

## LONG TERM OBJECTIVE

The Coronation Strategic Cash Strategy has a low-risk approach aimed at delivering enhanced cash returns that are superior to those of overnight cash rates while maintaining full capital preservation. 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)	461.4%	346.5%	114.9%
Since Inception p.a.	8.1%	7.0%	1.1%
Latest 20 years p.a.	8.0%	6.8%	1.2%
Latest 15 years p.a.	7.5%	6.1%	1.4%
Latest 10 years p.a.	7.7%	6.4%	1.3%
Latest 5 years p.a.	7.1%	5.9%	1.2%
Latest 3 years p.a.	8.5%	7.3%	1.2%
Latest 1 year	9.3%	8.0%	1.3%
Year to date	2.1%	1.8%	0.3%
Month	0.7%	0.6%	0.1%

## ASSET ALLOCATION

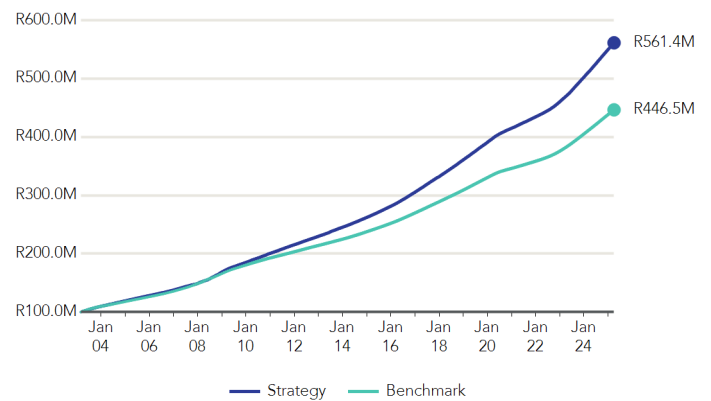
Asset Type	% Strategy
Floating Rate NCDs	62.9%
Fixed Rate NCDs	11.7%
Floating Rate Corporate Bonds	11.5%
Cash	10.1%
Fixed Rate Government Bonds	1.6%
Fixed Rate Corporate Bonds	1.5%
Floating Rate Other	0.7%

## GENERAL INFORMATION

Inception Date	01 March 2003
Strategy Size *	R7.40 billion
Strategy Status	Open
Mandate Benchmark	Short Term Fixed Interest 3-month Index (STeFI 3m)
Dealing Frequency	Daily
Base Currency	ZAR

\*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	4.1%
0 to 2 months	28.5%
2 to 4 months	2.3%
4 to 6 months	3.1%
6 to 9 months	3.8%
9 to 12 months	14.5%
1 to 3 years	43.8%

## 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 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 **1.93%** for the first quarter of 2025 (Q1) and 8.38% over a rolling 12-month period. This return is ahead of the 3-month Short-Term Fixed Interest (SteFI) benchmark return of 8.03% over the one year.

The South African Reserve Bank (SARB) cut the repo rate by 25 basis points (bps) during Q1, moving the repo rate to 7.50% from 7.75%. The SARB explicitly sets policy according to its assessment of the balance of risks, and it is clearly concerned about the impact of external policy changes and developments on the currency, and subsequently the outlook for prices. Furthermore, the SARB seems to be showing a clear preference for higher real rates and a more restrictive stance than seems warranted, despite the lowering of domestic inflation forecasts, well-anchored expectations at the target, and disappointing domestic demand. However, the global markets' volatility has made forecasting a complex exercise and the impact of tariffs on global trade and prices remains a big unknown.

During the quarter, the 3-month Johannesburg Interbank Average Rate (Jibar) decreased by 19bps, decreasing from 7.75% to 7.56%. The decrease was on the back of the implemented January repo rate cut. The rates markets have been volatile towards the latter part of Q1, pricing in uncertainty in monetary policy settings across the globe following tariff implementation. The forward rate agreement curve is almost pricing in two rate cuts in a year's time, and fears of a recession have started to emerge in the financial markets. We increased the Strategy's position in 1-year money market floating rate notes and 9-months T-bills.

Several corporates and banks accessed the debt capital markets in Q1, with corporates raising debt mainly for refinancing purposes and banks opting to issue vanilla and ESG-linked senior paper as well as 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.