



FUND INFORMATION

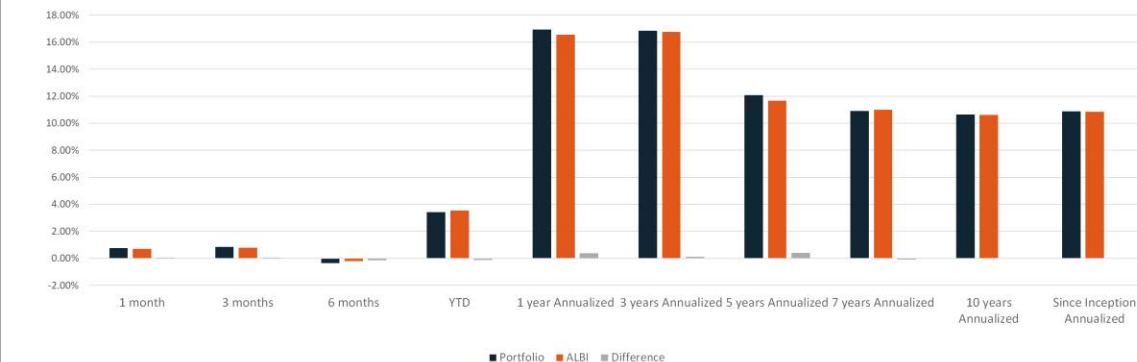
Portfolio Manager:	Kelebogile Moloko, Jacques Simpson
Inception date:	March 2016
Fund size R'millions:	R2 281.79
Benchmark:	All Bond Index ("ALBI")
Performance Target:	ALBI + 1.25% p.a.
Minimum Credit Quality:	A-
Fund Structure:	Segregated

INVESTMENT OBJECTIVE

The Fund seeks to produce returns that are superior to the JSE All Bond Index (ALBI) by seeking investment opportunities in the fixed income market that offer value on a relative basis. The Fund's strategy is to build a diversified portfolio that achieves a higher weighted average yield over risk free rates while minimising volatility. The Fund invests in off benchmark nominal bonds including listed corporate debt. For liquidity purposes the fund must hold a minimum of 30% of ALBI constituents.

The fund is suitable for institutional clients with various risk profiles and can be allocated in a retirement fund's investment strategy as a portion of the bond allocation in a balanced portfolio.

FUND PERFORMANCE



BOND VIEW AND PORTFOLIO STRATEGY

Following Federal Reserve Chair Kevin Warsh's debut Jackson Hole keynote speech, financial markets reassessed the outlook for U.S. monetary policy. Warsh adopted a notably hawkish tone resulting in US treasuries repricing. For South African markets, the rise in U.S. yields has presented a headwind for domestic fixed income. Higher global risk-free rates reduce the relative attractiveness of emerging-market bonds and increases the required yield premium for holding South African government debt. South African assets continue to offer relatively attractive carry; however, weakening U.S. yields, a stronger dollar and renewed global inflation concerns could constrain the extent of any domestic bond rally in the near term. Over a 3-6 month time frame we are still constructive on local bonds, given the high-risk premiums currently baked into the local yield curve, especially at the belly and longer end of the curve. In our minds, the next local policy rate hike is already discounted in the current bond curve levels.

PORTFOLIO MANAGERS



Kelebogile Moloko
Chief Investment Officer

Qualifications
B.Com (Economics & Finance)
B.Com Honours (FAPM)



Jacques Simpson
Senior Fixed Income Portfolio Manager

Qualifications
B.Econ (Economics & Transport Economics)
Masters of Economics

PHYSICAL ADDRESS

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PORTFOLIO RETURNS (%)*

	Portfolio	ALBI	Difference
1 month	0.75%	0.69%	0.06%
3 months	0.86%	0.79%	0.06%
6 months	-0.35%	-0.20%	-0.15%
YTD	3.41%	3.52%	-0.11%
1 year Annualized	16.92%	16.55%	0.37%
2 years Annualized	16.10%	15.83%	0.27%
3 years Annualized	16.85%	16.74%	0.11%
5 years Annualized	12.07%	11.66%	0.41%
7 years Annualized	10.90%	11.00%	-0.10%
10 years Annualized	10.65%	10.63%	0.03%
Since Inception Annualized	10.87%	10.86%	0.01%

*Time Weighted Rate of Return

PERFORMANCE COMMENTARY

In August, the local bond market was shaped primarily by rising global yields and persistent domestic inflation risks. The increase in US Treasury yields, driven by expectations of a less accommodative Federal Reserve, placed upward pressure on South African yields as global investors reassessed the relative attractiveness of emerging-market debt. This pressure intensified following Fed Chair Kevin Warsh's hawkish Jackson Hole speech, which increased expectations of a September rate hike. Domestically, July inflation moderated to 4.3% but remained sufficiently elevated to constrain expectations for near-term SARB easing. We outperformed the benchmark for the month.

ASSET CLASS RETURNS

Equities were the best performing asset class during the month with a return of 4.65% followed closely by Inflation Linked Bonds (ILBs) at 0.99%. Nominal Bonds yielded a return of 0.69% while Cash had the lowest return of 0.58% for the month.

INTEREST RATE RISK: DURATION AND YIELD

Modified duration as at:	2026/08/31
Portfolio	6.89
ALBI	6.35

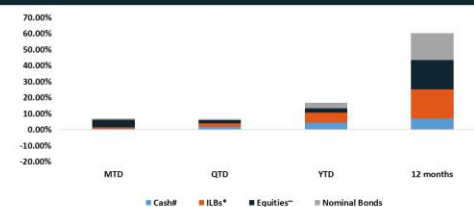
Sector	All Bond Index ("ALBI")	Fund Physical	Fund Equivalent	Difference
Cash	0.00	0.00	0.00	0.00
Money Market	0.00	0.00	0.00	0.00
Inflation Linked Bonds	0.00	0.00	0.00	0.00
Derivatives	0.00	0.00	0.00	0.00
1 - 3 years	0.04	0.03	0.03	-0.01
3 - 7 years	1.05	0.46	0.46	-0.59
7 - 12 years	1.75	2.35	2.35	0.60
12+ years	3.51	4.06	4.06	0.55
Total	6.35	6.89	6.89	0.54



ASSET CLASS RETURNS	MTD	QTD	YTD	12 months
Cash#	0.58%	1.74%	4.54%	7.03%
ILBs*	0.99%	2.24%	6.10%	18.12%
Equities~	4.65%	1.99%	2.76%	18.42%
Nominal Bonds	0.69%	0.84%	3.52%	16.61%

source: RMB, INET

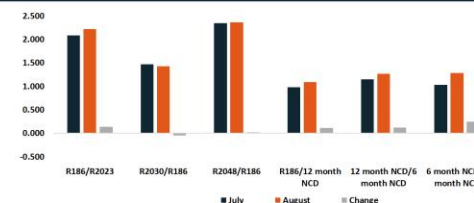
* JSE ASSA Total Index Return Inflation Linked Series-IGOV



Sector exposure	All Bond Index ("ALBI")	Fund Physical	Fund Equivalent	Difference
Cash	0.00%	-5.80%	-5.80%	-5.80%
Money Market	0.00%	1.53%	1.53%	1.53%
Inflation Linked Bonds	0.00%	0.00%	0.00%	0.00%
Derivatives	0.00%	0.00%	0.00%	0.00%
1 - 3 years	3.24%	1.53%	1.53%	-1.71%
3 - 7 years	28.10%	18.26%	18.26%	-9.84%
7 - 12 years	27.73%	36.87%	36.87%	9.13%
12+ years	40.93%	47.61%	47.61%	6.68%
Total	100.00%	100.00%	100.00%	0.00%



Spread changes*	July	August	Change
R186/R2023	2.080	2.215	0.135
R2030/R186	1.470	1.425	-0.045
R2048/R186	2.345	2.360	0.015
R186/12 month NCD	0.980	1.090	0.110
12 month NCD/6 month NCD	1.150	1.270	0.120
6 month NCD/3 month NCD	1.030	1.280	0.250





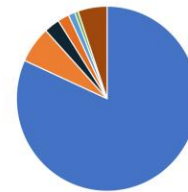
CREDIT EXPOSURE

The weighted yield enhancement of the portfolio is 11 basis points versus 9 basis points for the ALBI.

Credit Exposure	% Holding
Government	91.26%
Parastatal	6.07%
Corporation	2.66%
Total	100.00%



Sector Analysis	% Holding
Public	91.26%
Telecommunications	7.14%
Roads	3.10%
Development Finance	2.27%
Financial Solutions	1.32%
Water and Sanitation	0.69%
Municipalities	0.02%
Banking	-5.80%
Total	100.00%

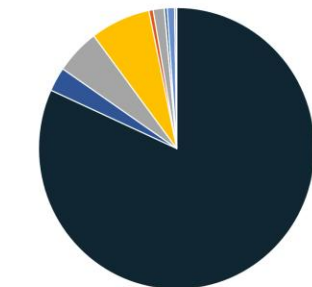


Public Telecommunications Roads Development Finance
Financial Solutions Water and Sanitation Municipalities Banking

Credit exposure analysis	% Holding
AAA+	91.26%
AAA	3.10%
AAA-	-5.80%
AA+	7.83%
AA	0.55%
AA-	1.45%
A+	0.00%
A	0.00%
A-	0.00%
BBB	0.02%
BBB+	0.37%
B-	0.00%
CCC+	0.96%
CCC	0.00%
N/R	0.27%
BIG 4 BANKS	0.00%
Total	100.00%

Weighted Average Fund Credit Quality

AAA



AAA+ AAA AAA- AA+ AA AA- A+ A A- BBB BBB+ B- CCC+ CCC N/R
BIG 4 BANKS

Top 10 Issuer Exposure (excl government)	% Holding
MTN	7.14%
SA National Roads Agency	3.10%
Industrial Development Corp	1.45%
Transsec 5 RF	0.96%
Rand Water	0.69%
Development Bank of SA	0.55%
SME Contract Finance Fund	0.37%
Land and Agriculture Bank of SA	0.27%
Ekurhuleni Metro	0.02%
Absa Bank	0.00%
Total	14.53%

