6	16.48%	7	0.60%	13
Investment Solutions Pure Fixed Interest Portfolio	-1.47%	10	1.94%	10	6.14%	5	6.78%	5	9.22%	10	10.05%	13	9.67%	12	9.68%	11	2.40%	7	16.05%	16	9.27%	14	15.52%	15	0.75%	10
JM BUSHA BondPlus	-1.44%	8	2.04%	8	5.49%	13	5.87%	14	8.63%	18	9.22%	19	8.76%	18	*	*	1.28%	19	15.97%	17	9.16%	16	13.64%	19	1.88%	5
Momentum AM Bond Fund	-1.39%	5	2.09%	7	5.85%	7	6.25%	11	9.25%	9	10.17%	10	9.97%	5	9.89%	5	1.36%	18	17.17%	8	9.58%	10	16.30%	10	1.35%	6
Momentum MoM Moderate Bond FOF	-1.44%	9	2.25%	3	5.85%	9	6.32%	9	9.10%	13	9.86%	16	9.82%	7	9.70%	9	1.63%	16	16.44%	15	9.38%	12	15.82%	14	2.14%	4
Pan Africa AM Segregated Domestic Bond	-1.52%	14	1.63%	14	5.73%	11	6.43%	6	9.07%	14	10.13%	11	9.69%	10	9.68%	10	1.71%	13	16.83%	12	9.07%	17	16.72%	5	0.65%	12
Prescient Bond Quant	-1.61%	17	2.19%	5	5.85%	8	6.36%	7	8.74%	16	9.74%	17	9.43%	16	9.43%	13	1.60%	17	15.55%	18	9.46%	11	15.40%	16	0.96%	9
Prescient Bond QuantPlus	-1.68%	18	1.80%	11	5.48%	14	6.29%	10	8.34%	19	9.46%	18	9.71%	8	9.74%	7	3.01%	3	13.54%	19	9.17%	15	14.91%	17	3.59%	1
Prudential Yield Enhanced Portfolio	-1.60%	16	1.28%	16	5.24%	15	5.41%	17	9.21%	11	10.57%	5	9.87%	6	9.93%	2	1.78%	12	17.14%	10	10.58%	4	17.30%	3	0.03%	14
SIM Institutional Total Return Bond Fund	-1.77%	19	2.02%	9	5.95%	6	6.02%	13	9.20%	12	10.28%	9	9.59%	15	9.73%	8	1.70%	14	16.69%	13	9.67%	9	16.82%	4	-0.78%	18
Stanlib Core Bond Portfolio	-1.49%	12	1.72%	13	5.20%	16	5.75%	15	9.49%	5	10.47%	7	9.66%	13	9.82%	3	1.66%	15	17.77%	4	10.61%	3	16.26%	11	-0.19%	16
Vunani Active Bond Fund	-1.52%	13	0.95%	17	5.19%	17	5.73%	16	9.45%	7	10.52%	6	10.25%	3	*	*	2.41%	6	17.56%	6	9.74%	7	16.72%	6	2.33%	3
SPECIALIST BONDS STATISTICS																										
Highest	-1.27%		2.60%		7.51%		8.55%		11.22%		12.30%		11.36%		10.96%		3.29%		19.59%		11.56%		18.70%		3.59%	
Upper Quartile	-1.40%		2.17%		6.05%		6.61%		9.47%		10.54%		9.95%		9.91%		2.55%		17.61%		9.83%		16.72%		1.61%	
Median	-1.47%		1.94%		5.83%		6.29%		9.22%		10.17%		9.70%		9.74%		1.93%		17.14%		9.58%		16.30%		0.75%	
Average	-1.47%		1.65%		5.73%		6.27%		9.38%		10.30%		9.80%		9.85%		2.14%		16.99%		9.63%		16.18%		0.92%	
Lower Quartile	-1.54%		1.50%		5.36%		5.81%		8.99%		9.97%		9.65%		9.68%		1.68%		16.47%		9.22%		15.67%		0.02%	
Lowest	-1.77%		-1.47%		2.89%		3.79%		8.34%		9.22%		8.76%		9.43%		1.28%		13.54%		6.81%		13.64%		-1.04%	
Range	0.50%		4.08%		4.62%		4.76%		2.88%		3.07%		2.60%		1.54%											
Number of participants	19		19		19		19		19		19		18		13		19		19		19		19		19	
INFLATION LINKED BONDS																										
Coronation Absolute Bond Portfolio	0.16%		1.44%		6.12%		8.18%		9.39%		11.21%		11.57%		10.71%		4.56%		13.44%		13.88%		15.66%		12.34%	
Investec Inflation Linked Bond Composite	0.01%		0.77%		6.86%		9.41%		10.42%		*		*		*		1.11%		18.81%		13.56%		*		*	
Momentum AM Inflation Linked Bond Fund	-0.08%		0.73%		8.33%		11.38%		11.16%		*		*		*		1.21%		19.73%		13.48%		12.00%		*	
Prescient Inflation Linked Bond Composite	0.07%		0.84%		7.99%		10.62%		9.40%		9.57%		*		*		1.21%		15.63%		11.45%		10.92%		*	
Prudential Inflation Linked Bond Fund	0.10%		-0.17%		7.84%		10.99%		11.02%		10.67%		11.45%		*		1.14%		19.98%		13.32%		11.59%		8.23%	
SIM Inflation Linked Bond Fund	0.04%		0.74%		8.33%		11.41%		10.96%		*		*		*		1.12%		19.39%		*		*		*	
INFLATION LINKED BONDS STATISTICS																										
Highest	0.16%		1.44%		8.33%		11.41%		11.16%		11.21%		11.57%		*		4.56%		19.98%		13.88%		15.66%		12.34%	
Upper Quartile	0.09%		0.82%		8.24%		11.28%		11.00%		10.94%		11.54%		*		1.21%		19.64%		13.56%		12.92%		11.31%	
Median	0.06%		0.76%		7.91%		10.80%		10.69%		10.67%		11.51%		*		1.17%		19.10%		13.48%		11.79%		10.28%	
Average	0.05%		0.73%		7.58%		10.33%		10.39%		10.48%		11.51%		*		1.72%		17.83%		13.14%		12.54%		10.28%	
Lower Quartile	0.02%		0.74%		7.10%		9.71%		9.65%		10.12%		11.48%		*		1.12%		16.42%		13.32%		11.42%		9.26%	
Lowest	-0.08%		-0.17%		6.12%		8.18%		9.39%		9.57%		11.45%		*		1.11%		13.44%		11.45%		10.92%		8.23%	
Range	0.24%		1.60%		2.21%		3.23%		1.77%		1.64%		0.12%		*		3.44%		6.55%		2.43%		4.75%		4.11%	
Number of participants	6		6		6		6		6		3		2		*		6		6		5		4		2	
INDICES																										
All Bond Index	-1.61%		2.21%		5.66%		5.79%		8.48%		9.30%		8.78%		8.89%		0.64%		15.99%		8.82%		14.96%		-0.99%	
1-3 Year Bond Index	-0.13%		1.15%		3.69%		5.22%		6.21%		7.21%		7.98%		7.75%		4.42%		8.30%		8.90%		8.75%		7.74%	
3-7 Year Bond Index	-1.14%		2.01%		4.50%		5.32%		7.55%		8.77%		8.66%		8.62%		1.46%		13.65%		10.16%		12.79%		2.80%	
7-12 Year Bond Index	-1.85%		1.84%		4.07%		4.06%		8.65%		9.66%		8.94%		9.54%		-0.21%		18.40%		10.20%		16.00%		-2.19%	
12+ Year Bond Index	-2.09%		2.51%		7.18%		6.46%		9.29%		9.31%		8.00%		8.82%		-0.69%		18.81%		6.00%		15.86%		-7.47%	
Barclays - BESA SA Inflation Linked Index	0.11%		1.02%		8.72%		11.76%		10.97%		10.46%		11.29%		11.06%		0.79%		19.37%		13.05%		10.97%		7.66%	
BESA Standard Bank Credit Index	-3.78%		-0.92%		3.58%		5.44%		6.49%		9.77%		9.33%		*		-2.29%		15.74%		10.95%		20.50%		2.51%	
GOVI	-1.51%		2.21%		5.49%		5.67%		8.27%		8.90%		8.23%		8.50%		0.52%		15.64%		7.84%		14.58%		-0.44%	
OTHI	-2.01%		2.29%		6.61%		6.50%		9.73%		10.30%		9.26%		9.19%		1.49%		17.98%		8.10%		17.28%		-1.91%	
STeFI	0.52%		1.50%		4.29%		5.64%		5.49%		5.92%		7.28%		7.41%		5.18%		5.55%		5.73%		6.93%		9.13%	

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** 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								
Argon Domestic Core Bond	13.89%	22.58%	13.43%	50.03%	0.00%	0.07%	0.00%	100.00%
Cadiz Houseview Bond Fund	22.47%	19.05%	12.22%	41.04%	0.00%	5.21%	0.00%	100.00%
Coronation Active Bond Portfolio (Composite)	15.60%	16.81%	25.94%	34.51%	5.53%	1.62%	0.00%	100.00%
Coronation Strategic Bond Composite	17.21%	13.03%	21.30%	35.69%	11.14%	1.63%	0.00%	100.00%
Futuregrowth Core Bond Composite	3.73%	24.93%	10.75%	54.11%	0.00%	6.48%	0.00%	100.00%
Futuregrowth Yield Enhanced	33.13%	4.92%	1.78%	17.79%	4.22%	38.16%	0.00%	100.00%
Investec Corporate Bond Composite	8.39%	30.21%	32.83%	28.07%	0.00%	0.50%	0.00%	100.00%
Investec Triple Alpha	2.73%	11.00%	3.54%	20.83%	56.76%	5.13%	0.00%	100.00%
Investment Solutions Pure Fixed Interest Portfolio	5.73%	19.49%	17.49%	49.53%	2.10%	5.66%	0.00%	100.00%
JM BUSHUA BondPlus	10.06%	37.77%	12.26%	38.64%	0.00%	1.28%	0.00%	100.00%
Momentum AM Bond Fund	0.10%	15.78%	21.08%	43.80%	1.27%	17.97%	0.00%	100.00%
Momentum MoM Moderate Bond FOF	0.47%	40.76%	14.11%	35.49%	0.50%	8.68%	0.00%	100.00%
Pan Africa AM Segregated Domestic Bond	4.14%	20.69%	16.46%	42.05%	5.35%	11.31%	0.00%	100.00%
Prescient Bond Quant	3.67%	3.32%	42.93%	5.85%	44.23%	0.00%	0.00%	100.00%
Prescient Bond QuantPlus	4.97%	1.92%	40.59%	10.43%	42.09%	0.00%	0.00%	100.00%
Prudential Yield Enhanced Portfolio	5.89%	24.16%	9.96%	51.79%	0.00%	8.21%	0.00%	100.00%
SIM Institutional Total Return Bond Fund	6.17%	14.01%	28.28%	50.60%	0.02%	0.92%	0.00%	100.00%
Stanlib Core Bond Portfolio	3.82%	22.40%	21.90%	47.10%	3.03%	1.75%	0.00%	100.00%
Vunani Active Bond Fund	8.96%	27.72%	17.72%	42.53%	0.00%	3.07%	0.00%	100.00%
INFLATION LINKED BONDS								
Coronation Absolute Bond Portfolio	27.54%	16.33%	9.83%	5.75%	33.20%	7.35%	0.00%	100.00%
Investec Inflation Linked Bond Composite	4.13%	0.23%	41.28%	49.89%	2.20%	2.26%	0.00%	100.00%
Momentum AM Inflation Linked Bond Fund	0.02%	0.15%	39.29%	54.06%	0.00%	6.48%	0.00%	100.00%
Prescient Inflation Linked Bond Composite	2.40%	3.91%	0.60%	50.31%	42.78%	0.00%	0.00%	100.00%
Prudential Inflation Linked Bond Fund	4.29%	0.00%	25.44%	42.37%	0.00%	27.90%	0.00%	100.00%
SIM Inflation Linked Bond Fund	3.63%	0.76%	38.34%	50.51%	0.00%	6.77%	0.00%	100.00%
Indices								
All Bond Index	2.89%	38.15%	7.56%	51.41%	0.00%	0.00%	0.00%	100.00%

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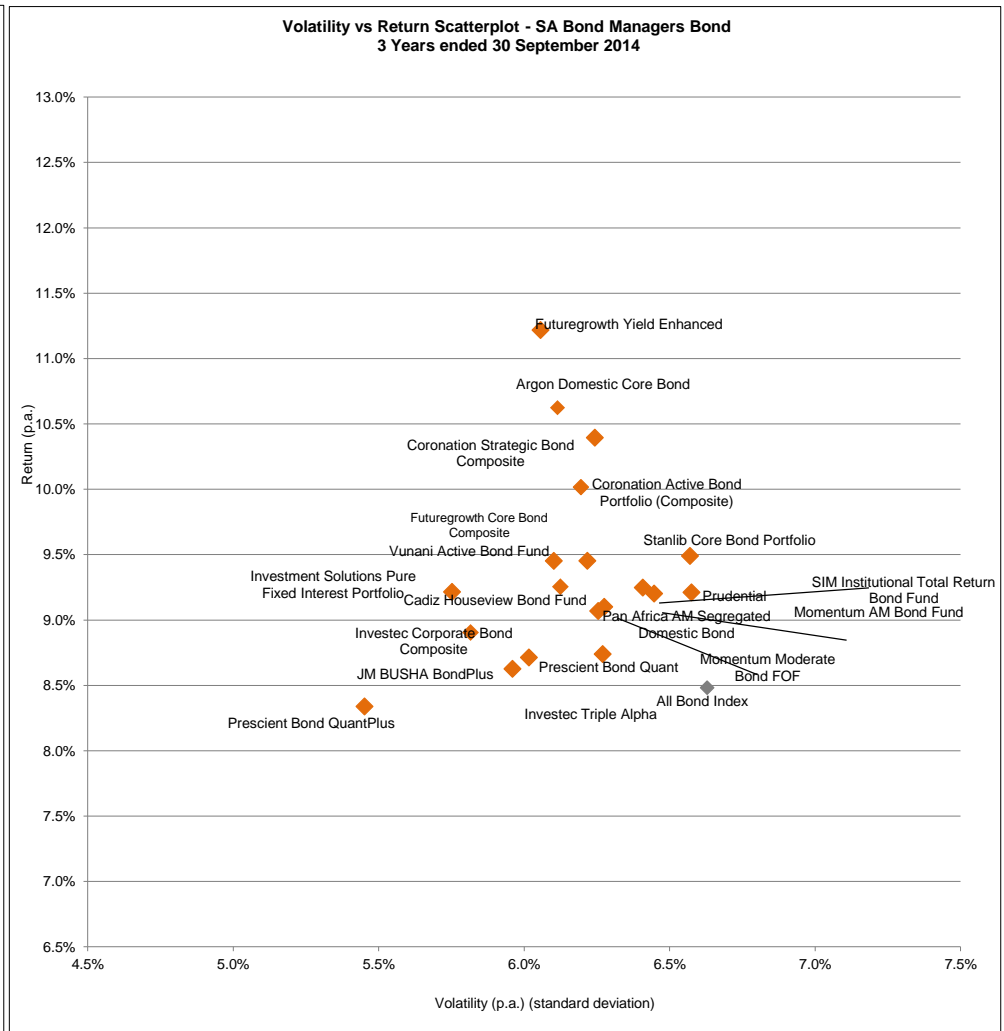
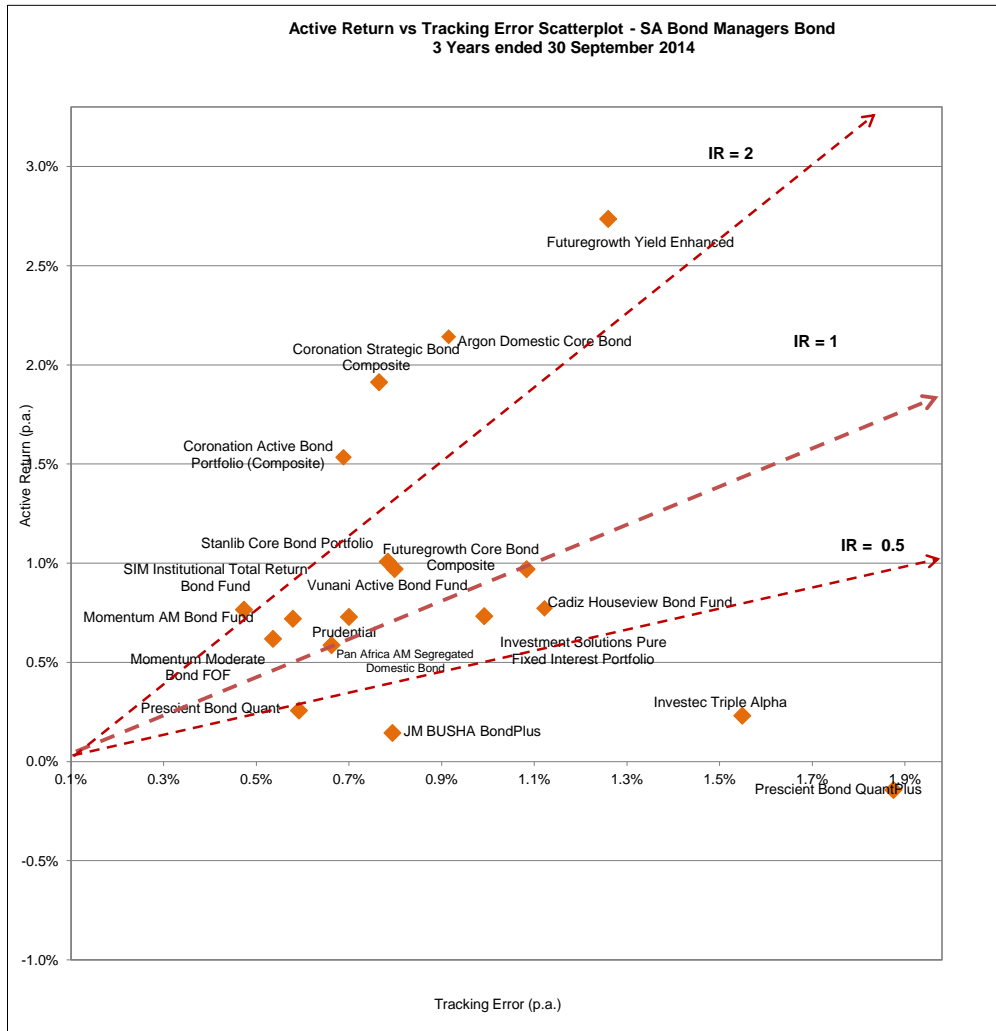
Objective - The portfolios included in this Survey represent specialist bond portfolios with ALBI as their benchmark and have an effective modified duration mandate of +/- 2 years around the ALBI

INVESTMENT DATA TO THE END OF 2014																		
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 Domestic Core Bond	10.62%	2	6.11%	8	2.14%	2	0.89%	2.42	2	9.91%	15	6.05%	16	0.61%	15	1.26%	0.49	17
Cadiz Houseview Bond Fund	9.25%	8	6.12%	9	0.77%	8	1.09%	0.71	14	10.05%	12	5.83%	10	0.76%	12	0.87%	0.87	12
Coronation Active Bond Portfolio (Composite)	10.02%	4	6.20%	10	1.53%	4	0.66%	2.33	3	10.64%	4	5.86%	12	1.35%	4	0.62%	2.16	3
Coronation Strategic Bond Composite	10.39%	3	6.24%	12	1.91%	3	0.73%	2.60	1	10.98%	3	5.82%	8	1.68%	3	0.68%	2.47	1
Futuregrowth Core Bond Composite	9.45%	6	6.22%	11	0.97%	6	0.77%	1.26	8	10.34%	8	5.83%	9	1.05%	8	0.65%	1.60	8
Futuregrowth Yield Enhanced	11.22%	1	6.06%	6	2.74%	1	1.23%	2.23	4	12.30%	1	5.49%	3	3.00%	1	1.37%	2.19	2
Investec Corporate Bond Composite	8.90%	15	5.82%	3	0.42%	15	2.75%	0.15	17	11.00%	2	5.53%	4	1.70%	2	2.21%	0.77	15
Investec Triple Alpha	8.71%	17	6.02%	5	0.23%	17	1.52%	0.15	18	10.03%	14	5.77%	6	0.73%	14	1.20%	0.61	16
Investment Solutions Pure Fixed Interest Portfolio	9.22%	10	5.75%	2	0.73%	10	0.96%	0.76	13	10.05%	13	5.47%	2	0.75%	13	0.82%	0.92	11
JM BUSHA BondPlus	8.63%	18	5.96%	4	0.14%	18	0.76%	0.19	16	9.22%	19	5.54%	5	-0.07%	19	0.76%	-0.09	19
Momentum AM Bond Fund	9.25%	9	6.41%	16	0.77%	9	0.44%	1.73	5	10.17%	10	5.92%	14	0.87%	10	0.46%	1.88	6
Momentum MoM Moderate Bond FOF	9.10%	13	6.28%	15	0.62%	13	0.51%	1.22	9	9.86%	16	5.91%	13	0.57%	16	0.71%	0.80	14
Pan Africa AM Segregated Domestic Bond	9.07%	14	6.25%	13	0.59%	14	0.63%	0.93	11	10.13%	11	6.00%	15	0.83%	11	0.59%	1.40	10
Prescient Bond Quant	8.74%	16	6.27%	14	0.26%	16	0.56%	0.46	15	9.74%	17	5.83%	11	0.45%	17	0.52%	0.85	13
Prescient Bond QuantPlus	8.34%	19	5.45%	1	-0.14%	19	1.85%	-0.08	19	9.46%	18	5.08%	1	0.16%	18	1.59%	0.10	18
Prudential Yield Enhanced Portfolio	9.21%	11	6.58%	19	0.73%	11	0.67%	1.09	10	10.57%	5	6.15%	19	1.28%	5	0.61%	2.10	4
SIM Institutional Total Return Bond Fund	9.20%	12	6.45%	17	0.72%	12	0.55%	1.31	7	10.28%	9	6.11%	18	0.99%	9	0.49%	2.00	5
Stanlib Core Bond Portfolio	9.49%	5	6.57%	18	1.01%	5	0.75%	1.34	6	10.47%	7	6.07%	17	1.18%	7	0.66%	1.78	7
Vunani Active Bond Fund	9.45%	7	6.10%	7	0.97%	7	1.05%	0.92	12	10.52%	6	5.80%	7	1.22%	6	0.87%	1.41	9
			Lower volatility = higher ranking									Lower volatility = higher ranking						
STATISTICS																		
Highest	11.22%		6.58%		2.74%		2.75%	2.60		12.30%		6.15%		3.00%		2.21%	2.47	
Upper Quartile	9.47%		6.27%		0.99%		1.07%	1.53		10.54%		5.96%		1.25%		1.04%	1.94	
Median	9.22%		6.20%		0.73%		0.76%	1.09		10.17%		5.83%		0.87%		0.71%	1.40	
Average	9.38%		6.15%		0.90%		0.97%	1.14		10.30%		5.79%		1.01%		0.89%	1.28	
Lower Quartile	8.99%		6.04%		0.50%		0.65%	0.58		9.97%		5.65%		0.67%		0.62%	0.79	
Lowest	8.34%		5.45%		-0.14%		0.44%	-0.08		9.22%		5.08%		-0.07%		0.46%	-0.09	
Number of participants	19		19		19		19	19		19		19		19		19	19	19
INFLATION LINKED BONDS																		
Coronation Absolute Bond Portfolio	9.39%		3.05%							11.21%		3.27%						
Investec Inflation Linked Bond Composite	10.42%		6.72%							*		*						
Momentum AM Inflation Linked Bond Fund	11.16%		6.93%							*		*						
Prescient Inflation Linked Bond Composite	9.40%		5.72%							9.57%		4.84%						
Prudential Inflation Linked Bond Fund	11.02%		7.11%							10.67%		6.14%						
SIM Inflation Linked Bond Fund	10.96%		6.91%							*		*						
STATISTICS																		
Highest	11.16%		7.11%							11.21%		6.14%						
Upper Quartile	11.00%		6.93%							10.94%		5.49%						
Median	10.69%		6.82%							10.67%		4.84%						
Average	10.39%		6.07%							10.48%		4.75%						
Lower Quartile	9.65%		5.97%							10.12%		4.05%						
Lowest	9.39%		3.05%							9.57%		3.27%						
Number of participants	6		6							3		3						
INDICES																		
All Bond Index	8.48%		6.63%							9.30%		6.19%						
Barclays - BESA SA Inflation Linked Index	10.97%		7.04%							10.46%		6.09%						
BESA Standard Bank Credit Index	6.49%		7.64%							9.77%		6.77%						

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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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