CORONATION DEFENSIVE INCOME FUND

Fund Information as at 31 July 2025

CORONATION
TRUST IS EARNED™

WHAT IS THE FUND'S OBJECTIVE?

The fund aims to deliver a higher return than bank deposits and traditional money market funds.

WHAT DOES THE FUND INVEST IN?

The fund will typically only invest in South African money market instruments. These include a wide range of instruments issued by banks, corporations and other institutions. The fund will primarily invest in floating-rate instruments with a duration similar to that of a money market fund and an average term of 12 to 24 months. The fund is mandated to use derivative instruments for efficient portfolio management purposes.

IMPORTANT PORTFOLIO CHARACTERISTICS AND RISKS

Risk Profile

1/10
Conservative

Maximum growth/
minimum income exposures

Growth Assets: 0%
Income Assets: 100%

The fund is designed to protect capital, while providing a steady stream of income over time. This is achieved by holding floating rate notes that provide a higher yield than the prevailing money market rate. Floating rate notes will also protect the investment against interest rate volatility or unexpected interest rate changes.

Our fixed income investment team researches the full spectrum of money market instruments.

The fund's investments are subjected to a strict risk management process. All factors that could affect these investments are carefully monitored, including inflation as well as currency and interest rates.

While the risk of losing money over all investment periods is low, the fact that the fund can take somewhat more risk than a traditional money market fund is reflected in its fluctuating rather than constant daily price.

HOW LONG SHOULD INVESTORS REMAIN INVESTED?

The recommended term for this investment is one month and longer. Given its lack of exposure to growth assets, the fund is not suited for lengthy investment terms.

AA(ZA)(f)
GCR
RATINGS
www.GCRratings.com

WHO SHOULD CONSIDER INVESTING IN THE FUND?

Risk averse investors who seek

- protection against possible interest rate volatility;
- an alternative to bank deposits or money market funds that may deliver better returns;
- fast access to their money, and who don't want to commit their cash for a specific period;
- capital protection, but not long-term capital growth.

WHAT COSTS CAN I EXPECT TO PAY?

An annual fee of 0.45% (excl. VAT) is payable.

Fund expenses that are incurred in the fund include trading, custody and audit charges. All performance information is disclosed after deducting all fees and other portfolio costs.

More detail is available on www.coronation.com.

WHO ARE THE FUND MANAGERS?

NISHAN MAHARAJ
BSc (Hons), MBA

MAURO LONGANO
BScEng (Hons), CA (SA)

SINOVUYO NDALENI
BBusSc

GENERAL FUND INFORMATION

Launch Date	3 April 2000
Fund Class	A
Benchmark	Alexander Forbes STeFI 3-month Index
ASISA Fund Category	South African – Interest Bearing – Short Term
Income Distribution	Quarterly (March, June, September, December)
Investment Minimum	R5 000 or R500/m debit order
Bloomberg Code	CORINBR
ISIN Code	ZAE000023867
JSE Code	CIMF

CORONATION DEFENSIVE INCOME FUND

CORONATION
TRUST IS EARNED™

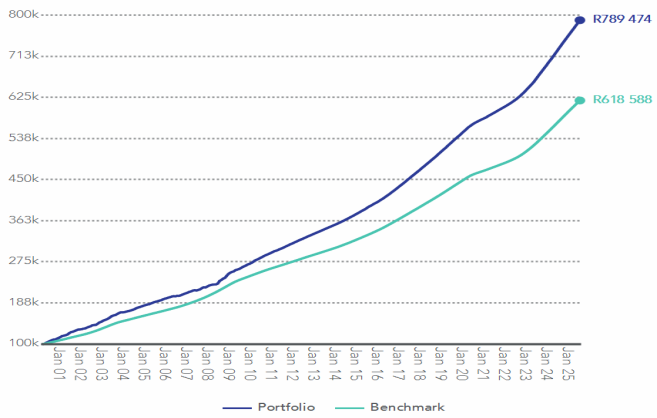
CLASS A as at 31 July 2025

ASISA Fund Category	South African - Interest Bearing - Short Term
Launch date	03 April 2000
Fund size	R 2.37 billion
NAV	1109.05 cents
Benchmark	Alexander Forbes 3-month (SteFI) Index
Portfolio manager/s	Nishan Maharaj, Mauro Longano and Sinovuyo Ndaleni

	1 Year	3 Year
Total Expense Ratio	0.53%	0.53%
Fund management fee	0.45%	0.45%
Fund expenses	0.01%	0.01%
VAT	0.07%	0.07%
Transaction costs (inc. VAT)	0.00%	0.00%
Total Investment Charge	0.53%	0.53%

PERFORMANCE AND RISK STATISTICS

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES)

	Fund	Benchmark	Active Return
Since Launch (unannualised)	689.5%	518.6%	27.6%
Since Launch (annualised)	8.5%	7.5%	1.0%
Latest 20 years (annualised)	7.4%	6.8%	0.6%
Latest 15 years (annualised)	7.0%	6.1%	0.9%
Latest 10 years (annualised)	7.3%	6.4%	0.9%
Latest 5 years (annualised)	6.7%	6.0%	0.7%
Latest 3 years (annualised)	8.3%	7.6%	0.7%
Latest 1 year	8.3%	7.7%	0.6%
Year to date	4.6%	4.3%	0.3%

	Fund
Yield (Net of Fees)	7.5%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	1.3%	0.6%
Sharpe Ratio	0.52	N/A
Maximum Gain	258.2%	N/A
Maximum Drawdown	(0.3)%	N/A
Positive Months	98.7%	N/A

	Fund	Date Range
Highest annual return	18.6%	May 2000 - Apr 2001
Lowest annual return	4.2%	Aug 2020 - Jul 2021

PORTFOLIO DETAIL

ASSET ALLOCATION BY ISSUER TYPE

	% of Fund
Banks and Insurers: NCDs & Deposits	70.3%
Banks: Senior Debt	10.0%
Treasury Bill	8.7%
Government	3.8%
Other Corporates	3.7%
REITs	2.5%
Insurers	0.7%
State Owned Enterprises	0.3%
Total	100.0%

TOP 5 ISSUER EXPOSURE

	% of Fund
Nedbank Ltd	22.8%
Investec Limited	21.4%
Absa Bank Ltd	16.1%
Republic Of South Africa	12.5%
Standard Bank Of SA Ltd	10.2%

MATURITY PROFILE DETAIL

As at 31 Jul 2025	
0 to 3 Months	10.2%
3 to 6 Months	8.2%
6 to 9 Months	12.3%
9 to 12 Months	15.2%
1 to 3 Years	50.6%
3 to 7 Years	3.5%
7 to 12 Years	0.0%
Over 12 Years	0.0%

Modified Duration in years	0.15

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Interest
30 Jun 2025	01 Jul 2025	21.35	21.35
31 Mar 2025	01 Apr 2025	21.85	21.85
31 Dec 2024	02 Jan 2025	23.47	23.47
30 Sep 2024	01 Oct 2024	24.27	24.27

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2025	0.67%	0.61%	0.66%	0.64%	0.65%	0.66%	0.65%						**4.63%**
Fund 2024	0.79%	0.67%	0.66%	0.75%	0.74%	0.68%	0.78%	0.72%	0.70%	0.70%	0.65%	0.70%	**8.89%**
Fund 2023	0.66%	0.56%	0.64%	0.59%	0.66%	0.75%	0.78%	0.77%	0.70%	0.74%	0.71%	0.69%	**8.56%**
Fund 2022	0.36%	0.35%	0.38%	0.39%	0.42%	0.44%	0.42%	0.53%	0.48%	0.58%	0.54%	0.59%	**5.61%**
Fund 2021	0.31%	0.27%	0.45%	0.34%	0.36%	0.36%	0.34%	0.39%	0.37%	0.35%	0.37%	0.35%	**4.33%**

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

Performance

The Fund generated a return (net of management fees) of 1.97% for the second quarter of 2025 (Q2) and 8.46% over a rolling 12-month period. This return is ahead of the three-month Short-Term Fixed Interest (SteFI) benchmark return of 7.82% over the one year.

Positioning and outlook

The South African Reserve Bank (SARB) cut the repo rate by 25 basis points (bps) during Q2, moving the rate to 7.25% from 7.50%. The SARB lowered its inflation forecasts given the persistent undershoot, as well as the stronger exchange rate, lower oil prices, and the removal of the proposed VAT hike. The Monetary Policy Committee (MPC) expects inflation in 2025 to average 3.2% on the back of moderating food inflation and declining fuel prices. The MPC also revised its global and domestic growth forecasts lower, factoring in increased uncertainty and the potential impact of the US tariff increases. Given the benign inflation environment, non-responsive domestic demand, and building global growth headwinds, we believe there is room for an additional 25bps cut at the July MPC meeting.

During Q2, the 3-month Johannesburg Interbank Average Rate (Jibar) declined by 27bps, decreasing from 7.56% to 7.29%. The decrease was on the back of the implemented May repo rate cut. The forward rate agreement curve is pricing in one more cut before the end of the year on the back of easing inflation pressures. Over Q2, the Fund increased its exposure to a two-year government floating rate note as valuation was attractive relative to other asset classes. The Fund's yield will reduce in the coming months as benchmark rates decline due to expected additional rate cuts.

Figure 1

T-BILLS VS FIXED-RATE NCDS VS FRNS

Source: Bloomberg, SARB

We saw a few corporates access the credit markets for refinancing purposes. Supply and demand dynamics continue to drive clearing spreads, with auctions clearing at the lower end of price guidance. The Fund continues to source its credit holdings in the secondary market as primary market debt is expensive. Despite finding some small opportunities in the secondary market, our overall credit allocation will likely gradually decrease.

We remain cautious by investing only in instruments that are attractively priced relative to their underlying risk profiles. Capital preservation and liquidity remain a key focus for this Fund.

Portfolio managers
Nishan Maharaj, Mauro Longano and Sinovuyo Ndaleni
as at 30 June 2025

IMPORTANT INFORMATION THAT SHOULD BE CONSIDERED BEFORE INVESTING IN THE CORONATION DEFENSIVE INCOME FUND

Unit trusts should be considered medium- to long-term investments. 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 yield is calculated by taking the interest and income receivable of all the instruments in the fund divided by the net asset value, expressed as a nominal annual rate. It is provided to give an approximate indication of the achievable yield for an investment made at the reporting date. Actual experience may differ, based on changes in market values, interest rates and changes in costs actually experienced during the investment period. The yield disclosed on the MDD is current and calculated as at the MDD reporting date. The asset allocation by issuer type and top 5 issuer exposures are not reflected on a look-through basis. 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) Ltd (FSP 548) , 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 over the period referenced. 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 underlying 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 previous financial year (updated annually). The 3 year TER is for a rolling 36-month period to the last available 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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