

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)	303.2%	234.6%	68.6%
Since Inception p.a.	7.8%	6.7%	1.1%
Latest 15 years p.a.	7.3%	6.1%	1.2%
Latest 10 years p.a.	7.5%	6.2%	1.3%
Latest 5 years p.a.	6.9%	5.7%	1.2%
Latest 3 years p.a.	7.4%	6.2%	1.2%
Latest 1 year	9.5%	8.3%	1.2%
Year to date	4.6%	4.0%	0.6%
Month	0.7%	0.7%	0.0%

ASSET ALLOCATION

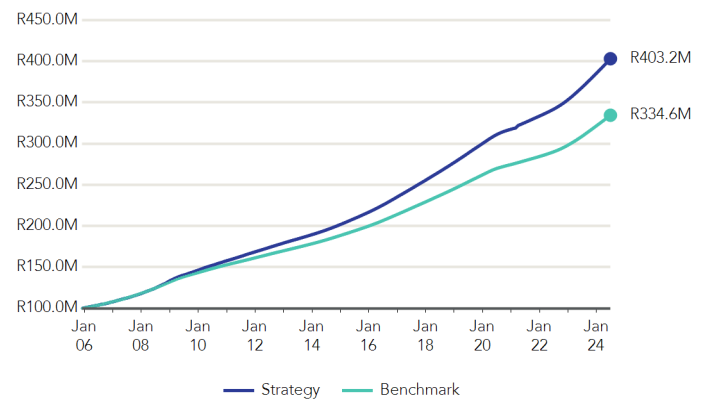
Asset Type	% Strategy
Floating Rate NCDs	55.8%
Cash	13.8%
Floating Rate Corporate Bonds	13.3%
Fixed Rate NCDs	12.1%
Government ILBs	3.2%
Fixed Rate Corporate Bonds	1.1%
Floating Rate Other	0.7%

GENERAL INFORMATION

Inception Date	01 December 2005
Strategy Size *	R248.0 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	4.9%
0 to 2 months	15.3%
2 to 4 months	1.7%
4 to 6 months	7.5%
6 to 9 months	31.6%
9 to 12 months	20.5%
1 to 3 years	18.4%

STRATEGY STATISTICS

Modified Duration	0.2
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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.

**Mauro Longano - BScEng (Hons), CA (SA)**

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 Ndahleni - 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 2.29% for the second quarter of 2024 (Q2-24) and 9.47% over a rolling 12-month period. This return is ahead of the 3-month Short-Term Fixed Interest (SteFI) benchmark return of 8.29% over the one year.

The South African Reserve Bank (SARB) left the repo rate unchanged at 8.25% at the May MPC meeting. The post-meeting statement's tone was less cautious than before, with the SARB acknowledging the easing in near-term inflation forecasts and improvement in energy and logistics constraints being supportive of economic growth. Headline inflation is expected to reach 4.5% in the second quarter of 2025 and to remain within range until the end of 2026. We are expecting the SARB to implement a 25 basis points (bps) rate cut in November.

During the last quarter, the 3-month Johannesburg Interbank Average Rate (Jibar) remained unchanged at 8.35%. The T-bill curve increased, on average, by 25bps during the quarter, rendering this asset class more attractive relative to fixed-rate negotiable certificates of deposit (NCDs). We reinvested some of the matured T-bill exposure into new 9-months T-bills during the quarter. In addition, the Strategy has increased its position in short-dated inflation-linked bonds as valuation levels became attractive relative to other asset classes.

Several corporates and banks accessed the debt capital markets in Q2-24, with corporates raising debt mainly for refinancing purposes and banks opting to issue capital instruments. Most primary auctions cleared at the tighter end of price guidance as demand-supply dynamics continue to drive credit market pricing. 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.