CORONATION BALANCED DEFENSIVE FUND

Fund Information as at 31 December 2021

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 (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?

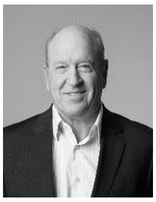
An annual fee of 1.15% (excl. VAT) is payable.

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.
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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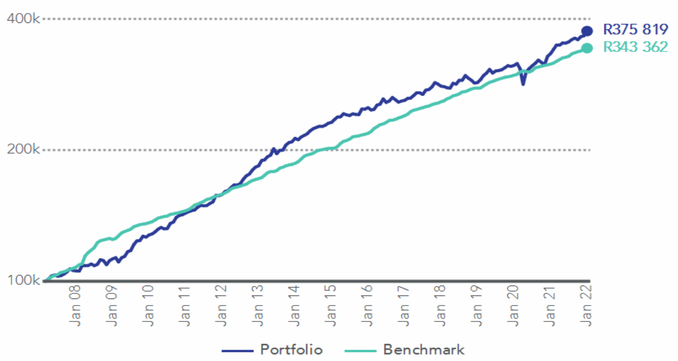
CLASS A as at 31 December 2021

Fund category	South African - Multi Asset - Low Equity
Launch date	01 February 2007
Fund size	R31.73 billion
NAV	211.65 cents
Benchmark/Performance Fee Hurdle	CPI + 3% p.a.
Portfolio manager/s	Charles de Kock, Pallavi Ambekar and Neill Young

	1 Year	3 Year
Total Expense Ratio	1.52%	1.54%
Fund management fee	1.19%	1.23%
Fund expenses	0.14%	0.13%
VAT	0.18%	0.18%
Transaction costs (inc. VAT)	0.07%	0.06%
Total Investment Charge	1.59%	1.60%

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)	275.8%	243.4%	203.5%
Since Launch (annualised)	9.3%	8.7%	7.8%
Latest 10 years (annualised)	9.0%	8.0%	8.1%
Latest 5 years (annualised)	7.6%	7.4%	7.3%
Latest 3 years (annualised)	9.5%	7.3%	9.0%
Latest 1 year	12.7%	8.8%	13.7%
Year to date	12.7%	8.8%	13.7%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	5.1%	1.5%
Downside Deviation	4.4%	N/A
Sharpe Ratio	0.46	1.12
Maximum Gain	21.2%	26.9%
Maximum Drawdown	(10.4)%	(1.1)%
Positive Months	75.3%	92.7%

	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 Dec 2021
Domestic Assets	75.7%
Equities	24.3%
Basic Materials	6.5%
Industrials	0.3%
Consumer Goods	2.2%
Health Care	0.5%
Consumer Services	5.0%
Telecommunications	0.8%
Financials	5.5%
Technology	2.8%
Derivatives	(0.5)%
Consumer Staples	0.9%
Energy	0.5%
Preference Shares & Other Securities	0.0%
Real Estate	2.6%
Bonds	44.4%
Commodities	2.0%
Cash	4.9%
Other (Currency Futures)	(2.5)%
International Assets	24.3%
Equities	15.4%
Real Estate	0.0%
Bonds	5.2%
Commodities	0.3%
Cash	3.3%

TOP 10 HOLDINGS

As at 31 Dec 2021	% of Fund
Anglo American Plc	2.8%
Prosus Nv	2.4%
Egerton Capital Equity Fund	2.3%
British American Tobacco Plc	1.9%
Lansdowne Capital	1.5%
FirstRand Limited	1.5%
Contrarius Global Equity Fund	1.5%
Select Equity Group	1.5%
Tremblant Capital	1.4%
Cimi Global Opp Equity Strategy	1.1%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Dec 2021	03 Jan 2022	1.86	0.22	1.64
30 Sep 2021	01 Oct 2021	2.28	0.76	1.52
30 Jun 2021	01 Jul 2021	1.55	0.29	1.26
31 Mar 2021	01 Apr 2021	1.22	0.20	1.02

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
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%**
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%**

Issue date: 2022/01/13

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.

Covid-19 continues to delay a much-desired 'return to normal' in the global economy. The highly transmissible Omicron variant has resulted in another pause in a year marked by economies lurching between stop and start phases. While the virus is disruptive, we are learning that vaccines and boosters are at least successful in mitigating severe illness. As the percentage of the vaccinated population increases, we think that 2022 will continue the path of emergence from the pandemic.

Despite this unsettled environment, we have seen a robust economic recovery with much less scarring than anticipated when the pandemic began. As said before though, things are still far from normal and new risks are emerging. Surging consumer demand, coupled with supply chain bottlenecks, high energy prices and employee shortages are leading to increasing global inflation. Central banks previously indicated a willingness to tolerate higher inflation but are also realising that allowing things to run too hot may lead to increased recessionary risks. As such, we have seen Chairman Jerome Powell indicate that the US Federal Reserve will start tapering asset purchases and raising interest rates in the course of 2022. Global bonds which were, in our view, already expensive to start with, will provide poor returns in this environment. Global equity indices also look full after another year of high returns. However, the concentration of returns to a few large stocks in global equity markets means there is still a broad opportunity set for active managers focused on long-term valuations. The Fund's offshore allocation sits at 24%, with the majority of this exposure in global and emerging market equities. A portion of this equity exposure is protected by puts, which provide some portfolio insurance in the event of a general market sell-off.

On the local front, the economic growth we saw in the first half of last year has rapidly unwound in the second half. The rioting and looting in the third quarter were further compounded by load-shedding and the inopportune 'red list' travel restrictions imposed on South Africa (SA) at the start of our tourist season. We expect slower domestic growth this year, supported by rising household consumption expenditure and some improvement in investment spend. Longer term, our outlook for GDP growth remains very muted as we are not seeing evidence of the bold policy reform needed to structurally uplift the economy. Inflation, though, remains well contained at around the 5% level and the projected interest rate trajectory remains benign.

Amidst the enormous uncertainty of the year outlined above, the Fund has provided returns of 12.7% for the 12 months, well ahead of its target of inflation + 3%. Pleasingly, the Fund has also exceeded its target over all meaningful long-term time periods. The Fund has benefited from its high exposure to risk assets, in particular SA equities, where both allocation (24% of Fund) and selection have contributed. We continue to think SA equities are attractively valued with many investment opportunities particularly in good quality global businesses and select defensive domestic companies.

Anglo American has been the top equity contributor to the Fund's performance over the last year and is a top five equity holding. The share price has re-rated over the last five years on the back of rising commodity prices and good delivery by management on production growth, cost control and increasing shareholder returns in the form of dividends and buybacks. We are mindful that Anglo American is a cyclical commodity share, and that current share prices reflect a positive outlook. We still think valuations are supportive but will adjust position sizing as the margin of safety decreases.

The Fund has a 44% allocation to domestic fixed income instruments, with the largest exposure being domestic bonds. Domestic government bonds continue to offer very high real yields, but one needs to be mindful of longer-term fiscal pressures that could impact returns. With the Fund's full exposure to risk assets via equities, we have purposely tried to limit duration risk on our fixed income selection. We have managed to do this and still have fixed income exposure that provides a healthy yield ahead of our target.

The Fund has delivered a commendable performance over the last year, comfortably meeting its mandate. This has been achieved by having a considered mix of income and growth assets and a judicious approach to instrument selection. We are confident that the consistent application of this approach will allow us to deliver on our CPI + 3% mandate over the medium term.

Portfolio managers
Charles de Kock, Pallavi Ambekar and Neill Young
as at 31 December 2021

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).

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. 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 the current financial year (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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