



CORONATION BALANCED DEFENSIVE FUND

31 DECEMBER 2011

CORONATION
FUND MANAGERS

Fund purpose A multi-asset fund for cautious investors requiring stable returns

Fund category Domestic – Asset Allocation – Prudential Low Equity

Benchmark Alexander Forbes 3-month (STeFI) Index + 3%

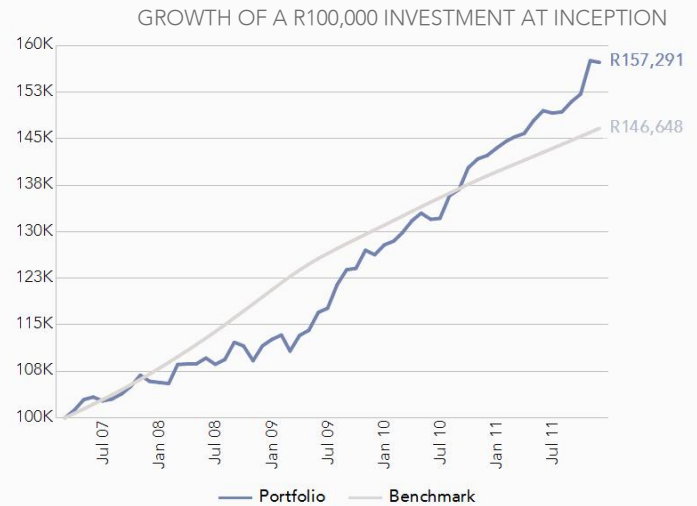
Risk profile



HIGHLIGHTS

- Positive returns over all 12-month periods since launch, including the market turbulence of 2008
- Seasoned portfolio managers with more than 50 years combined experience
- Best performing conservative fund over 3 years and since launch

LONG-TERM TRACK RECORD



Please note that the graph of the benchmark will exclude the target of 3% for evaluation purposes.

INVESTMENT OBJECTIVE

The fund is specifically managed to be a suitable investment portfolio for investors intending to draw an income over an extended period of time. The fund deploys the minimum risk budget that we believe to be consistent with this investor goal. To improve the probability of achieving its dual objectives of short-term capital preservation and long-term growth our focus is on constructing a portfolio that can produce reasonable real returns in the long term while strongly focusing on reducing the variability of returns year to year. Our intent is to preserve capital over any 12-month period, while maintaining the ability to produce a medium-term return in excess of cash + 3%.

INVESTOR PROFILE

The fund is suitable for investors:

- seeking a defensive investment solution enabling an annual income drawdown
- requiring a reasonable rate of return over investment horizons of 2 years and longer
- with a low tolerance for the volatility of returns associated with equity investing

This fund is not suitable for investors seeking to aggressively accumulate capital over an extended period of time.

GENERAL INFORMATION

Launch date 1 February 2007

Income distribution Quarterly (March, June, September, December)

Investment minimum R5 000 lump sum or R500 monthly debit order

Regulation 28 Complies

INVESTMENT MANDATE

The fund is broadly diversified across asset classes including shares, listed property, conventional bonds, inflation-linked bonds, cash and other appropriate instruments. Active asset allocation and security selection strategies appropriate to the needs of conservative investors are followed. Exposure to growth assets, defined as shares and property listed in both South African and foreign markets, will not exceed 40%. Exposure to foreign assets is limited to 25%. The fund's broad diversification and exposure constraints make it suitable as a single solution for cautious investors and for all pensioners requiring an income after retirement.

RISK OF MONETARY LOSS

The recommended investment term for this fund is 2 years and longer. The fund has some exposure to growth assets that will cause price fluctuations from day to day, making it unsuitable as an alternative to money market funds for short-term investments (less than 6 months). However, the fund is managed to not lose money over any 12-month period. Note that while capital preservation is our intent, this is not a guaranteed fund.

CORONATION FEES (excl. VAT)

Initial	0.00%
Annual management	0.00% - 1.50%

Fee Methodology

The fund charges a fixed management fee, with a discount formula designed to reflect its capital preservation intent. A normal management fee of 1.50% per annum is charged, as long as the performance produced by the fund remains positive.

When the fund declines in value over any 12 month period, the management fee will reduce to 0.75%, and should the value of the fund decline over any 24 month period, no fee will be charged. Fees are accrued daily and collected monthly.

TOTAL EXPENSE RATIO (TER)¹

1.74%

INVESTMENT PHILOSOPHY

Coronation is a research-driven investment house. All members of the investment team have research responsibilities, where our focus is on establishing a fair value for each of the companies that we follow. Our approach is based on forming firm views on the long-term valuations of businesses. We buy companies that are temporarily underpriced by the market, and avoid those that are trading above our fair value. We believe that mispricings occur regularly, often due to the short-term focus of most investors. This approach enables us to construct a concentrated, differentiated portfolio with a high degree of conviction. It also supports the discipline required to remain committed to positions that are often materially different to what conventional wisdom will dictate. In the long run, this approach has led to exceptional returns for our investors.



ADVICE FEES

Coronation does not provide financial advice and therefore does not charge advice fees. However, investments are often placed on your behalf by a financial advisor, in which case fees are negotiated directly between you and your advisor, within the following ranges:

Initial	0.00% - 3.00%
Ongoing	0.00% - 1.00% when the initial fee is less than 1.50%
	0.00% - 0.50% when the initial fee is more than 1.50%

Sharing of annual management fees

A portion of Coronation's annual management fee may be paid to administration platforms as a subsidy for administrative and advice costs incurred when investing through these channels. Where commission and incentives are paid, these are included in the overall costs.

INVESTMENT TEAM

We have one of the most experienced and talented investment teams in the country operating in a culture of excellence. Led by Chief Investment Officer Karl Leinberger, the team is made up of 50 investment professionals. Key focus areas include equity research, with dedicated teams based in Cape Town covering South African, Pan-African and emerging markets. Our team also comprises experienced fixed income and quantitative research teams and a London-based international multi-management team. Our team of ten senior portfolio managers is supported by dedicated dealing and implementation teams.

Investment team facts:

- Includes three former chief investment officers
- 23 members with a decade or more in the industry (13 team members have more than 15 years experience)

PORTFOLIO MANAGERS

- **CHARLES DE KOCK**, *BCom (Hons), MCom (Economics)*
Charles is a senior portfolio manager with more than 20 years' investment experience. He plays a leadership role in the asset allocation process and is responsible for the management of a number of client portfolios. Charles is also co-manager of the Coronation Balanced Defensive unit trust fund. As a senior member of the team he is involved in all investment discussions and is a popular speaker at client meetings.
- **MARK LE ROUX**, *BCom*
As head of fixed interest investments Mark is responsible for the fixed interest investment process and portfolio management functions for both institutional and retail portfolios. Before joining Coronation in August 2005 he was with Decillion where he was integral in the development of, and responsible for the management of, South Africa's first fixed interest hedge fund, the Granite Fixed Income Hedge Fund. Mark has 20 years' experience in managing traditional fixed interest portfolios (both institutional and unit trust assets) as well as hedge funds, having worked with OMAM, African Harvest and Decillion.
- **NEILL YOUNG**, *BBusSc (Hons Finance), CA (SA), CFA*
Neill joined Coronation in 1998 after completing his articles at Deloitte & Touche, and also spending time in Luxembourg and New York with the firm. He currently co-manages the Coronation Financial and Balanced Defensive Funds as well as the institutional core equity and a number of balanced mandates.