

## LONG TERM OBJECTIVE

The Coronation Medical Aid Cash Strategy complies with Regulation 30 of the Medical Schemes Act. The Strategy has a low-risk approach suitable for medical aid schemes seeking returns that are superior to those of overnight cash rates, while taking into consideration capital protection and liquidity requirements. The portfolio duration is limited to 180 days and the maximum term to maturity of an individual instrument does not exceed 3 years.

## INVESTMENT APPROACH

Coronation is a long-term, valuation-driven investment house. Our aim is to identify mispriced assets trading at discounts to their fair value through extensive proprietary research. The fixed income portfolios are positioned on a long term strategic market view, but this is balanced by taking advantage of shorter-term tactical opportunities when the market lags or runs ahead of that strategic view. As active managers, we consider investment decisions across the full spectrum of potential return enhancers. These include duration and yield curve positions, inflation-linked assets as well as yield enhancement through credit enhanced assets. We aim to maximise returns by actively combining both a top-down and a bottom-up approach to portfolio construction.

## STRATEGY RETURNS GROSS OF FEES

Period	Strategy	Benchmark	Active Return
Since Inception (cumulative)	321.1%	248.0%	73.1%
Since Inception p.a.	7.8%	6.8%	1.0%
Latest 15 years p.a.	7.3%	6.1%	1.2%
Latest 10 years p.a.	7.6%	6.3%	1.3%
Latest 5 years p.a.	7.0%	5.8%	1.2%
Latest 3 years p.a.	8.1%	6.9%	1.2%
Latest 1 year	9.3%	8.2%	1.1%
Year to date	9.3%	8.2%	1.1%
Month	0.7%	0.6%	0.1%

## ASSET ALLOCATION

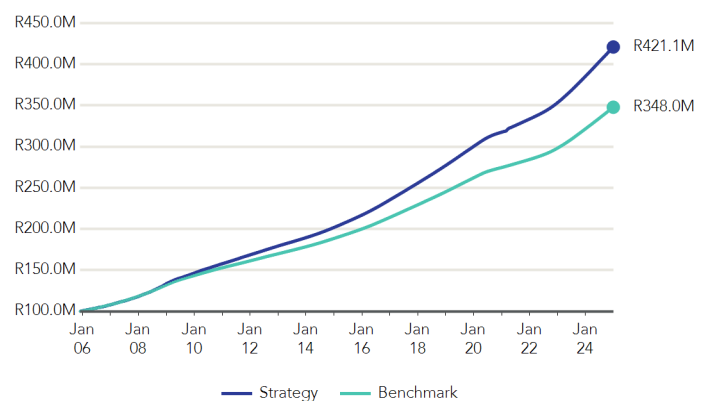
Asset Type	% Strategy
Floating Rate NCDs	79.2%
Cash	11.3%
Floating Rate Corporate Bonds	7.7%
Fixed Rate NCDs	0.9%
Fixed Rate Corporate Bonds	0.7%
Floating Rate Other	0.2%

## GENERAL INFORMATION

Inception Date	01 December 2005
Strategy Size *	R324.2 million
Strategy Status	Open
Mandate Benchmark	Short Term Fixed Interest 3-month Index (STeFI 3m)
Dealing Frequency	Daily
Base Currency	ZAR
Regulation 30	Yes

\*Strategy assets under management as at the most recent quarter end.

## GROWTH OF R100M INVESTMENT



Benchmark: Short Term Fixed Interest 3-month Index (STeFI 3m)

## EFFECTIVE MATURITY PROFILE

Term	% Strategy
Call	7.8%
0 to 2 months	4.1%
2 to 4 months	12.0%
4 to 6 months	7.6%
6 to 9 months	21.2%
9 to 12 months	11.0%
1 to 3 years	36.3%

## STRATEGY STATISTICS

Modified Duration	0.1
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**PORTFOLIO MANAGERS****Nishan Maharaj - BSc (Hons), MBA**

Nishan is Head of Fixed Interest at Coronation and a portfolio manager across all fixed interest strategies. He joined Coronation in 2012 has 21 years' investment experience.

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Mauro is a portfolio manager and Head of Fixed Interest research. He co-manages various fixed income strategies for institutional and retail clients. Mauro joined Coronation in 2014 and has 13 years' investment industry experience.

**Sinovuyo Ndaleni - BBusSc**

Sinovuyo is an analyst and portfolio manager in the Fixed Interest team at Coronation. She co-manages our Medical Aid Cash and Strategic Cash Strategies, as well as our Defensive Income and Money Market unit trust funds. Sinovuyo joined Coronation in 2016 and has eight years' investment experience.

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## REVIEW FOR THE QUARTER

The Strategy generated a return of 2.19% for the fourth quarter of 2024 (Q4-24) and 9.27% over a rolling 12-month period. This return is ahead of the three-month Short-Term Fixed Interest (SteFI) benchmark return of 8.21% over the one year.

The South Africa Reserve Bank (SARB) cut the repo rate by 25 basis points (bps), taking it to 7.75% from 8.00% at the November Monetary Policy Committee (MPC) meeting. Cumulatively, the SARB cut rates by 50bps in 2024. The post-meeting statement highlighted that the SARB is moving with caution, given the uncertainty surrounding global monetary policy settings and volatile local currency movements. The MPC also noted that in the near term, growth-related data has been mixed, with the expectation that structural reforms in energy and logistics will lift growth in the medium term. We believe the SARB will take a prudent approach in easing monetary policy, and we expect the repo rate to end at 7.25% in 2025.

During the quarter, the 3-month Johannesburg Interbank Average Rate (Jibar) decreased by 30bps, decreasing from 8.05% to 7.75%. We have seen money market curves coming down, largely reflecting rate-cut expectations and surplus liquidity in the market. We continued to increase the Strategy's position in six-month T-bills given the attractiveness of the assets relative to other money market instruments. Given our lower interest rate expectations, the absolute yield of the Strategy is expected to decrease, as the majority of the portfolio is invested in floating-rate instruments.

Several corporates and banks accessed the debt capital markets in Q4-24, with corporates raising debt mainly for refinancing purposes and banks opting to issue senior paper and capital instruments. A few corporate issuers opted to raise funding via private placements instead of public auctions. The spread compression in the credit market continues, albeit, at a gradual pace. The Strategy continues to source its credit holdings in the secondary market.

We remain cautious by investing only in instruments that are attractively priced relative to their underlying risk profiles. Capital preservation and liquidity remain a key focus for this Strategy.