

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 (excluding Africa) is limited to 30%. The fund is mandated to use derivative instruments for efficient portfolio management purposes.

IMPORTANT PORTFOLIO CHARACTERISTICS AND RISKS

Risk Profile

Maximum growth/
minimum income exposures

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 0.85%(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

GENERAL FUND INFORMATION

Fund Launch Date	1 February 2007
Fund Class	P (previously class B4)
Class Launch Date	1 October 2012
Benchmark	CPI + 3% p.a.
Fund Category	South African – Multi Asset – Low Equity
Regulation 28	Complies
Income Distribution	Quarterly (March, June, September, December)
Bloomberg Code	CBALDB4
ISIN Code	ZAE000170445
JSE Code	CBDB4

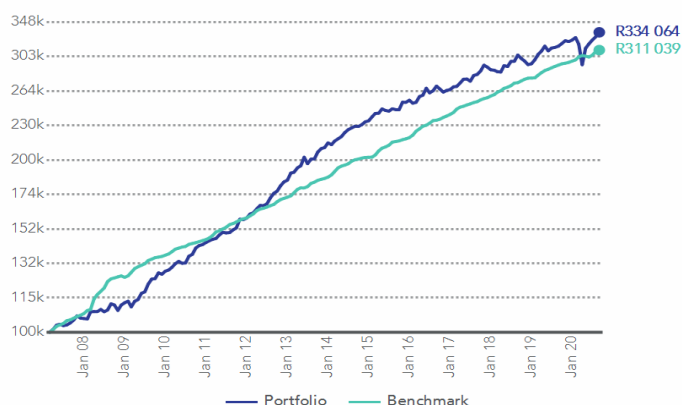
CLASS P as at 31 August 2020

Fund category	South African - Multi Asset - Low Equity
Launch date	01 October 2012
Fund size	R28.94 billion
NAV	189.92 cents
Benchmark/Performance	CPI + 3% p.a.
Fee Hurdle	
Portfolio manager/s	Charles de Kock and Pallavi Ambekar

Total Expense Ratio	1 Year	3 Year
Fund management fee	1.09%	1.10%
Fund expenses	0.85%	0.86%
VAT	0.11%	0.12%
Transaction costs (inc. VAT)	0.13%	0.13%
Total Investment Charge	0.05%	0.05%
	1.14%	1.15%

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)	234.1%	211.0%	162.6%
Since Launch (annualised)	9.3%	8.8%	7.4%
Latest 10 years (annualised)	9.3%	8.1%	7.7%
Latest 5 years (annualised)	6.4%	7.6%	5.4%
Latest 3 years (annualised)	5.8%	7.2%	4.9%
Latest 1 year	5.7%	6.2%	4.7%
Year to date	3.2%	4.6%	2.3%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	5.1%	1.6%
Downside Deviation	4.6%	N/A
Sharpe Ratio	0.40	0.94
Maximum Gain	21.5%	26.9%
Maximum Drawdown	(10.4)%	(1.1)%
Positive Months	75.9%	92.6%
	Fund	Date Range
Highest annual return	21.5%	Jun 2012 - May 2013
Lowest annual return	(5.3)%	Apr 2019 - Mar 2020

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2020	1.0%	(2.7)%	(7.9)%	6.8%	1.8%	1.5%	1.4%	1.8%					3.2%
Fund 2019	1.6%	2.1%	1.4%	2.0%	(1.9)%	1.1%	0.3%	0.5%	1.0%	1.2%	(0.4)%	0.6%	10.0%
Fund 2018	(0.2)%	(0.6)%	(0.2)%	2.7%	(0.4)%	2.1%	0.1%	2.6%	(1.4)%	(1.1)%	(1.4)%	0.3%	2.4%
Fund 2017	1.1%	0.1%	1.4%	1.5%	0.1%	(0.9)%	2.4%	0.4%	1.4%	2.4%	(0.8)%	(1.1)%	8.3%
Fund 2016	(1.2)%	0.4%	2.4%	0.5%	2.9%	(1.8)%	0.8%	1.9%	(1.1)%	(1.3)%	0.7%	0.3%	4.4%
Fund 2015	1.6%	1.3%	0.1%	1.7%	(0.6)%	(0.3)%	1.0%	(0.3)%	0.0%	3.1%	(0.1)%	0.9%	8.6%
Fund 2014	(0.7)%	1.5%	0.9%	0.9%	1.7%	1.1%	0.7%	0.7%	(0.1)%	0.8%	1.1%	0.4%	9.3%
Fund 2013	2.9%	0.3%	1.8%	0.8%	3.5%	(2.6)%	1.9%	0.1%	2.8%	1.4%	0.4%	1.9%	16.2%

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Aug 2020
Domestic Assets	71.7%
■ Equities	22.1%
Basic Materials	4.3%
Industrials	0.2%
Consumer Goods	2.9%
Health Care	0.5%
Consumer Services	5.8%
Telecommunications	0.4%
Financials	3.6%
Technology	1.7%
Derivatives	2.7%
■ Preference Shares & Other Securities	0.0%
■ Real Estate	2.2%
■ Bonds	45.2%
■ Commodities	3.1%
■ Cash	0.3%
■ Other (Currency Futures)	(1.3)%
International Assets	28.3%
■ Equities	16.5%
■ Real Estate	0.1%
■ Bonds	7.6%
■ Commodities	0.4%
■ Cash	3.6%

TOP 10 HOLDINGS

As at 30 Jun 2020	% of Fund
Naspers Ltd	2.8%
Egerton Capital Equity Fund	2.5%
British American Tobacco Plc	2.2%
Maverick Capital	1.9%
Anglo American Plc	1.8%
Tremblant Capital	1.4%
Prosus Nv	1.3%
Lansdowne Capital	1.3%
Contrarius Global Equity Fund	1.2%
Cimi Global Opp Equity Strategy	1.0%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30 Jun 2020	01 Jul 2020	1.88	0.31	1.57
31 Mar 2020	01 Apr 2020	2.09	0.18	1.90
31 Dec 2019	02 Jan 2020	2.23	0.37	1.87
30 Sep 2019	01 Oct 2019	2.14	0.31	1.84

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

The Covid-19 pandemic remains the dominant feature on the global and domestic newsfront. There are now more than 10 million cases of infection reported worldwide and over half a million deaths globally. The numbers will continue to rise, although in some regions, such as China, most of Europe, Japan, Australasia and the rest of Asia, the rate of new infections seem to have been brought well under control. Those economies are reopening and life is getting back to normal. In most of the emerging world and in the US, the situation is worse. Poor adherence to lockdown regulations or a lack of strict rules on social distancing seems to be to blame. The result is that these economies are going to take far longer to return to normality.

The monetary and fiscal response to this crisis has been massive in just about all regions of the world. Financial markets have consequently shown a remarkable rebound from the devastation of the first quarter. The MSCI rebounded 19.2% in the quarter, measured in US dollars and the emerging markets followed with a 18.1% surge. The JSE was also very strong and the Capped Swix showed a return of 21.6% measured in rands. Our bonds also staged a robust recovery after the South African Reserve Bank (SARB) stepped in to provide liquidity to the market in addition to its aggressive rate cuts.

The Fund therefore showed a strong rebound with a return of 10.4% over the quarter, wiping out most of the losses of the first quarter. The 1-year return is a positive 3.3%, reversing the negative 12-month return reported at the end of March 2020. The 3-year and 5-year returns of 5.7% and 5.9% per annum (p.a.) respectively is ahead of inflation but unfortunately not at the targeted level of inflation plus 3%. The 10-year and since-inception numbers of 9.4% and 9.2% p.a. have, however, exceeded the targeted returns.

The increased volatility in the markets presented opportunities to add value through active asset allocation decisions. After adding to bonds during the crisis in March we reduced our position during Q2-20 as long-term bond yields recovered. The South African fiscal situation has deteriorated alarmingly and a budget deficit of near 15% of GDP is now expected this financial year. The additional bond issuance will keep pressure on the market and we are concerned about the possibility of entering a debt trap. Although real yields appear very attractive, the risk has also increased and we will not add more duration risk at this point.

Within domestic equities, we added to Bidcorp and Anheuser-Busch InBev, two companies that operate in the global space and should reap some benefits of the recovering global economy. We switched some Northam Platinum into Impala Platinum but retain a sizeable position in Northam. We also added to FirstRand and Mr Price in the domestic space at very attractive prices. These two are, in our view, well-managed, high-quality companies that will survive the crisis and gain market share.

In the global portion of the Fund we were also active, adding to global equities and then, later in the quarter, buying put protection on the view that the markets had raced up too fast and a second wave of the pandemic was not priced in.

These actions, plus the effect of the rising market, took our exposure to risk assets from 38% at the end of the previous quarter to 43%. Our global effective exposure* went from 21% to 25%.

The outlook in the midst of this unfolding pandemic remains murky. However, the unprecedented stimulus and massive liquidity provided is positive for the markets. In addition, inflation is far lower than expected over the near term and the SARB has acted aggressively to cut interest rates to the lowest level we have seen in many years. This is supportive of risk assets. Returns on cash will likely be below 4% for the next few years, a rate unlikely to exceed inflation. In order to reach our targeted return, a reasonable exposure to risk assets will therefore be required.

Over the longer term, we are watchful of a resurgence in inflation globally as well as locally, as there will eventually have to be a cost of the massive monetary and fiscal stimulus provided in attempts to limit the devastating impacts of the lockdown on economies around the world.

**Due to currency futures, effective international exposure might differ to asset domicile exposure as used in the formal asset allocation on the fact sheet.*

Portfolio managers
Charles de Kock and Pallavi Ambekar
as at 30 June 2020

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 30% (including a maximum exposure of 5% to Africa, excluding South Africa) 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 P NAV prices with income distributions reinvested. Class A NAV prices were used for the period prior to the launch of Class P. 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). Growth charts are shown in logarithmic scale (base 2).

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. 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 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 September 2019 (updated annually). The 3 year TER is for a rolling 36-month period to the last 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

This document is for information purposes only and does not constitute or form part of any offer to issue or sell, or any solicitation of any offer to subscribe for or purchase any particular investment. Opinions expressed in this document may be changed without notice at any time after publication. We therefore disclaim any liability for any loss, liability, damage (whether direct or consequential) or expense of any nature whatsoever which may be suffered as a result of or which may be attributable, directly or indirectly, to the use of or reliance upon the information.