

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



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 1.25% is payable.

The fund will discount to 0.75% p.a. for negative performance over a rolling 12-month period until 30 September 2018, thereafter the discount will fall away.

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)



DUANE CABLE

BCom (Hons), CA
(SA), CFA

GENERAL FUND INFORMATION

| | |
|---------------------|--|
| Launch Date | 1 February 2007 |
| Fund Class | A |
| Benchmark | CPI + 3% p.a. |
| 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

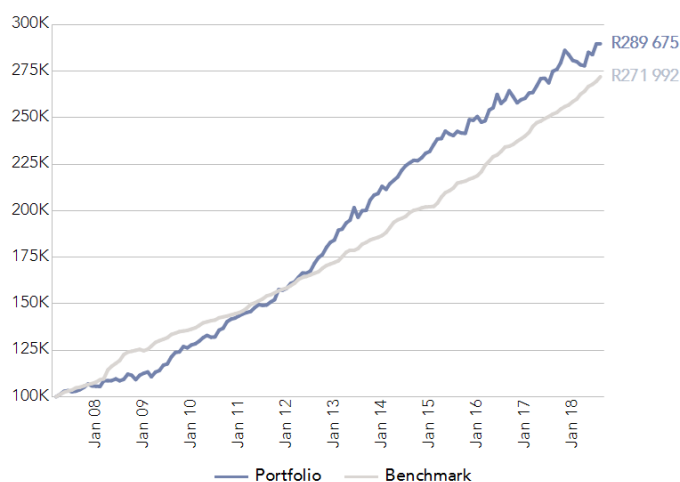
CLASS A as at 31 July 2018

| | |
|-----------------------|--|
| Fund category | South African - Multi Asset - Low Equity |
| Launch date | 01 February 2007 |
| Fund size | R35.04 billion |
| NAV | 185.44 cents |
| Benchmark/Performance | CPI + 3% p.a. |
| Fee Hurdle | |
| Portfolio manager/s | Charles de Kock and Duane Cable |

| | | |
|------------------------------|--------|--------|
| Total Expense Ratio | 1 Year | 3 Year |
| Fund management fee | 1.72% | 1.70% |
| Fund expenses | 1.39% | 1.39% |
| VAT | 0.13% | 0.12% |
| Transaction costs (inc. VAT) | 0.20% | 0.19% |
| Total Investment Charge | 0.04% | 0.05% |
| | 1.76% | 1.75% |

PERFORMANCE AND RISK STATISTICS

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

| | |
|--------------------------------------|--------------|
| Sector | 31 Jul 2018 |
| Domestic Assets | 78.0% |
| Equities | 17.7% |
| Preference Shares & Other Securities | 1.0% |
| Real Estate | 7.1% |
| Bonds | 48.1% |
| Fixed Interest Bonds | 15.4% |
| Floating Rate Securities | 24.8% |
| Inflation-Linked Bonds | 7.7% |
| Convertibles | 0.3% |
| Commodities | 1.5% |
| Cash | 5.3% |
| Other (Currency Futures) | (2.8)% |
| International Assets | 22.0% |
| Equities | 12.7% |
| Real Estate | 1.0% |
| Bonds | 5.6% |
| Commodities | 0.3% |
| Cash | 2.4% |

PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES)

| | Fund | Benchmark | Active Return |
|------------------------------|--------|-----------|---------------|
| Since Launch (unannualised) | 189.7% | 172.0% | 17.7% |
| Since Launch (annualised) | 9.8% | 9.2% | 0.6% |
| Latest 10 years (annualised) | 10.2% | 8.3% | 1.9% |
| Latest 5 years (annualised) | 7.7% | 8.4% | (0.7)% |
| Latest 3 years (annualised) | 6.1% | 8.2% | (2.1)% |
| Latest 1 year | 5.4% | 8.0% | (2.6)% |
| Year to date | 3.2% | 5.2% | (2.0)% |

TOP 10 HOLDINGS

| As at 30 Jun 2018 | % of Fund |
|-----------------------------------|-----------|
| Naspers Ltd | 2.0% |
| Contrarius Global Equity Fund | 1.8% |
| Egerton Capital Equity Fund | 1.6% |
| British American Tobacco Plc | 1.5% |
| Maverick Capital | 1.2% |
| Lansdowne Capital | 1.1% |
| Hammerson PLC | 1.0% |
| Capital & Counties Properties PLC | 0.8% |
| Tremblant Capital | 0.8% |
| Atterbury Investment Holdings | 0.8% |

RISK STATISTICS SINCE LAUNCH

| | Fund | Benchmark |
|-----------------------|--------|---------------------|
| Annualised Deviation | 4.1% | 1.5% |
| Downside Deviation | 2.3% | N/A |
| Sharpe Ratio | 0.56 | 1.13 |
| Maximum Gain | 21.2% | 26.9% |
| Maximum Drawdown | (2.9)% | (0.9)% |
| Positive Months | 76.6% | 95.6% |
| | Fund | Date Range |
| Highest annual return | 21.2% | Jun 2012 - May 2013 |
| Lowest annual return | 2.0% | Mar 2008 - Feb 2009 |

INCOME DISTRIBUTIONS

| Declaration | Payment | Amount | Dividend | Interest |
|-------------|-------------|--------|----------|----------|
| 29 Jun 2018 | 02 Jul 2018 | 2.12 | 0.25 | 1.87 |
| 29 Mar 2018 | 03 Apr 2018 | 1.76 | 0.28 | 1.48 |
| 29 Dec 2017 | 02 Jan 2018 | 1.63 | 0.13 | 1.50 |
| 29 Sep 2017 | 02 Oct 2017 | 1.77 | 0.27 | 1.50 |

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
|-----------|--------|--------|--------|------|--------|--------|------|--------|--------|--------|--------|--------|-------|
| Fund 2018 | (0.2)% | (0.6)% | (0.2)% | 2.6% | (0.4)% | 2.0% | 0.0% | | | | | | 3.2% |
| Fund 2017 | 1.1% | 0.1% | 1.4% | 1.5% | 0.1% | (0.9)% | 2.3% | 0.4% | 1.3% | 2.4% | (0.8)% | (1.1)% | 7.8% |
| Fund 2016 | (1.2)% | 0.3% | 2.3% | 0.5% | 2.8% | (1.9)% | 0.8% | 1.9% | (1.2)% | (1.3)% | 0.7% | 0.3% | 3.9% |
| Fund 2015 | 1.6% | 1.3% | 0.1% | 1.7% | (0.6)% | (0.3)% | 0.9% | (0.4)% | (0.1)% | 3.0% | (0.1)% | 0.8% | 8.1% |
| Fund 2014 | (0.8)% | 1.4% | 0.9% | 0.8% | 1.6% | 1.1% | 0.7% | 0.6% | (0.1)% | 0.7% | 1.1% | 0.4% | 8.8% |
| Fund 2013 | 2.9% | 0.3% | 1.7% | 0.8% | 3.5% | (2.6)% | 1.8% | 0.1% | 2.7% | 1.3% | 0.4% | 1.9% | 15.7% |
| Fund 2012 | 1.7% | 0.5% | 1.6% | 1.4% | (0.1)% | 0.7% | 2.4% | 1.8% | 0.9% | 2.2% | 1.5% | 0.7% | 16.4% |
| Fund 2011 | 0.8% | 0.5% | 0.4% | 1.4% | 1.1% | (0.3)% | 0.1% | 1.1% | 0.8% | 3.5% | (0.2)% | 0.6% | 10.3% |

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

The past quarter was marked by a major reversal in investor sentiment towards emerging markets. Emerging currencies, bonds and equities all succumbed to immense pressure as global investors de-risked their portfolios. It is not easy, even in hindsight, to say exactly what triggered the exodus. But it is likely the stronger US dollar, higher US bond yields, an expectation of further rate hikes in the US, as well as in Europe, and all the talk of trade wars started by the Trump government combined to generate enough bad news flow to spook investors.

South Africa did not escape this global trend. The rand lost 14% of its value relative to the dollar and bond yields surged as foreigners offloaded a massive R65bn of government bonds over the quarter. The JSE saw a major shift in sentiment too with domestic orientated shares under selling pressure while the rand hedges were protected as expected in turbulent times.

In managing this low-risk balanced portfolio, we position the fund as though some bad news may always occur. The offshore holdings of 25% at the start of the quarter, a healthy exposure to rand-hedged shares and a low modified duration in the bond portion of the portfolio all helped to protect the fund against the selloff. The result is a credible return of 4.2% over this eventful quarter. The one-year performance is 7.8%, the three-year return is 6.4%, over five years it is 8.1% and the 10-year number is 10.3% per annum. Inflation ranged between 4.8% over the past year to 5.5% over the last 10 years. Our aim to beat inflation by 3% per annum was therefore attained over the long term but not over the three- and five-year periods.

The wild gyrations in the market gave us the opportunity to make some meaningful changes to the composition of the fund. The rise in yields of government bonds to levels between 9% and 10%, depending on its duration, is particularly attractive to funds such as this with a target of beating inflation by 3%. Inflation is expected to average between 5% and 6% over the long term. Buying bonds at these attractive real yields was therefore an opportunity that we did not want to miss out on. We added aggressively to our South African bond holdings taking exposure from 33% to 41% of the fund (excluding inflation-linked bond exposure of 7.3%). In order to buy the bonds we used the rand weakness to lighten our global holdings from 26% to an effective exposure of 20% as we sold units in the Global Capital Plus Fund. We also reduced the fund's cash holding to facilitate the bond buying.

Within the domestic equity portion of the fund, we trimmed our position in Mondi as this high quality company's share now offers limited upside following its stellar performance. We added to Standard Bank, Naspers, Bidcorp and added newly listed share Quilter ahead of its unbundling from Old Mutual. Quilter is a UK-focused integrated wealth manager. The UK savings market is attractive due to recent pension reforms which gives individuals more control over their retirement savings. This has increased the need for financial advice. Quilter is well placed with the second largest advice force and platform in the UK.

Over the short term the negative attitude to emerging markets may well persist for a while. However, the high real yields available in the bond market as well as the derating of many domestic shares to attractive levels make us more optimistic of reaching our goal of beating inflation by at least 3% over rolling three-year periods.

Portfolio managers
Charles de Kock and Duane Cable
as at 30 June 2018

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 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.

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 2017 (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

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