CORONATION BALANCED DEFENSIVE FUND

Fund Information as at 28 February 2025

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 is limited to 45%. The fund is mandated to use derivative instruments for efficient portfolio management purposes.

IMPORTANT PORTFOLIO CHARACTERISTICS AND RISKS

Risk Profile

4/10
Moderate

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?

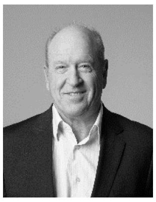
An annual fee of 1.15% (excl. VAT) is payable.

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.
ASISA 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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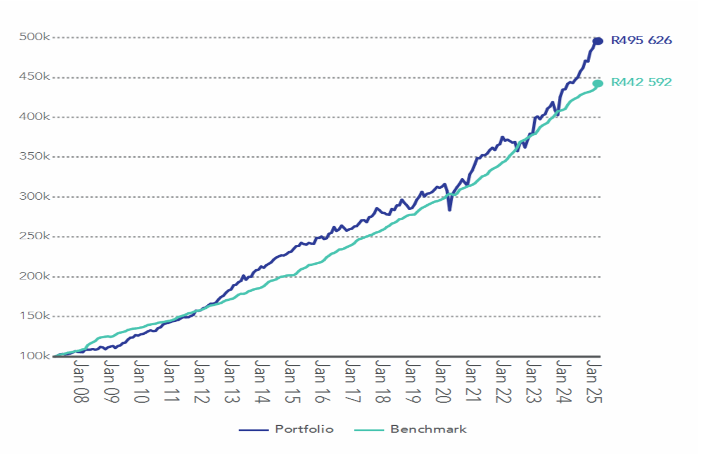
CLASS A as at 28 February 2025

ASISA Fund Category	South African - Multi Asset - Low Equity
Launch date	01 February 2007
Fund size	R32.02 billion
NAV	245.39 cents
Benchmark	CPI + 3% p.a.
Portfolio manager/s	Charles de Kock, Pallavi Ambekar and Neill Young

	1 Year	3 Year
Total Expense Ratio	1.52%	1.50%
Fund management fee	1.15%	1.15%
Fund expenses	0.20%	0.18%
VAT	0.17%	0.17%
Transaction costs (inc. VAT)	0.07%	0.07%
Total Investment Charge	1.59%	1.57%

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)	395.6%	342.6%	295.4%
Since Launch (annualised)	9.3%	8.6%	7.9%
Latest 15 years (annualised)	9.3%	8.1%	8.2%
Latest 10 years (annualised)	7.6%	8.1%	7.0%
Latest 5 years (annualised)	10.0%	7.9%	8.9%
Latest 3 years (annualised)	10.0%	8.3%	8.6%
Latest 1 year	12.1%	6.5%	11.9%
Year to date	1.8%	2.0%	1.0%

RISK STATISTICS SINCE LAUNCH

	Fund	Peer Group Average
Annualised Deviation	5.3%	4.4%
Downside Deviation	4.2%	3.4%
Sharpe Ratio	0.42	0.20
Maximum Gain	21.2%	20.9%
Maximum Drawdown	(10.4)%	(8.1)%
Positive Months	74.1%	75.5%
	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	28 Feb 2025
Domestic Assets	64.6%
Equities	14.4%
Basic Materials	1.8%
Consumer Goods	1.6%
Health Care	0.1%
Consumer Services	2.5%
Telecommunications	0.6%
Financials	4.6%
Technology	2.7%
Derivatives	0.6%
Real Estate	1.7%
Bonds	36.4%
Commodities	2.6%
Cash	9.5%
International Assets	35.4%
Equities	23.2%
Preference Shares & Other Securities	0.0%
Real Estate	0.1%
Bonds	9.4%
Cash	2.6%

TOP 10 HOLDINGS

As at 31 Dec 2024	% of Fund
Prosus Nv	2.2%
FirstRand Limited	1.1%
Richemont	0.8%
Standard Bank Of SA Ltd	0.7%
Dis-chem Pharmacies Ltd	0.6%
Equites Property Fund Ltd	0.6%
Burstone Group Limited	0.5%
Anheuser-busch Inbev Sa/nv	0.5%
Psg Group	0.5%
Quilter	0.5%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Dec 2024	02 Jan 2025	2.06	0.18	1.88
30 Sep 2024	01 Oct 2024	1.89	0.26	1.62
28 Jun 2024	01 Jul 2024	2.20	0.36	1.84
28 Mar 2024	02 Apr 2024	1.98	0.24	1.74

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2025	1.8%	0.0%											**1.8%**
Fund 2024	0.1%	1.6%	0.5%	(0.3)%	1.0%	0.6%	1.7%	0.9%	2.0%	(0.2)%	2.7%	0.8%	**12.0%**
Fund 2023	5.5%	0.4%	(0.9)%	1.2%	0.4%	1.8%	0.6%	1.3%	(2.5)%	(1.4)%	5.7%	2.1%	**14.9%**
Fund 2022	(1.3)%	0.4%	(0.5)%	(0.5)%	0.2%	(3.2)%	2.9%	0.7%	(2.2)%	2.6%	2.1%	(0.3)%	**0.8%**
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%**

Issue date: 2025/03/12

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.

Performance and positioning

The past year proved rewarding for investors willing to take on some risk as the combination of falling inflation and easier monetary policy contributed to higher ratings for stock markets. The strong showing of the so-called Magnificent Seven tech giants pushed the S&P 500 Index to record highs. The South African stock and bond market also had a stellar 12-month period, benefiting from a post-election rerating that was driven by the hope of better government. In this context, the Fund delivered a healthy return of 12%, handily outpacing its targeted return of CPI + 3%. Our longer-term performance track record continues to hold, with the Fund delivering first-quartile performance and delivering ahead-of-target returns over three, five and 15 years.

SA fixed income was the largest contributor to the Fund's returns over the past year. SA government bonds shone as they outperformed their emerging and developed market counterparts. Starting yields at the beginning of the year embedded a large risk premium, reflecting investor concern around both the outcome of our elections and the trajectory of the government's debt ratios in a lacklustre growth environment. The positive election outcome triggered a sharp downward move in local bond yields and delivered very strong returns for bondholders. We continue to think that a healthy exposure to SA fixed income is appropriate for our Fund given our real return mandate. Inflation remains well-behaved and is expected to stay close to the midpoint of the current target band. We do, however, remain cautious on the outlook for the government's debt burden and are managing longer-term risks in our allocation through a combination of containing duration and having a moderate exposure to inflation-linked bonds (ILBs) given their attractive valuation and offsetting risk attributes.

The Fund also benefited from its exposure to risk assets, in particular global and local equities. Global equity market indices were tricky to beat in the last year, given the concentration of returns in a handful of stocks. Nevertheless, we saw a broad opportunity set and believed that the stock-picking environment was fertile for the patient investor. Our global equity selection delivered excellent index-beating returns in the final quarter of 2024, proving that the positioning was correct. The Fund's 39% gross offshore allocation is still largely skewed towards equities, where we still observe robust return opportunities, notwithstanding elevated market index levels. We are mindful of downside risks, but believe this allocation provides necessary diversification for clients. We have also protected a portion of this allocation with relatively cheap put protection. Our 39% gross offshore exposure translates into a 32% net exposure after accounting for our currency lock position.

The rally in local equity markets was a welcome contribution to the Fund's returns. While market beta was supportive, our equity selection added to client returns. The Fund benefited from allocation to its rand hedge stocks (Naspers and British American Tobacco) as well as a carefully curated basket of SA equities. A combination of mid cap names (OUTsurance, PSG Konsult, Dis-Chem, Advtech, and Altron) delivered handsome absolute and relative returns in our SA equity allocation. Our selection of these local businesses was built with the view that these were well-managed businesses with robust business models, able to grow and take market share in a weak economy. These are also highly cash generative businesses – a further attraction for our Fund. From a valuation perspective, the domestic market has rallied from very cheap levels to a more normal and not yet expensive level. We continue to favour a large allocation to attractively valued rand hedge shares and remain selective on our domestic names. While the optimism over our election outcome is justified, this must now translate into higher economic growth for the equity rally to be sustained.

In this commentary, we have focused on the asset classes that contributed to most of the Fund's returns over the last year. It would be remiss of us not to mention that the smaller allocations in the Fund – namely SA property, SA cash, offshore cash and offshore fixed income – also contributed positively to returns. As a collective, these exposures provide beneficial diversification in the Fund and add to the robustness of portfolio returns.

Outlook

As we head into 2025, there is much to consider.

- On the global front, most of the current market commentary is focused on the policy pledges around tariffs, tax cuts and de-regulation from the incoming Trump administration. US exceptionalism has been a formidable feature of markets over the last year, and it remains to be seen if this can continue under the new administration. We are cognisant that starting equity market valuations in the US are elevated, and as such we do not anticipate another year of 20%+ returns from global stocks.

  The growth outlook has moderated as the US shifts from above-trend to a more normal growth trajectory and major economies such as Europe and China remain subdued.

  High levels of government debt in many developed economies are concerning. After the Global Financial Crisis of 2008/2009 and the Covid pandemic, most governments experienced soaring debt levels as they implemented expansionary fiscal policies to mitigate the shocks of these events. Debt servicing costs have become a burden to many governments, and tackling it by raising taxes and spending less is obviously an unpopular choice. Bond investors are rightly demanding higher yields from government debt. In the corporate credit space, spreads have compressed materially and provided a good source of return for our Fund. We are unlikely to see further compression from this level, limiting the potential return from global corporate credits to a still relatively healthy hard currency yield.

  The disinflation process seems to have stalled in many places as some of the easier downward pressures from falling energy prices and supply chain improvements have waned, and factors like fiscal policy, labour market slack and productivity have become more relevant. In 2025, the impact of potential US tariffs and retaliation risks add to inflation risk (and hurt growth prospects).

  Geopolitical tensions remain, and the vacuum in global leadership creates uncertainty.

- Domestically we will not escape the influence of these global risks. However, our local self-help narrative is a potential positive offset if we see the delivery and execution of sensible policy by our coalition government. The much-improved power supply is a promising sign that economic conditions could indeed improve. But we need to see improvements in other infrastructure areas, too, if we are to continue to experience a rich return environment in domestic asset classes.

We have managed this Fund in volatile and uncertain times, and we expect 2025 to be no different. Our success in delivering good client outcomes stems from our ability to work as an integrated team to identify the best investment opportunities and to act quickly to take advantage of them. We continue to be responsible stewards of your capital, primarily focusing on delivering on the targeted mandate return in a wide range of economic outcomes.

Portfolio managers
Pallavi Ambekar, Charles de Kock and Neill Young
as at 31 December 2024

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 45% 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) 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. 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 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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