CORONATION BALANCED DEFENSIVE FUND

Fund Information as at 31 August 2022

CORONATION
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WHAT IS THE FUND'S OBJECTIVE?

Balanced Defensive is in the first instance managed to protect capital over any 12-month period. In addition, we aim to achieve reasonable investment growth over the long run.

It is specifically managed to suit very cautious investors who want to draw an income over an extended period of time.

WHAT DOES THE FUND INVEST IN?

Balanced Defensive can invest in a wide range of assets, such as shares, bonds, listed property and cash, both in South Africa and internationally.

The fund will typically hold a maximum of 50% of its investments in growth assets (shares and property). Shares usually offer the best growth, but this comes with the greatest risk of short-term losses. The fund's exposure to shares is therefore carefully balanced with more stable investments like bonds.

Exposure to foreign assets is limited to 45%. The fund is mandated to use derivative instruments for efficient portfolio management purposes.

IMPORTANT PORTFOLIO CHARACTERISTICS AND RISKS

Risk Profile

3/10
Conservative

Maximum growth/ minimum income exposures

Growth Assets: 50%
Income Assets: 50%

The fund is tactically managed to protect and grow capital, as well as secure an attractive income.

A large and experienced investment team actively seeks out the best potential opportunities for income and growth, while taking great care to consider the different risks within the fund.

Balanced Defensive is specifically managed to not lose money over any 12-month period, although it cannot guarantee protection against losses.

Our intent is that the fund should produce a return of at least CPI + 3% p.a. over the medium term.

The fund is diversified across a range of assets reflecting its cautious risk budget. This includes a selection of shares that we believe are attractively valued, as well as quality income assets.

HOW LONG SHOULD INVESTORS REMAIN INVESTED?

The recommended investment term is three years and longer.

The fund's exposure to shares may result in short-term price fluctuations that make it unsuitable for investors who can only invest for short periods.

WHO SHOULD CONSIDER INVESTING IN THE FUND?

- Pensioners and other investors requiring an income, especially those in the second half of retirement.
- Living annuity investors seeking a fund that aims to achieve both income and capital growth.
- Cautious pre-retirement investors seeking a low-risk fund for their retirement annuity, provident fund, preservation fund or pension fund.
- Trusts, endowments, foundations and charities who require long-term funding of a moderate spending rule.
- The fund is not appropriate for investors who want to build wealth over more than five years.

WHAT COSTS CAN I EXPECT TO PAY?

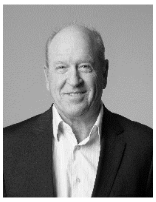
An annual fee of 1.15% (excl. VAT) is payable.

The annual management fee is accrued daily and paid monthly. Fund expenses incurred in the fund include fees payable to unconnected international fund managers on a portion of assets situated offshore as well as trading, custody and audit charges. All performance information is disclosed after deducting all fees and other fund costs.

We do not charge fees to access or withdraw from the fund.

More detail is available on www.coronation.com

WHO ARE THE FUND MANAGERS?



CHARLES DE KOCK
BCom (Hons), MCom (Economics)

PALLAVI AMBEKAR
CA (SA), CFA

NEILL YOUNG
BBusSc (Hons Fin), CA (SA), CFA

GENERAL FUND INFORMATION

Launch Date	1 February 2007
Fund Class	A
Benchmark	CPI + 3% p.a.
ASISA Fund Category	South African – Multi Asset – Low Equity
Regulation 28	Complies
Income Distribution	Quarterly (March, June, September, December)
Investment minimum	R5 000 or R500/m debit order
Bloomberg Code	CBALDFA
ISIN Code	ZAE000090627
JSE Code	COBA

CORONATION BALANCED DEFENSIVE FUND

CORONATION
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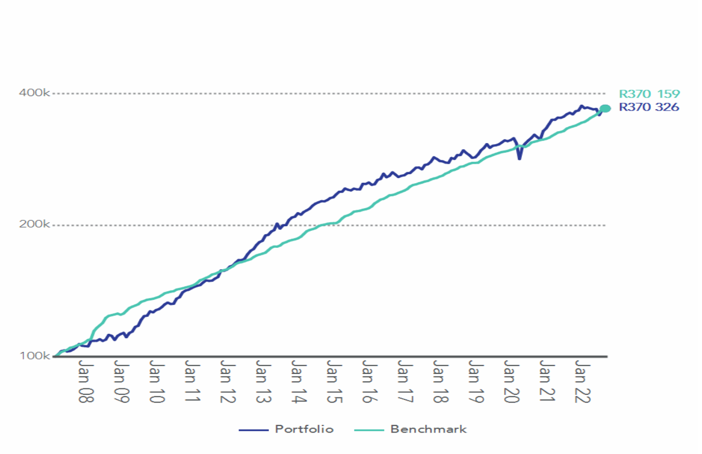
CLASS A as at 31 August 2022

ASISA Fund Category	South African - Multi Asset - Low Equity
Launch date	01 February 2007
Fund size	R30.24 billion
NAV	202.81 cents
Benchmark	CPI + 3% p.a.
Portfolio manager/s	Charles de Kock, Pallavi Ambekar and Neill Young

	1 Year	3 Year
Total Expense Ratio	1.52%	1.52%
Fund management fee	1.19%	1.20%
Fund expenses	0.14%	0.14%
VAT	0.18%	0.18%
Transaction costs (inc. VAT)	0.07%	0.07%
Total Investment Charge	1.59%	1.59%

PERFORMANCE AND RISK STATISTICS

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES)

	Fund	Benchmark	Peer Group Average
Since Launch (unannualised)	270.3%	270.2%	206.6%
Since Launch (annualised)	8.8%	8.8%	7.5%
Latest 15 years (annualised)	8.8%	8.7%	7.5%
Latest 10 years (annualised)	7.8%	8.3%	7.2%
Latest 5 years (annualised)	6.1%	7.9%	5.9%
Latest 3 years (annualised)	6.5%	8.1%	6.3%
Latest 1 year	2.3%	10.4%	3.2%
Year to date	(1.5)%	7.8%	(1.4)%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	5.2%	1.5%
Downside Deviation	4.4%	N/A
Sharpe Ratio	0.37	1.27
Maximum Gain	21.2%	26.9%
Maximum Drawdown	(10.4)%	(1.1)%
Positive Months	74.2%	93.0%
	Fund	**Date Range**
Highest annual return	23.1%	Apr 2020 - Mar 2021
Lowest annual return	(5.8%)	Apr 2019 - Mar 2020

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Aug 2022
Domestic Assets	72.1%
Equities	21.3%
Basic Materials	4.8%
Industrials	0.2%
Consumer Goods	3.5%
Health Care	0.4%
Consumer Services	3.3%
Telecommunications	0.6%
Financials	5.4%
Technology	2.7%
Derivatives	0.3%
Real Estate	2.0%
Bonds	46.4%
Commodities	2.1%
Cash	0.3%
International Assets	27.9%
Equities	17.8%
Real Estate	0.1%
Bonds	5.9%
Commodities	0.2%
Cash	3.9%

TOP 10 HOLDINGS

As at 30 Jun 2022	% of Fund
Prosus Nv	2.0%
British American Tobacco Plc	1.7%
Anglo American Plc	1.4%
FirstRand Limited	1.3%
Nedbank Ltd	1.1%
Naspers Ltd	1.0%
Compagnie Financiere Richemont Sa	0.9%
Standard Bank Of SA Ltd	0.8%
Anheuser-busch Inbev Sa/nv	0.8%
Glencore Xstrata Plc	0.7%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30 Jun 2022	01 Jul 2022	2.23	0.36	1.87
31 Mar 2022	01 Apr 2022	1.62	0.29	1.33
31 Dec 2021	03 Jan 2022	1.86	0.22	1.64
30 Sep 2021	01 Oct 2021	2.28	0.76	1.52

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2022	(1.3)%	0.4%	(0.5)%	(0.5)%	0.2%	(3.2)%	2.9%	0.7%					**(1.5)%**
Fund 2021	2.4%	2.2%	0.0%	1.1%	(0.1)%	0.6%	1.3%	0.8%	(0.8)%	1.7%	0.4%	2.5%	**12.7%**
Fund 2020	1.0%	(2.7)%	(8.0)%	6.8%	1.8%	1.5%	1.3%	1.7%	(1.2)%	(1.3)%	4.5%	1.5%	**6.4%**
Fund 2019	1.6%	2.1%	1.3%	2.0%	(1.9)%	1.1%	0.2%	0.5%	1.0%	1.1%	(0.4)%	0.6%	**9.5%**
Fund 2018	(0.2)%	(0.6)%	(0.2)%	2.6%	(0.4)%	2.0%	0.0%	2.5%	(1.4)%	(1.1)%	(1.5)%	0.3%	**2.0%**

Issue date: 2022/09/09

Please refer to page 4 of the Comprehensive Fact Sheet for important additional infomation, including change in cost disclosures.

Please note that the commentary is for the retail class of the Fund.

The reality of 2022 is in stark contrast to the high expectations for the global economy at the start of the year. The outlook was for a promising recovery in global growth as the world exited pandemic restrictions. Expectations for a more normalised supply chain environment and a recovery in the service sector would help build on the strong post-Covid GDP rebound we saw in 2021. However, these prospects were rapidly re-set as we moved into the second quarter of 2022 (Q2-22), driven by a polycrisis – the spread of the Omicron variant in China, which triggered lockdowns and disruptions across the country; Russia's invasion of Ukraine and the ensuing sanctions; the war-induced surge in commodity prices, which impacted inflation expectations; and the resultant faster trajectory for normalising interest rates and policy tightening from central banks.

With the anchor of low, steady interest rates on asset class pricing removed, almost all major asset classes posted substantial losses in Q2-22. South African (SA) asset classes, although cheap to begin with, fared better than global asset classes, but did not manage to escape the carnage completely. The FTSE/JSE All Share Index delivered -11.7% for the quarter (its worst quarterly return in 20 years) and the All Bond Index delivered -3.7%. These sharp, negative moves in global and domestic asset classes, together with a rising inflation benchmark, has meant that the Fund's one-year return of 0.8% did not manage to meet its inflation plus 3% target return. However, the Fund has protected capital over the last 12 months, and achieved real returns over three, five and 10 years, while it has exceeded target returns over the very long term.

The Fund's global exposure has been the largest detractor from performance over the year. We have been sitting below the maximum offshore allocation allowed in the portfolio (currently at 25% of Fund) for some time now as we felt that domestic assets were relatively more attractive. Despite this low offshore allocation, the performance of the Coronation Global Opportunities Equity Fund (12% of Fund, delivering -17.7% for the year) and the Coronation Global Emerging Markets Fund (2% of Fund, delivering -35.2% for the year) has contributed negatively to the Fund performance over the last year. This was partly offset by our exposure to the more defensive Coronation Global Capital Plus Fund (4.5% of Fund, delivering +6.7% for the year) and our global equity put protection. With global equity markets now offering better value, we have raised our offshore exposure. We have not tilted too aggressively as we still think SA assets are cheap and offer the highest potential of delivering the targeted inflation plus returns for investors in the Fund.

Domestic assets have contributed positively to the Fund's performance thanks to good equity and bond selection over the last year. Within SA equity, positive contributions have come from British American Tobacco, Anglo American, FirstRand, RMI and Shoprite. The last three shares in particular highlight the opportunity for quality, domestic businesses to deliver good returns for investors despite a tough domestic macro-economic outlook. The combination of Naspers and Prosus is the largest equity holding in the Fund and has been the main equity detractor. The de-rating in the underlying investment holdings has been compounded by a widening discount at both the Naspers and Prosus level. Encouragingly, management recently announced an open-ended buyback of Naspers and Prosus shares as they believe that the discount has moved to unacceptable levels. We view this as a positive capital allocation move that will be beneficial for shareholders.

From a fixed income perspective, SA government bonds still trade at historically high yields and are elevated compared to their emerging market counterparts. SA has benefited from a significant terms of trade boost that provides more breathing room for the fiscus. The SARB will be under pressure to normalise rates at a pace similar to that of major global central banks, but the current premium in bond yields remains excessive and yields have a significant risk buffer to absorb higher local inflation and higher US bond yields. Our local bond weighting has remained steady, with our selection providing healthy real yields for the Fund.

The events in the first half of the year have proven that the future is difficult to predict, and we expect that the uncertainty and volatility we have seen so far in 2022 will continue to be a feature for the rest of the year. The vicious de-rating of global equities and bonds are providing us with additional choice and opportunities to diversify at much more attractive valuations than we had a year ago. At the same time, we continue to see good value local investment prospects that can deliver the inflation plus returns the Fund is mandated to provide. With the recent changes in the Regulation 28 rules, the Fund will have the ability to make significantly higher offshore allocations than before (45% vs 35%). These regulatory changes will not be the primary driver of the Fund's asset allocation decisions. As always, we will have a considered mix of domestic and offshore exposure with the suitable selection of income and growth assets to deliver the Fund's return objectives at the appropriate level of risk. Based on our return expectations for the various asset classes at our disposal, we continue to believe that the Fund remains well positioned to deliver on the CPI + 3% mandate in the medium term.

Portfolio managers
Pallavi Ambekar, Charles de Kock and Neill Young
as at 30 June 2022

IMPORTANT INFORMATION THAT SHOULD BE CONSIDERED BEFORE INVESTING IN THE CORONATION BALANCED DEFENSIVE FUND

The Balanced Defensive Fund should be considered a medium- to long-term investment. The value of units may go down as well as up, and therefore Coronation does not make any guarantees with respect to the protection of capital or returns. Past performance is not necessarily an indication of future performance. The fund is mandated to invest up to 45% of its portfolio into foreign securities and may as a result be exposed to macroeconomic, settlement, political, tax, reporting or illiquidity risk factors that may be different to similar investments in the South African markets. Fluctuations or movements in exchange rates may cause the value of underlying investments to go up or down. Asset allocation and top 10 holdings are reflected on a look-through basis. Any African exposure (ex SA) is reflected under international assets. Coronation Management Company (RF) (Pty) Ltd is a Collective Investment Schemes Manager approved by the Financial Sector Conduct Authority in terms of the Collective Investment Schemes Control Act. Portfolio managed by Coronation Asset Management (Pty) (FSP 548) Ltd, an authorised financial services provider. The Management Company reserves the right to close the fund to new investors if we deem it necessary to limit further inflows in order for it to be managed in accordance with its mandate. Unit trusts are allowed to engage in scrip lending and borrowing. Standard Chartered has been appointed as trustees for the fund (www.sc.com/za; 011-2176600). Coronation is a full member of the Association for Savings & Investment SA (ASISA).

HOW ARE UNITS PRICED AND AT WHICH PRICE WILL MY TRANSACTION BE EXECUTED?

Unit trusts are traded at ruling prices set on every trading day. Fund valuations take place at approximately 15h00 each business day, except at month end when the valuation is performed at approximately 17h00 (JSE market close) and forward pricing is used. Instructions must reach the Management Company before 14h00 (12h00 for the Money Market Fund) to ensure same day value. The payment of withdrawals may be delayed in extraordinary circumstances, when the manager with the consent of the fund trustees deem this to be in the interest of all fund investors. These circumstances may include periods when significant underlying markets suspend trading which will prevent accurate valuation of the instruments held in the fund. When the suspension of trading relates to only certain assets held by the fund, these assets may be side-pocketed. This process allows normal liquidity on the assets that can be valued, but will delay liquidity on the affected portion of the fund. If the fund is faced with excessive withdrawals, the affected withdrawals may be ring-fenced, which is the separation and delayed sale of the assets reflecting the interest of the liquidity seeking investors. It ensures that the sale of a large number of units will not force Coronation to sell the underlying investments in a manner that may have a negative impact on remaining investors of the fund.

HOW WAS THE PERFORMANCE INFORMATION INCLUDED IN THIS FACT SHEET CALCULATED?

Performance is calculated by Coronation as at the last day of the month for a lump sum investment using Class A NAV prices with income distributions reinvested. All underlying price and distribution data is sourced from Morningstar. Performance figures are quoted after the deduction of all costs (including manager fees and trading costs) incurred within the fund. Note that individual investor performance may differ as a result of the actual investment date, the date of reinvestment of distributions and dividend withholding tax, where applicable. Annualised performance figures represent the geometric average return earned by the fund over the given time period. Unannualised performance represents the total return earned by the fund over the given time period, expressed as a percentage. The peer group average is calculated as the average return of all the funds in the respective ASISA category (excluding Coronation Funds in that category).

BENCHMARK DETAILS

The benchmark used for performance purposes is CPI + 3%.

WHAT IS THE TOTAL EXPENSE RATIO (TER) AND TRANSACTION COSTS (TC)?

TER is calculated as a percentage of the average net asset value of the portfolio incurred as charges, levies and fees in the management of the portfolio over the period referenced. The TER charged by any underlying fund held as part of a fund's portfolio is included in the fund expenses portion of the TER, but trading and implementation costs incurred in managing the underlying fund are excluded. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER may not necessarily be an accurate indication of future TER's. The 1 year TER is for the 12 months to end of the previous financial year (updated annually). The 3 year TER is for a rolling 36-month period to the last available quarter end (December, March, June and September).

Transaction costs are a necessary cost in managing a fund and impacts the fund's return. They should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of fund, the investment decisions of the investment manager and the TER.

The Total Investment Charge is the sum of the Total Expense Ratio (TER) and transaction costs.

ADVICE AND PLATFORM COSTS

Coronation does not provide financial advice. If you appoint an adviser, advice fees are contracted directly between you and the adviser. For more information please contact the relevant platform (Linked Investment Service Provider or Life Assurance Provider).

WHERE CAN I FIND ADDITIONAL INFORMATION?

Additional information such as daily fund prices, brochures, application forms and a schedule of fund fees and charges is available on our website, www.coronation.com

IMPORTANT INFORMATION REGARDING TERMS OF USE

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