

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 1.25%(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

| | |
|---------------------|--|
| 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 |

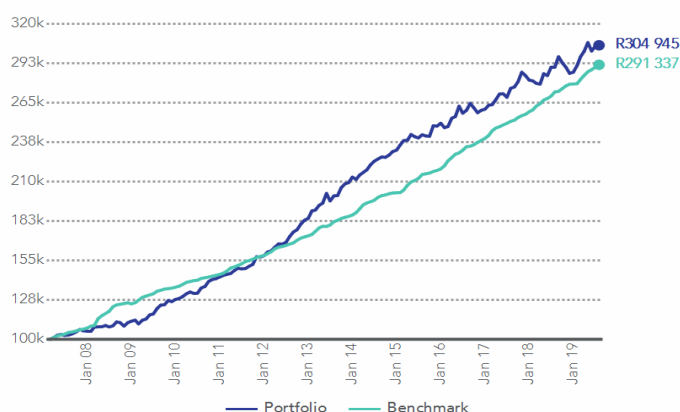
CLASS A as at 31 July 2019

| | |
|------------------------------|--|
| Fund category | South African - Multi Asset - Low Equity |
| Launch date | 01 February 2007 |
| Fund size | R32.93 billion |
| NAV | 187.01 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 | 1.53% | 1.60% |
| Fund expenses | 1.24% | 1.30% |
| VAT | 0.11% | 0.11% |
| Transaction costs (inc. VAT) | 0.18% | 0.19% |
| Total Investment Charge | 0.06% | 0.05% |
| | 1.59% | 1.65% |

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) | 205.0% | 191.3% | 150.2% |
| Since Launch (annualised) | 9.4% | 9.0% | 7.6% |
| Latest 10 years (annualised) | 9.6% | 8.1% | 8.2% |
| Latest 5 years (annualised) | 6.2% | 7.9% | 5.9% |
| Latest 3 years (annualised) | 5.5% | 7.5% | 5.0% |
| Latest 1 year | 5.3% | 7.0% | 4.9% |
| Year to date | 6.6% | 4.9% | 5.4% |

RISK STATISTICS SINCE LAUNCH

| | Fund | Benchmark |
|-----------------------|--------|---------------------|
| Annualised Deviation | 4.3% | 1.5% |
| Downside Deviation | 2.4% | N/A |
| Sharpe Ratio | 0.47 | 1.04 |
| Maximum Gain | 21.2% | 26.9% |
| Maximum Drawdown | (3.9)% | (0.9)% |
| Positive Months | 75.8% | 94.0% |
| | Fund | Date Range |
| Highest annual return | 21.2% | Jun 2012 - May 2013 |
| Lowest annual return | 0.5% | Dec 2017 - Nov 2018 |

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
|-----------|--------|--------|--------|------|--------|--------|------|--------|--------|--------|--------|--------|-------|
| Fund 2019 | 1.6% | 2.1% | 1.3% | 2.0% | (1.9)% | 1.1% | 0.2% | | | | | | 6.6% |
| 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% |
| 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% |

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

| Sector | 31 Jul 2019 |
|--|--------------|
| Domestic Assets | 75.3% |
| ■ Equities | 19.5% |
| Basic Materials | 3.1% |
| Industrials | 0.3% |
| Consumer Goods | 3.4% |
| Health Care | 0.3% |
| Consumer Services | 5.3% |
| Telecommunications | 0.9% |
| Financials | 4.2% |
| Technology | 0.0% |
| Derivatives | 1.9% |
| ■ Preference Shares & Other Securities | 0.3% |
| ■ Real Estate | 5.1% |
| ■ Bonds | 47.2% |
| ■ Commodities | 1.8% |
| ■ Cash | 3.6% |
| ■ Other (Currency Futures) | (2.2)% |
| International Assets | 24.7% |
| ■ Equities | 13.2% |
| ■ Real Estate | 0.5% |
| ■ Bonds | 4.4% |
| ■ Commodities | 0.3% |
| ■ Cash | 6.3% |

TOP 10 HOLDINGS

| As at 30 Jun 2019 | % of Fund |
|---------------------------------|-----------|
| Naspers Ltd | 2.2% |
| Egerton Capital Equity Fund | 1.7% |
| British American Tobacco Plc | 1.5% |
| Standard Bank Of Sa Ltd | 1.3% |
| Contrarius Global Absolute Fund | 1.2% |
| Maverick Capital | 1.2% |
| Anglo American Plc | 1.1% |
| Lansdowne Capital | 1.0% |
| Mtn Group Ltd | 0.8% |
| RMB Holdings | 0.8% |

INCOME DISTRIBUTIONS

| Declaration | Payment | Amount | Dividend | Interest |
|-------------|-------------|--------|----------|----------|
| 28 Jun 2019 | 01 Jul 2019 | 1.84 | 0.24 | 1.60 |
| 29 Mar 2019 | 01 Apr 2019 | 1.91 | 0.25 | 1.66 |
| 31 Dec 2018 | 02 Jan 2019 | 2.16 | 0.24 | 1.92 |
| 28 Sep 2018 | 01 Oct 2018 | 2.04 | 0.32 | 1.72 |

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

Over the quarter ended June 2019 (Q2-19), the global economy showed more signs of slowing and the market consensus has clearly shifted to pricing in a future material relaxation of monetary policy. It is this prospect of lower interest rates that propelled stock and bond markets to deliver very strong returns for the quarter and year to date.

Expectations of lower interest rates also spilled over to South Africa, where the stronger rand and contained inflation is very likely to allow the South African Reserve Bank the room to start cutting interest rates during the next quarter. Bonds and equities responded favourably to this improved outlook, as well as to the successful conclusion of the elections and the subsequent announcement of the new cabinet. Over the quarter, the FTSE/JSE All Share Index gained 3.9%, the All Bond Index 3.7% and listed property 4.5%. Although listed property had a good quarter, the returns over the past year are barely positive and remain negative over the past three years. The rand, which strengthened by 3% over the quarter, had the effect of lowering the impact of the strong US dollar returns of global markets.

The fund delivered a return of 1.1% for Q2-19, taking the return for the first half of the year to a satisfactory 6.3% (not annualised). However, the negative markets in the second half of last year limit the one-year return to only 5.0%. The fund has succeeded in beating inflation over all meaningful periods, but has fallen short of the targeted inflation plus 3% over periods shorter than seven years. The fund has, however, succeeded in protecting capital over all rolling 12-month periods since its inception.

The stocks that contributed the most to performance over the past year are Anglo American, platinum stocks Northam and Anglo American Platinum and our bank holdings of FirstRand and Standard Bank. Detractors from performance include British American Tobacco, Aspen, Sasol and Shoprite.

British American Tobacco is a stock that we have held in the portfolio for many years. We acknowledge that tobacco companies face structural volume declines. This would be a material headwind for most businesses, but tobacco companies have strong pricing power to offset these declines. In addition, the shift to new generation products and the demonstrated ability to cut costs will enable this company to protect and grow its earnings over time. The stock is, however, out of favour with investors and trades on a dividend yield of almost 8%. At this valuation, we find it very attractive.

The past quarter was one of limited trades. We sold more Hammerson property and bought a currency future to hedge against a potential weaker UK pound in the event of either a no-deal Brexit or a new election and the prospect of Jeremy Corbyn as prime minister. Either event could result in a far weaker pound with a negative impact on the prices of some of the London-listed stocks we own, such as Hammerson, Capco and Intu. The fund's total exposure to the London-listed property market has been trimmed to less than 1% of portfolio and that is now fully hedged. We also added to our existing platinum exchange traded fund as we feel the gap between platinum and palladium has become too large.

The portfolio continues to hold a substantial weighting in South African bonds, both fixed rate and inflation linkers. The high real yield is very attractive and provides a solid risk-adjusted building block towards achieving the targeted inflation plus 3% return.

Portfolio managers

Charles de Kock and Pallavi Ambekar
as at 30 June 2019

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. 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).

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 2018 (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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