SPECIAL EDITION

BEYOND 2020: INVESTING THROUGH UNSETTLED TIMES

KEY THINGS TO CONSIDER TODAY FOR YOUR INVESTMENT PORTFOLIO

COROLAB

Your guide to investment ideas

CORONATION

TRUST IS EARNED™

THE CORONATION CLIENT CHARTER

We strive to always put clients first

We have an unwavering commitment to the long term

We focus on producing top performance over all meaningful periods

We are uncompromising about ethics

How we move foward as investors

IT'S HARD TO believe how dramatically 2020 has changed our lives, in some ways permanently.

Financial markets have already seen its quickest sell-off and subsequent recovery to date, yet the economic outlook remains murky. It is not surprising that investors are left asking, "What's next?"

While the Covid-19 pandemic rages on, and with many governments and central banks around the world firmly in 'whatever it takes' mode, our focus in this edition is to try and contextualise what all of this means for your portfolio.

We continue to believe that a disciplined commitment to long-term valuation-based investing, coupled with deploying an appropriate risk budget, remains the correct approach. The former is what we focus on every day on behalf of our clients; the latter is what you need to decide in the process of selecting the right fund for your needs.

Our key take-out is that now, more than ever, inflation protection should be a priority when constructing your long-term investment portfolio. This may require you to take some action, the practical considerations of which we detail on pages 18 and 19 of this guide.

Actions you could consider as your best defence in this market environment

1

Review your current asset allocation – ensure it consists of sufficient equity, other real assets* and offshore exposure.

**growth assets such as equities and property or inflation-hedged asset classes such as inflation-linked bonds and precious metals (see more on page 13).*

2

Invest in an actively managed multi-asset fund that matches your risk profile and time horizon – if you need some help, speak to a qualified financial adviser.

An unprecedented fiscal & monetary experiment

QUICK TAKE

To counteract the Covid-19 pandemic, severe social distancing and lockdown policies have been adopted around the world. This dramatically shrunk economic activity.

In response, governments have launched large support programmes, causing debt levels to grow dramatically. Monetary policy is also extraordinarily loose, with low interest rates and through unprecedented asset purchase programmes.

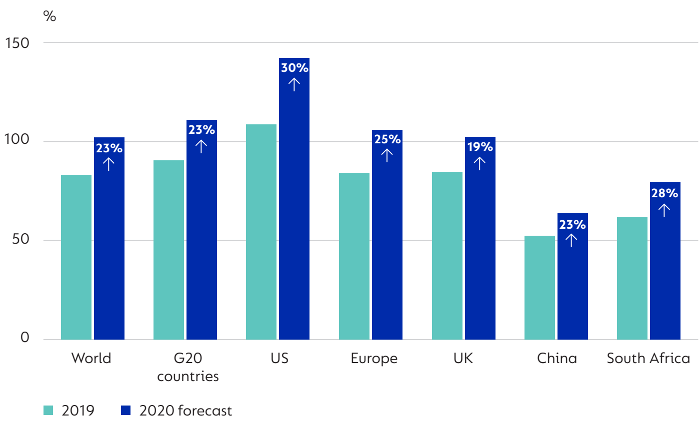
All this new debt will have to be paid back at some point. The question is how this will be done.

In the absence of remarkable economic growth or debt defaults, higher taxes and/or financial repression will be the likely result.

THE ENVIRONMENT FACING long-term investors is treacherous. We are in uncharted waters for our generation, with GDP forecasts drastically revised downwards (some economists forecasting double-digit contractions); the fiscal deficit to reach the highest levels in the post-apartheid era; and Stats SA having before calculated annual inflation at its lowest rate in more than 15 years.

Figure 1

GLOBAL DEBT-TO-GDP (2019 VERSUS 2020 FORECAST)



Source: IMF

In a deep recession, consumer and business demand collapse

Social distancing and lockdowns are severely disruptive and created a sudden halt in activity in many industries, which led to falling commodity prices and surging unemployment.

The IMF forecasts an enormous global output loss in 2020 and 2021 as a result of the pandemic that triggered the worst global recession since the Great Depression. At the same time, unlike the experience in previous pandemics, Covid-19 targets the economically inactive more than those seeking work, meaning labour availability is unaffected.

More insecurity, a decline in asset values and increased market volatility create a negative wealth effect, making households less confident and less likely to consume. The post-Global Financial Crisis (GFC) experience taught investors that loose monetary policies, such as negative interest rates and quantitative easing, are not necessarily inflationary. Unsurprisingly, market expectations in mid-2020 are that inflation rates will remain benign. If there is a concern, it is focused on the risk of deflation.

Relentless increase in indebtedness worldwide

At the same time, government debt levels are growing dramatically. The ratio of US government debt to GDP is expected to increase to a level higher than the World War II peak this year. The UK debt ratio broke through 100% for the first time since the early 1960s. Local debt levels are also setting records, with National Treasury expecting an increase in the debt ratio from 63.5% at the start of this year to peak debt at 87.4% three years from now. Achieving this debt ratio will not be easy, as it is subject to realising significant expenditure cuts over the next three years. If the planned cost savings are not realised, the debt ratio will continue to deteriorate by 6% - 9% every year.

The local policy interest rate has only been lower once, briefly, back in 1973.

Monetary policy is extraordinarily loose

The US Federal Reserve continues to increase its balance sheet at a rate that dwarfs the policy response to the GFC a decade ago and the European Central Bank is not far behind. Nearly all advanced economies now have asset purchase programmes in place and the asset purchase strategy is increasingly being used elsewhere too.

To stabilise financial markets, the South African Reserve Bank cautiously joined 11 other emerging market central banks in launching a bond-buying programme during March 2020. The local policy interest rate has only been lower once, briefly, back in 1973. With inflation expected to remain low for the foreseeable future, more rate cuts are expected.

All this new debt will have to be repaid eventually

Some argue that repayment can happen over several decades, given that the pandemic is a once-in-a-lifetime event. The painless way to reduce the debt burden over time is through economic growth. As a country becomes more productive and thus wealthier, it is relatively easier to raise the taxes required to support current spending and repay accumulated debts.

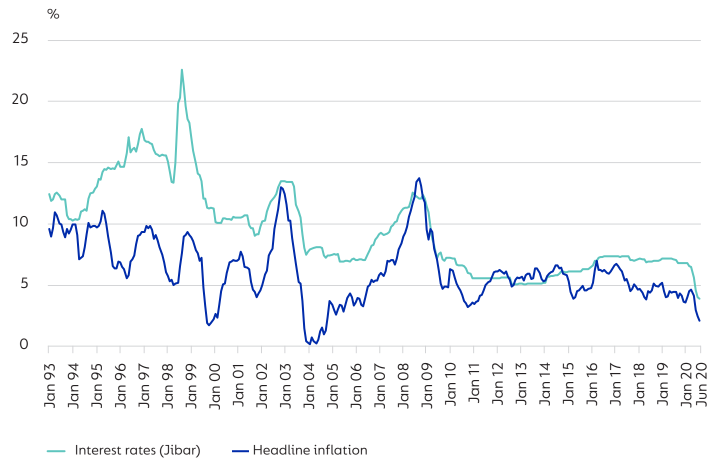
This was the happy outcome for South Africa in the 2000s, when our debt ratio fell dramatically.

Globalisation is in reverse gear

Unfortunately, there are headwinds that will make it much harder to repeat this outcome. Globalisation, the major engine of low prices and rapid growth over the past three decades, is in reverse gear. This is partly due to geopolitics, with increasing tension levels between the great powers. The level of international coordination is already significantly lower in this crisis than during the GFC a decade ago. This is compounded by a change in risk appetite. Demographics will also weigh heavily on growth and savings, as the global population continues to age.

Figure 2

INTEREST ON CASH AND INFLATION CONVERGING



Source: IRESS as at end-June 2020

Socialising the costs

It is therefore likely that some of the costs of more debt will have to be socialised through different mechanisms. One obvious route is higher taxes, which, if targeted at the wealthy, is also seen by some as a way to address growing inequality. We know that this is not the core approach planned for South Africa in the near term. In recognition of significant past increases in the tax burden and a severely constrained economy, National Treasury recently placed more than 90% of the debt stabilisation load on spending cuts, and less than 10% on additional revenue through new taxes or higher tax rates.

Enter higher prices and the concept of financial repression

When debt can't be repaid through growth alone and default is unpalatable, higher inflation provides a route out of the quandary. Couple higher prices with financial repression, where governments adopt policies that result in savers earning a rate of return below inflation, and debt can gently be inflated away over time.

One of the great challenges in the current investment environment is that much of the world finds itself in a similar position at exactly the same time, creating a more treacherous path for investors seeking to preserve their wealth.

What is financial repression?

A simple definition is a set of policies that result in savers earning negative after-inflation (real) returns in order to reduce funding costs for lenders — both government and private. This often coincides with a weaker currency and higher inflation.

CASE STUDIES

The impact of inflation on investors

Three very different historical episodes can help us understand the impact of inflation on long-term investors in different scenarios. While these cases are not necessarily representative of what will happen in future, they provide useful perspective on a range of outcomes that have historically prevailed.

Germany (1921-1923): War reparations and currency printing

The German mark declined from 4.2 marks to the US dollar before World War I, to 4.2 trillion marks by November 1923, when it was replaced with a new currency coupled with a fiscal reset.

What happened?

Germany funded their World War I campaign entirely with debt, planning to repay their creditors with the spoils of victory. After losing the war, the country's financial situation continued to worsen as a result of the very punitive war reparations required by the Treaty of Versailles, which had to be repaid in either gold or foreign currency. To try and meet these obligations, marks were printed indiscriminately and used to buy foreign currency, resulting in a complete collapse in its value. When this inevitably led to default, France and Belgium occupied Germany's industrial heartland, intending to exact payment in commodities and goods. German workers resisted this invasion and went on a general strike, further reducing productivity and increasing demands for financial support from the government. Eventually sanity was restored by accepting that the central bank cannot fund government debt directly and by issuing a new currency indexed to gold at the same rate as the pre-war mark.

Impact on asset classes

Government bond holders were wiped out by hyperinflation in less than three years (by 1925, 2.5% of the value of bonds were reinstated). In turn, the German stock market increased significantly during hyperinflation, with equities increasing in value by approximately 3.5 times (measured in US dollar), according to JP Morgan estimates.

United Kingdom (1947-1970): Repaying World War II debt and the long boom

In 1947, the cost of fighting World War II (WWII) left the UK with a debt-to-GDP ratio of close to 250%, which declined to below 60% by 1970.

What happened?

The 25 years post WWII was an era of economic expansion, known as the 'long boom'. The global economy expanded by 4.8% per annum and unemployment in the UK fell to 1.6%, compared to an average unemployment rate of 13.4% in the two decades prior to WWII and 6.7% in the 1970s and 1980s. Financial crises were rare. Energy costs collapsed after the war, agricultural productivity increased and new industries such as aviation, radio and television all contributed to growth. This expansion was further supported through significant investments in infrastructure, growing the welfare state and better international co-operation. However, this period was not completely benign from an investment perspective. To deal with elevated debt levels, governments introduced progressive income, capital and inheritance taxes and in the case of the UK, resorted to financial repression, consisting of higher inflation rates, lower interest rates and capital controls.

Impact on asset classes

Rapid growth was supportive of the UK equity market, which on average produced an annual return of 10% ahead of inflation during the 1950s and 1960s. Financial repression created a less happy outcome for UK bond investors, who received an annual return of 1.9% below inflation over the same period.

United States (1968-1982): The Phillips Curve, oil crisis and stagflation

US inflation was below 2% per year in the decade to 1967. In the 15 years that followed, inflation jumped to an average 7.3% per year, with a peak of 14.8% in March 1980.

What happened?
Monetary policy was too loose, allowing high inflation expectations to become entrenched.

The Phillips Curve, positing a fixed relationship between unemployment and inflation, neatly fitted US data during the 1960s and thus became conventional wisdom. It theorises that as the unemployment rate falls, labour market conditions become tighter, forcing employers to pay higher wages. The reverse would happen when unemployment increased. If this holds consistently, policymakers can target desired employment levels for a small, predictable change in inflation. Unfortunately, this relationship broke down in the 1970s, as predicted by Milton Friedman's monetarist theory. His explanation was that informed workers would, over time, adjust their inflation expectations and demand higher wages, causing the short-term relationship between inflation and unemployment to break down in the long term. Monetarists believe prices need to adjust to the level of economic output, not the other way around. The need to anchor inflation expectations is why we still have inflation targets today.

While inflation was increasing, the US economy disappointed. The 1973 OPEC oil embargo caused fuel prices to increase nearly fourfold, the US lost global competitiveness relative to Japan and Germany, debt levels soared as a result of the Vietnam war and experiments in price controls caused a major economic contraction, which led to stagflation: low economic growth coupled with stubborn inflation and high unemployment.

Impact on asset classes
Both US equities and US bonds performed below the long-term trend. Equities still did better than bonds though, beating inflation by 0.5% per annum, while bonds underperformed inflation by 1% per annum.

What about South Africa?

We have already moved closer to financial repression locally, with policy interest rates moving from 6.5% in January (around 2.5% real), to 3.5% today, which is less than 1.5% ahead of the inflation rate at the end of May 2020. Longer-dated income assets still provide the potential for above-average real returns, reflecting the bond markets' concerns about the rapid increase in South Africa's government debt. In July 2020, the 10-year and 20-year government bonds yielded 9.5% and 11.5% respectively.

We have already moved closer to financial repression locally.

We expect inflation to remain at or below 3% until early 2021, which creates room for further interest rate cuts this year. It should be noted that inflation indices have become less reliable during the social distancing era, with significant changes in behaviour and reduced availability of goods and services as a result of lockdown rules, making the basket less representative of actual spending.

Your money will need to work harder for you

QUICK TAKE

Cash has become significantly less attractive. It no longer offers the real returns that it used to and is much less likely to produce competitive prospective returns.

Multi-asset portfolios with larger risk budgets, which include the ability to have healthy equity and offshore exposure, as well as to invest in longer-duration income assets, have become significantly more attractive on a relative basis.

Cash or near-cash funds attracted the lion's share of new money over the last few years

In the recent past, South Africans were in the fortunate position of saving in a market where cash and short-term fixed income assets provided yields significantly in excess of inflation – quite unique in a global context. Together with underwhelming returns from domestic growth assets, this has meant that in the five years to end-June 2020, cash or near-cash funds (lower risk income and money market funds) have outperformed the average South African balanced fund, as well as the average South African equity fund.

Figure 3 shows the response from investors as they de-risked portfolios by switching from long-term funds with more growth assets into short-term funds with only fixed interest assets. Many investors were happy to settle for the certainty of achieving reasonable real returns without having exposure to more volatile assets. This strategy has worked well in the recent past.

Figure 3

CASH OR NEAR-CASH FUNDS ATTRACTING THE LION'S SHARE OF NEW MONEY

Sources: Morningstar, Coronation as at 30 June 2020 (Fixed Income category includes cash plus funds)

Investors in cash are currently earning a third less on the asset class compared to the beginning of 2020

But what has since happened to cash as an asset class?

Since the start of 2020, the South African Reserve Bank has cut the repo rate by a cumulative 300 basis points. This was to provide relief to an already struggling economy exacerbated by the behavioural changes and lockdowns imposed due to the Covid-19 pandemic. While this benefits lenders, it comes at the expense of savers (cash investors), as the real return on the asset class has now moved much closer to zero. When adjusting for tax on interest, many investors in cash can expect to earn net returns below the current inflation rate. Low interest rates are effectively a levy on savers used to subsidise lenders.

Time to recalibrate expectations

For the foreseeable future the perceived safety of cash or near-cash investments may become a trap for investors, especially in the event of a possible resurgence in inflation over the medium to longer term. In fact, in a tough economic environment where financial repression may become a necessity, we question the ability of cash to provide appropriate inflation protection, especially when considered relative to alternatives such as more diversified multi-asset portfolios.

Limited ability to provide real returns

Over time, the most efficient asset class to achieve inflation-beating returns was equities. With higher debt levels, lower interest rates and the possibility of higher inflation over the long term, the already limited ability of cash, and to some extent even bonds, to provide real returns over time, will be tested even further (as shown in Figure 4).

When adjusting for tax on interest, many investors in cash can expect to earn net returns below the current inflation rate.

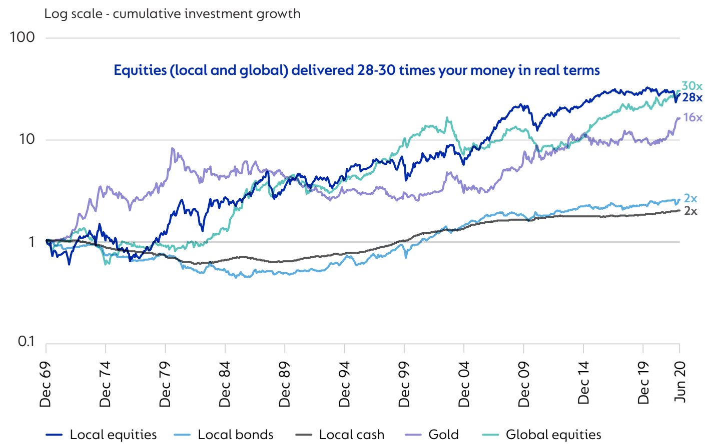
Note that cost of living expenses (e.g. electricity, municipal rates and taxes, fuel, medical aid, entertainment and imported goods) typically increase in price faster than the official inflation rate, on which Figure 4 is based.

For the average middle-income to upper-income household in South Africa, the already underwhelming inflation protection offered by cash and bonds may have been even worse than the official inflation rates imply, depending on the composition of your spending basket.

Figure 4

CASH AND BONDS HAVE BARELY PROTECTED PURCHASING POWER OVER THE LONG TERM

Real returns since 1970



Source: IRESS as at 30 June 2020

How do we define real assets?

Real assets consist of growth assets such as equities and property (businesses with pricing power that can grow earnings at or above inflation) or inflation-hedged asset classes such as inflation-linked bonds and precious metals.

Prioritising real assets by taking enough risk

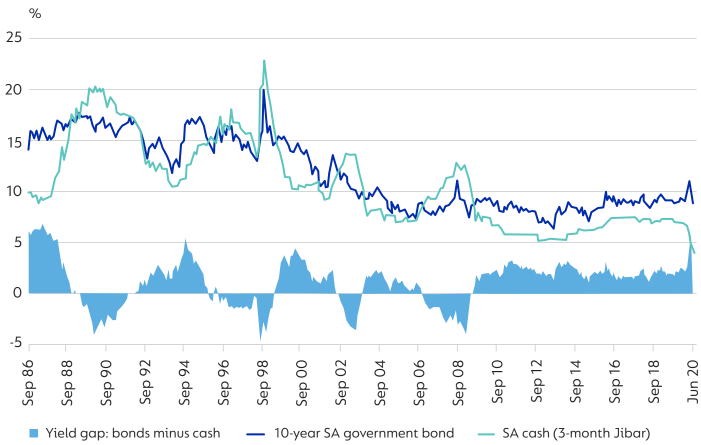
To protect yourself against the risk of inflation, real assets should form the cornerstone of your portfolio. To gain exposure to these assets, you need to be invested in a fund with a mandate that allows exposure to the most appropriate combination of real assets and longer duration income assets given your ability to take risk. Many investors who have de-risked their portfolios over the last five years (as illustrated in Figure 3), or who may have invested too conservatively to begin with, need to consider taking action to increase the risk in their portfolio to an appropriate level.

Enter the multi-asset fund

Over the long term, a well-diversified multi-asset portfolio with a wide mandate and adequate exposure to growth assets remains one of the most robust approaches to protecting your purchasing power.

Figure 5

BIGGEST YIELD GAP BETWEEN CASH AND GOVERNMENT BONDS SINCE 1987



Source: IRESS as at 30 June 2020

Apart from being able to invest in cash and bonds, multi-asset funds have the ability, subject to the regulatory and risk-management levels limits that apply, to invest in:

- equities (domestic and foreign);
- listed property;
- physical gold and other precious metals;
- other offshore assets; and
- government and corporate bonds, including inflation-linked debt.

All of these assets have higher expected returns and thus better long-term inflation protection ability than cash. In addition, these portfolios are diversified and constructed to achieve good risk-adjusted outcomes over time.

Consider this example

An easy way for cash investors to take advantage of the yield gap (as illustrated in Figure 5) in a judicious manner is to invest in a multi-asset fund. The current yield available from cash is less than 4%. In contrast, investors in the 10-year government bond can earn around 9% annual interest. The difference between the interest you can earn on cash versus a 10-year government bond (also called the yield gap) is currently the highest it has been since 1987 as illu-strated in Figure 5.

Don’t underestimate the value of active asset allocation during times of crisis

QUICK TAKE

As the crisis unfolds, we have been and still expect to make significant asset allocation changes across our multi-asset funds in the months and quarters ahead.

Critically, asset allocation is about the pricing of assets, not market timing. And it is ideally left to the skilled professional who focuses on making disciplined asset allocation decisions every day.

ASSET ALLOCATION IS the most important decision you make when investing. While significant value can be added by focusing on the selection of individual securities, it is critical to have appropriate exposure levels to specific risk drivers and to blend different assets together in a way that increases the probability of optimising your outcomes. This process of constructing a robust portfolio requires consideration of the entire portfolio, involving a broad, generalist mindset ranging from interpreting mega trends, through forming views on the relative attractiveness of different asset classes to thinking like a business analyst assessing the long-term value of a specific security.

Why it matters

The de-risking trend favoured by many South African investors can have a profound impact on long-term investment outcomes if left unchecked. By moving their portfolios out of multi-asset funds and into low-risk cash-heavy alternatives, investors have effectively assumed the asset allocation responsibility themselves. This means they need to make the second leg of the timing decision —when to re-risk— themselves.

But market timing is a very risky strategy

Investors that missed only 5.4% of the months on the JSE got zero real return over the last 60 years. Likewise, if as an equity investor you missed only 5.9% of the months over the past 27 years that Coronation has been in business, you would have received zero alpha (or excess return above the market index)[1].

During crisis periods, elevated volatility levels mean that market prices move rapidly. Much like the GFC, the current crisis has required us to implement meaningful active asset allocation decisions on behalf of investors in our multi-asset funds. Examples of significant actions since the start of the crisis include:

- Aggressively cutting exposure to equities early in January and February only to materially increase exposure again in late March/early April 2020.
- Implementing a significant rand-hedge (at over R/$18.00).
- Increasing our local bond holdings when yields moved up by as much as 400 basis points in late March 2020, and cutting exposure as yields reduced back in the subsequent months.
- Taking advantage of the indiscriminate sell-off in domestic equities to enhance the quality of our basket of local shares.

[1] Calculations as at 30 June 2020 based on JSE ALSI returns since February 1960, and outperformance achieved within the Coronation Houseview Equity Portfolio, our longest-running investment portfolio for institutional investors.

Importantly, the crisis is not over, and we expect many more challenges to surface. We expect that we will continue to make meaningful changes to our asset allocation in the months and quarters ahead as we proceed through what is an unprecedented time.

We expect to continue making meaningful asset allocation changes in the months and quarters ahead.

A multi-asset fund for every investor need

We offer a range of actively managed multi-asset funds suited to most investor needs (local, global and unconstrained) and have built a compelling track record of generating real returns over the long-term across the range. We continue to believe that there are options well suited to the needs of most investors. For more information consider the table on page 18 and 19 and the comprehensive fund fact sheets available on coronation.com.

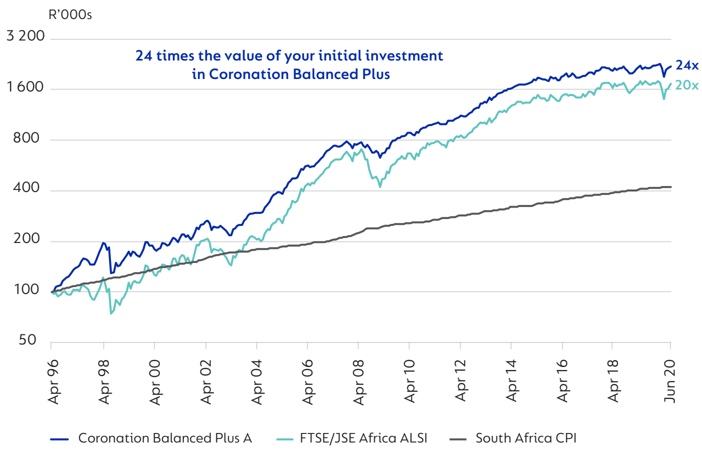
An example of the benefits of active asset allocation and security selection can be found in the track record of Coronation Balanced Plus, our flagship multi-asset fund aimed at those saving for retirement within the pension system (via a Retirement Annuity, Pension or Provident Fund). The fund can invest in a wide variety of assets, such as shares, bonds, listed property and cash, both in South Africa and internationally. Figure 6 shows the performance of Coronation Balanced Plus versus that of the JSE All Share Index (ALSI), as well as inflation since the Fund's inception in 1996.

Not only did Coronation Balanced Plus meaningfully outperform inflation, it also comfortably outperformed the ALSI. As a multi-asset fund, the diversified nature of the portfolio also meant that the outperformance relative to the ALSI was achieved at much lower risk and volatility than a pure equity investment. The ability of the Fund to actively balance equity exposure with other asset classes and actively manage the assets within the respective asset classes not only delivered equity beating returns over the long term, but also ensured that it was done at moderate levels of risk and volatility.

Figure 6

CORONATION BALANCED PLUS: COMFORTABLY OUTPERFORMING THE MARKET AND INFLATION OVER TIME

Log scale – cumulative investment growth

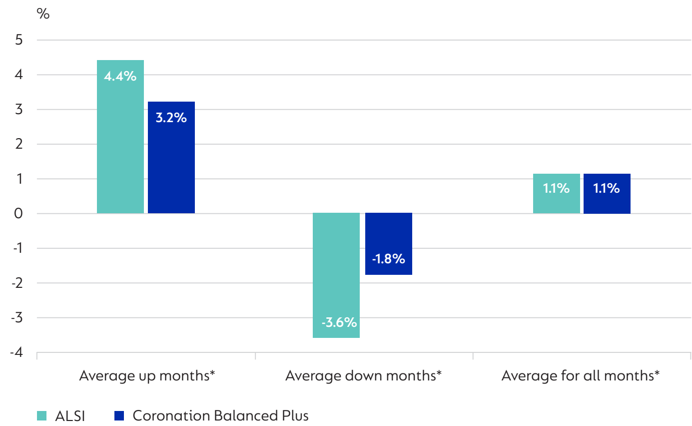


Source: Morningstar as at 30 June 2020

Considering the Fund's performance during up and down months in the market shows the true value of active asset allocation. Figure 7 illustrates the average monthly return of the Fund versus the ALSI as well as the specific outcomes during up and down months. With the fund delivering roughly three-quarters of the upside of the ALSI, but only half of the downside, it was able to provide a return slightly ahead of the market, but with significantly lower volatility.

Figure 7

MORE OF THE UPSIDE AND LESS OF THE DOWNSIDE



*Average monthly return since inception of Coronation Balanced Plus in April 1996.

Sources: Morningstar, IRESS as at 30 June 2020

It is this asymmetrical pay-off (more of the upside and less of the downside) that adds significant value over time and makes a well-managed multi-asset fund an enduring cornerstone of any investment portfolio.

Protecting and growing your assets in our multi-asset funds

Below is a snapshot of certain key positions across Coronation's multi-asset funds that demonstrates our pursuit of building robust portfolios that will protect our clients against the eroding effects of financial repression.

Key position	• Overweight global JSE-listed equities such as Naspers/ Prosus and Quilter • Fully invested offshore	• Increased number of equities with significant pricing power such as British American Tobacco and Aspen	• Exposure to resource shares listed on the JSE • Meaningful position in physical precious metals such as gold, platinum and rhodium	• Preference for domestic bonds (including inflation-linked bonds) over cash
How it protects against financial repression	• Provides diversification outside of SA in order to gain access to healthier, faster-growing and higher-quality earnings streams. • Also adds protection against long-term rand weakness	• The ability of these equities to pass through inflationary increases to consumers is a highly valuable trait	• Direct and indirect exposure to a broad basket of commodities with inflation-hedge and diversification characteristics	• While not without some risk, the pickup in yield allows for a higher likelihood of real returns

Source: Coronation, as at 30 June 2020

What does all of this mean for you?

We strongly encourage you to review your current asset allocation to ensure that it consists of sufficient equity, other real assets and offshore exposure (as defined on page 13).

We recommend that you consider, with the help of a financial adviser, matching your individual risk profile and time horizon with an actively managed multi-asset and/or equity fund as your best defence against a possible rise in future inflation.

The following information provides some practical considerations for each investor need along with the relevant Coronation fund to match that need.

YOUR INVESTMENT NEED	**I am a conservative investor with an investment horizon of less than 12 months.**	**I am a conservative investor with an investment horizon of 12–36 months.**
YOUR CURRENT REALITY	The natural assumption would be to invest in cash, but the significant interest rate cuts (as detailed on page 6) have left your yield uncomfortably close to inflation.	Your investment horizon allows for more flexibility in order to gain exposure to other yielding asset classes that, while carrying additional risk compared to cash, can significantly enhance your total return. For example, at the time of writing the yield offered on the 5-year government bond is 7.25%, well ahead of the 4.98% yield produced by our money market fund.
KEY CONSIDERATIONS	If invested smartly, your emergency fund could earn interest at a better rate than a deposit at a bank. This becomes more valuable at a time of multi-decade low interest rates.	Consider a managed income solution that has the ability to meaningfully outperform cash or more conservative funds (such as Coronation Jibar Plus) over slightly longer-term periods by allocating across the spectrum of yielding assets.
CONSIDER THIS CORONATION FUND	Coronation Jibar Plus is designed to protect capital over short time periods, while delivering a higher return than bank deposits and traditional money market funds.	Coronation Strategic Income gives you access to the full suite of fixed income options. The fund's current yield is 5.5%, which compares to cash deposit yields of less than 3.5%. To match this yield in a fixed deposit, you need to commit to a term of 4–5 years, while Strategic Income offers liquidity when you need it.
i	Read more about compelling cash alternatives here.	Read more about compelling cash alternatives here.

For full details on fund composition, benchmarks, fees and highest and lowest annual returns, please refer to the respective comprehensive fact sheets available in the Personal Investments section of www.coronation.com or contact one of our Client Service consultants on 0800 22 11 77.

All information in this table is as at end-June 2020.

YOUR INVESTMENT NEED	**I am in retirement and investing for both income and growth.**	**I am a long-term investor who wants to grow my wealth over several decades.**	**I require global diversification and want to invest offshore.**
YOUR CURRENT REALITY	Financial repression represents a significant risk to retirees (both in the form of higher inflation and lower interest rates). Disappointing returns from equities over the last five years left many retirees with de-risked portfolios, making them more susceptible to this risk.	The likely implications of financial repression are as relevant for investors building toward retirement as those already in retirement. If you have time on your side, you can afford more growth asset exposure.	Many risks associated with financial repression are of a global nature.
KEY CONSIDERATIONS	In our view, the probability of achieving better outcomes over the next several years from having some exposure to longer-duration income as well as real assets has increased.	If you are saving monthly within a pension vehicle, you could take advantage of the benefits offered by multi-asset funds that will actively optimise their exposure to growth assets within the limits set out by Regulation 28. Those building wealth with discretionary capital (outside of the pension system) should look beyond the traditional balanced funds toward mandates with more flexibility.	The reality of the risks should not discourage you from continuing to seek judicious global diversification in order to protect yourself against an ailing South African economy and potential currency weakness over the long term.
CONSIDER THIS CORONATION FUND	Coronation offers two multi-asset funds, specifically managed with the living annuitant in mind – Coronation Balanced Defensive and Capital Plus. Both funds are managed to produce real returns over the medium to long term, while prioritising capital preservation over the short-term.	Coronation Balanced Plus (our flagship solution for those saving for retirement through a retirement annuity, pension- or provident fund) aims to maximise your long-term growth within regulatory limits. Those investing outside of the pension system can consider Coronation Optimum Growth. Its worldwide flexible mandate allows for a broad allocation across all asset classes and geographies in pursuit of compounding your wealth over multiple decades.	With full global expertise across developed and emerging markets, you only need to identify a global fund that best suits your reasons for investing offshore. More conservative investors that require steady returns in excess of global cash and inflation could consider Coronation Global Capital Plus, while long-term growth-oriented investors may be best served in Coronation Global Managed.
i	Read more about post-retirement investing here.	Read more about investing for long-term capital growth here.	Read more about investing offshore here.

For **enquiries** you can call us on **0800 22 11 77**
or email us at **clientservice@coronation.com.**

For **new applications or transactions** you can email your forms directly to **transact@coronation.com** or fax us on **+27 21 680 2100.**

For **more information or to invest online**, visit us on **www.coronation.com**.