

# RETIREMENT PRODUCTS AND ENDOWMENT PLAN

for individuals



# WHY CORONATION

## A SINGLE INVESTMENT PHILOSOPHY OF LONG-TERM INVESTING

We take high-conviction views that result in consistent superior long-term performance. All our funds are managed with a common commitment to a disciplined investment philosophy and we conduct our own research where we value businesses on a long-term outlook. This is what we call the Coronation DNA. For us it's all about delivering performance that meets your investment needs. **There are no short cuts to wealth creation.**

## TEAMWORK

We have one of the best and largest investment teams in South Africa. This unique blend of skill and experience see us as one of the only investment teams in the world with 3 former-CIOs still actively managing money within the team.

**Over the years we have developed and nurtured a culture of teamwork and excellence, balancing the benefits of rich and diverse debate with an emphasis on individual accountability.**

Our focus on ownership encourages people to work hard, grow continually and contribute to the direction and success of the business.

## THE CORONATION CLIENT CHARTER

We focus on matching your needs with our ability to produce great performance. While the world around us changes, we hold steadfast to what we believe to be fundamental – a single focus on managing relevant and sustainable funds on behalf of our clients. Our aim is for you to always feel comfortable that with us your money is in good hands. The Coronation Charter is a public and open commitment to our clients where we:

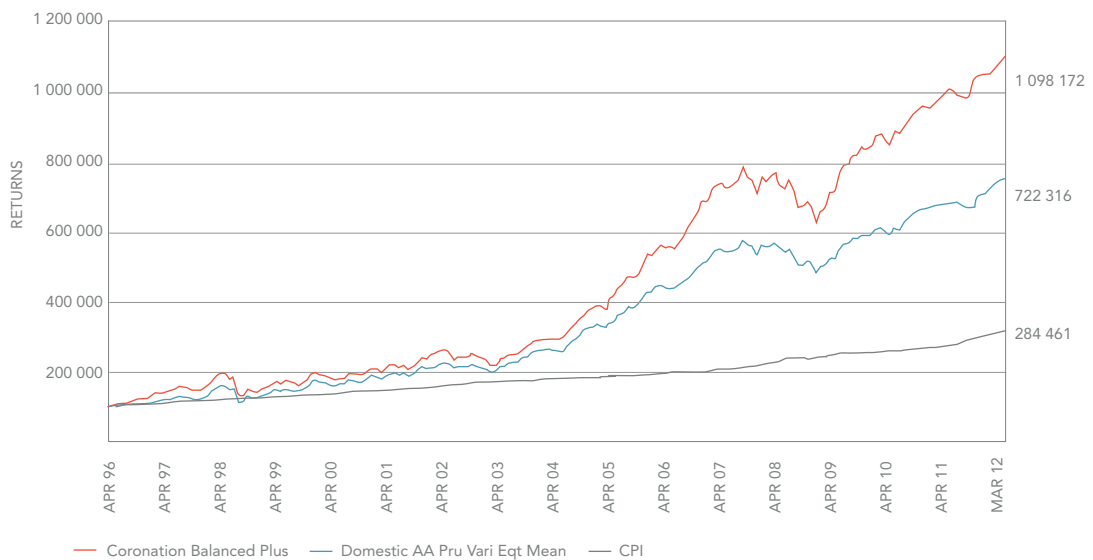
- strive to always put clients first
- have an unwavering commitment to the long term
- focus on producing top performance over all meaningful periods
- are uncompromising about ethics

## PERFORMANCE

Over the years, we have consistently produced superior investment returns in all market cycles. Irrespective of the snapshot in time, Coronation Fund Managers consistently ranks in the upper quartile of all recognised performance surveys and has dominated the unit trust ranking tables over a number of years across asset classes and portfolio categories.

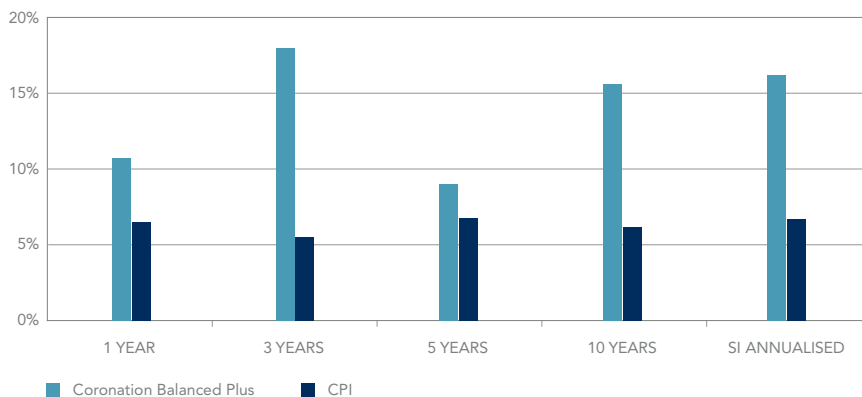
Our long-term track record of superior stock picking and asset allocation is reflected in the graphs below, showing that since inception in 1996, the Coronation Balanced Plus Fund has delivered real returns for investors. This exceptional track record is further demonstrated across the entire unit trust range, with all our domestic flagship funds ranked in the upper quartile of the ranking tables.

### LONG-TERM TRACK RECORD



*An investment of R100 000 in Coronation Balanced Plus Fund on 30 April 1996 would have grown to R1 098 172 by 31 March 2012. By comparison, the Mean return of the ASISA Domestic Prudential AA Variable Equity sector over the same period would have grown a similar investment to R722 316.*

### ANNUALISED RETURNS SINCE INCEPTION



# OUR PRODUCTS



## TRANSPARENT, FLEXIBLE AND COST EFFICIENT

The Coronation retirement products and endowment plan have been designed to be transparent and easy to understand. With unit trusts as the underlying investment structure, you know exactly where your money is invested at all times. All information relating to your investment is available real-time via our secure website, and communicated to you at the end of each quarter. By using our flagship fund range you can leave most of the investment decisions to us.

Each product is flexible, allowing for the switching of funds within the Coronation unit trust range as your circumstances change. Furthermore, there are no time-related penalties; allowing you the opportunity to reduce, stop or resume your contributions without incurring any additional costs.

Coronation allows you to transfer to other funds or product providers and have access to your capital within the legislative parameters.

The range of Coronation savings products share a common characteristic: they all provide tax benefits to investors with specific needs. The **CORONATION RETIREMENT ANNUITY FUND** is an individual pension plan with the purpose of building capital to fund post-retirement living expenses. The **CORONATION PRESERVATION FUNDS** are aimed at individuals changing employment who would like to preserve the tax benefits of contributions made to a previous employer's pension or provident fund. The **CORONATION LIVING ANNUITY** is a vehicle through which pension fund capital can be invested to create a regular income in retirement. The final product in the range is the **CORONATION ENDOWMENT PLAN**, which provides preferential tax rates to marginal rate tax payers and removes the hassle of the tax administration associated with investments through other vehicles.

Along with selecting an appropriate investment manager and setting appropriate long-term investment goals, the tax-efficiency of your investment plan can have a substantial effect on your long-term investment returns. The less costs and tax you pay over your investment period, the greater your potential returns will be.

In exchange for the tax benefits provided by these products, government places varying restrictions on access to your capital when you invest through these structures.

## CORONATION RETIREMENT ANNUITY FUND



The **Coronation Retirement Annuity Fund** is a tax-efficient means to supplement an existing retirement fund, or to create retirement benefits for people who are self-employed. This product is particularly appropriate for people with an irregular earnings' pattern as contributions can be reduced, stopped or resumed at any time without incurring any penalties.

While access to funds invested in retirement annuities is restricted to the minimum age of 55, the tax benefit on voluntary contributions is available from inception.

ADVANTAGES	LIMITATIONS
<ul style="list-style-type: none"><li>▪ Flexible to change in needs</li><li>▪ Tax efficient: tax deductible contributions, tax free build-up, including exemption from dividends tax</li><li>▪ Unit trusts are the underlying investment structure</li><li>▪ No initial fees, exit penalties or admin fees</li></ul>	<ul style="list-style-type: none"><li>▪ You can only access your investment at the age of 55</li><li>▪ Needs to comply with Regulation 28. Invest in Balanced Plus or Capital Plus, both of which offer a tailored solution for retirement savings</li></ul>

## CORONATION LIVING ANNUITY

The **Coronation Living Annuity** provides post-retirement income upon retiring from a pension, provident or preservation fund, or a retirement annuity. A key benefit of this investment is its flexibility in terms of income needs and risk profile. A suitable investment portfolio is created from our range of unit trust funds, allowing for the annual withdrawal of between 2.5% and 17.5% of its value as income. The level of income can be changed annually on anniversary. As one's needs and lifestyle change, the combination of underlying funds in the investment portfolio can also be changed without incurring any penalties or costs.

ADVANTAGES	LIMITATIONS
<ul style="list-style-type: none"><li>▪ Provides post-retirement income</li><li>▪ Flexible to income needs</li><li>▪ Unused capital is heritable</li><li>▪ Tax efficient, no tax on interest or dividends earned, no CGT on disposals</li><li>▪ No initial or admin fees</li></ul>	<ul style="list-style-type: none"><li>▪ Income is not guaranteed for life. Setting a low drawdown rate and investing in Capital Plus or Balanced Defensive offers tailored solutions for post-retirement income investors</li><li>▪ Drawdown of between 2.5% and 17.5% required</li></ul>

*Note: The Coronation Living Annuity is not appropriate for investors seeking a guaranteed retirement income.*



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## CORONATION PRESERVATION FUNDS

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The **Coronation Preservation Pension Fund** and **Coronation Preservation Provident Fund** are designed for people changing employment, and who have already built up retirement savings as a prior member of an occupational pension or provident fund.

The purpose of these funds is to preserve the tax deductions previously granted on retirement fund contributions and to continue to grow the value of retirement assets until retirement. In this way you can avoid paying tax on your built-up retirement capital, allowing the maximum benefit from compound returns. These funds are used when there is a change in employment (as a result of retrenchment, resignation or termination) or the closing of an occupational retirement fund.

ADVANTAGES	LIMITATIONS
<ul style="list-style-type: none"><li>▪ Avoid paying tax upon receipt of a lump sum from a pension/provident fund</li><li>▪ Grows your capital tax free</li><li>▪ Unit trusts are the underlying investment structure</li><li>▪ Allows one pre-retirement withdrawal</li><li>▪ No initial fees, exit penalties or admin fees</li></ul>	<ul style="list-style-type: none"><li>▪ Needs to comply with Regulation 28. Invest in Balanced Plus or Capital Plus, both of which offer a tailored solution for retirement savings</li></ul>

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## CORONATION ENDOWMENT PLAN

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The **Coronation Endowment Plan** is an investment plan that allows you to create wealth tax-efficiently. This plan benefits investors with a marginal tax rate greater than 30% and a minimum investment time horizon of 5 years. The plan provides a simple and transparent cost structure that will assist in creating long-term wealth, and removes all tax reporting responsibility from the individual.

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# OUR FUNDS

To construct the optimal portfolio, investors can choose from the Coronation range of top-performing unit trust funds. Since the launch of our first fund in 1996, we have built a focused range of managed, equity, fixed interest and international funds. To simplify the investment decision, we highlight below the flagship multi-asset funds which we believe are best suited to growing and maintaining retirement benefits for the majority of investors.

## **Multi-asset funds reduce the complexity of decisions you need to make and diversify risk across asset classes.**

A good multi-asset fund delivers returns that are better than that of the equity market in the really tough times; providing the possibility of compounding returns above the market when risk assets (e.g. equity and property) are under pressure - this smoothing effect is the greatest benefit of diversification.

When you invest in a multi-asset fund you give Coronation the responsibility and accountability for all investment decisions. In determining the right asset allocation we weigh up the merits of different asset classes in a combined portfolio. We have the skill and experience to invest beyond equities, bonds and cash, into niched asset classes, such as listed property, ETFs, preference shares, inflation-linked bonds, corporate credit spreads, developed and emerging markets as well as direct commodities. Our aim is to provide the best possible return within the constraints of the risk budget set for each fund.

**Not all multi-asset funds are the same - different funds meet the needs of different investors. The level of risk that you are willing and able to take will determine which fund is right for you.**

By investing in a multi-asset fund your outcomes are more closely aligned with your lifestyle objectives. So if you're saving for retirement the **Balanced Plus Fund** is the perfect vehicle, giving you Coronation's best investment views across the various asset classes. Or the **Capital Plus Fund**, which aims to achieve the right balance between current income and growing capital when you've just retired. For investors with a low appetite for risk, the **Balanced Defensive Fund** which has a cap of 40% exposure to growth assets may be the optimal solution.

All our funds are managed with a common commitment to a disciplined investment philosophy of investing with a long-term outlook, thus all Coronation funds reflect the same DNA.



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## CORONATION BALANCED DEFENSIVE

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The **Balanced Defensive Fund** has been developed to provide investors with a reasonable level of immediate income while seeking to preserve capital in real terms over time (above inflation). It is an actively managed multi-asset fund that invests accross all listed asset classes. It complies with the requirements of Regulation 28 of the SA Pension Funds Act, and to ensure stability of capital in the shorter term, its exposure to growth assets\* is limited to a maximum of **40%**. This fund is ideally suited to investors requiring a current income and some protection against the impact of future inflation. To enhance alignment between investor and our own interests, this fund will reduce its management fee if its performance is negative over a rolling 12-month period, and forego the fee if negative over a rolling 24-month period.

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## CORONATION CAPITAL PLUS

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The **Capital Plus Fund** aims to maintain real growth of assets in excess of 4% per annum and to preserve capital over rolling 12-month periods. It complies with the investment restrictions applicable to retirement funds, is broadly diversified and managed with an absolute orientation. This fund is suitable for investors with a low tolerance for the volatility of returns associated with equity investing, and will not have more than **60%** exposure to growth assets\*.

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## CORONATION BALANCED PLUS

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The **Balanced Plus Fund** aims to achieve long-term capital growth and moderate income generation. It also complies with the investment restrictions applicable to retirement funds, and has up to **85%** in growth assets\*. It represents the Coronation 'best investment view' on asset allocation and instrument selection. This fund is best suited to investors seeking a capital growth portfolio optimised for long-term investors in retirement products.

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\* *Defined as equities and listed property*



For those investors who prefer to select and blend their own portfolios within the parameters of Regulation 28, the full Coronation unit trust fund range available via our savings products is summarised below.

DOMESTIC FLAGSHIP FUNDS	INTERNATIONAL FUNDS	DOMESTIC SPECIALIST FUNDS
<p><b>LONG-TERM GROWTH</b></p> <ul style="list-style-type: none"> <li>■ Top 20</li> <li>■ Balanced Plus</li> </ul> <p><b>INCOME AND GROWTH</b></p> <ul style="list-style-type: none"> <li>■ Capital Plus</li> <li>■ Balanced Defensive</li> </ul> <p><b>INCOME</b></p> <ul style="list-style-type: none"> <li>■ Strategic Income</li> </ul>	<p><b>LONG-TERM GROWTH</b></p> <ul style="list-style-type: none"> <li>■ World Equity [ZAR] Fund of Funds</li> <li>■ GEM Flexible [ZAR]</li> <li>■ Global Managed [ZAR]</li> </ul> <p><b>PRESERVATION</b></p> <ul style="list-style-type: none"> <li>■ Global Capital Plus [ZAR]</li> </ul>	<p><b>LONG-TERM GROWTH</b></p> <ul style="list-style-type: none"> <li>■ Equity</li> <li>■ Market Plus</li> <li>■ Absolute</li> <li>■ Optimum Growth</li> </ul> <p><b>INCOME AND GROWTH</b></p> <ul style="list-style-type: none"> <li>■ SA Capital Plus</li> <li>■ Property Equity</li> </ul> <p><b>INCOME</b></p> <ul style="list-style-type: none"> <li>■ Jibar Plus</li> <li>■ Optimal Income</li> <li>■ Money Market</li> <li>■ Preference Share</li> </ul> <p><b>BUILDING BLOCKS</b></p> <ul style="list-style-type: none"> <li>■ Smaller Companies</li> <li>■ Financial</li> <li>■ Industrial</li> <li>■ Resources</li> <li>■ Bond</li> </ul>

Please visit our website [www.coronation.com](http://www.coronation.com) or call our client service centre on **0800 22 11 77** for further detailed information.



## PRODUCT FEES

### ■ INITIAL FEES

Coronation does not charge initial fees on the investment products or the underlying funds.

### ■ FINANCIAL ADVICE FEES

A financial advice fee is only payable upon agreement between the investor and his/her financial advisor. In such an event, fees are limited to:

**INITIAL FEE:** A maximum of 3% (excluding VAT) deducted from the capital amount prior to investment. The maximum fee payable on the Coronation Living Annuity is 1.5% (excluding VAT).

**ANNUAL FEE:** A maximum of 1% (excluding VAT) of the investment portfolio, charged and paid monthly in arrears. Where agreement is reached on an initial advisor fee of 1.5% or greater, the annual advisor fee is capped at 0.5% (excluding VAT).

### ■ ANNUAL MANAGEMENT FEES

All products attract an all inclusive annual administration fee. This fee is fully subsidised by Coronation. Each unit trust carries a specific fee structure (see table below).

Full details are available on our website at [www.coronation.com](http://www.coronation.com) or from our client service centre on 0800 22 11 77.

### ■ WITHDRAWAL, MATURITY AND SWITCHING

No fees are levied for any of these eventualities.

## UNIT TRUST FEES

FUND	ON-GOING COSTS: ANNUAL SERVICE FEES %			PERFORMANCE FEES AND BENCHMARKS						
	Standard		Discounted	Fixed/ Variable Service Fee	Perf. Fee	% Perf. Fee	Capped (excl VAT)	Capped (incl VAT)	Payable in Arrears	Benchmark/Hurdle Rate
	excl VAT	incl VAT	incl VAT							
BALANCED DEFENSIVE	1.50	1.71	0.86/0.00 <sup>1</sup>	Variable	no	-	-	-	-	Alexander Forbes 3-month (STeFI) Index + 3%
CAPITAL PLUS	1.25	1.43	0.86 <sup>2</sup>	Variable	yes	10%	1.00%	1.14%	Monthly	CPI + 4%
BALANCED PLUS	1.25	1.43	N/A	Fixed	no	-	-	-	-	Composite Index (63% equity, 22% bonds, 10% international and 5% cash)

1. If the fund delivers a negative return over a rolling 12-month period, then a discounted fee of 0.75% applies. If the fund produces a negative return over a rolling 24-month period, then Coronation will forgo the total management fee until the historical 24-month rolling return is positive.

2. If the fund produces a positive return in line with or below the benchmark, the standard minimum fee will be levied. If the fund produces a negative return over a rolling 12-month period, the discounted minimum fee applies.

*For more detailed information, please refer to our website.*



# ADDITIONAL INFORMATION

## GETTING ADVICE

Investing for retirement is an extremely important and vital decision that can greatly impact your lifestyle and that of your family. It is therefore recommended that you consult a financial advisor if you are uncertain about any aspect regarding your investment.

## MINIMUM INVESTMENT

	RETIREMENT ANNUITY	PRESERVATION FUND	LIVING ANNUITY	ENDOWMENT PLAN
DEBIT ORDER	R 500 per month	n/a	n/a	R 500 per month
LUMP SUM INVESTMENT	R 10 000	R 50 000	R 100 000	R 10 000
AD-HOC CONTRIBUTION	R 5 000	n/a	n/a	R 5 000

## COMMUNICATION

We will keep you up-to-date on both your personal investment portfolio and trends in the market.

As an investor you will receive a quarterly investment statement, detailing total investment value and all transactions processed, as well as the Coronation quarterly Corospondent, which provides topical and relevant updates on the markets, the economy, investment issues and any developments at Coronation.

An annual report on the entire range of unit trust funds is distributed to you post our financial year-end in September of each year. You can manage your Coronation investments online at [www.coronation.com](http://www.coronation.com) or call our client service centre on **0800 22 11 77** during office hours should you wish to speak to one of our trained consultants, or email us at [clientservice@coronation.co.za](mailto:clientservice@coronation.co.za).

### DISCLAIMER

The information, opinions and any communication from Coronation, whether written, oral or implied are expressed in good faith and not intended as investment advice, does not constitute an offer or solicitation in any manner. Further, all information provided is of a general nature with no regard to the specific investment objectives, financial situation or particular needs of any person. It is recommended that investors first obtain appropriate legal, tax, investment or other professional advice prior to acting upon such information. Collective investment schemes or unit trusts are generally medium to long-term investments. The value of participatory interests or units may go down as well as up and past performance is not necessarily an indication of future performance. Forward pricing is used and occurs at 15h00 each business day. Unit trusts are traded at ruling prices and may engage in scrip lending and borrowing. Fluctuations or movements in exchange rates may cause the value of underlying investments to go up or down. A schedule of fees and charges is available on request from Coronation.

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