



# UNIT TRUSTS ABRIDGED ANNUAL REPORT

2017



**CORONATION**

TRUST IS EARNED™

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All information and opinions provided are of a general nature and are not intended to address the circumstances of any particular individual or entity. As a result thereof, there may be limitations as to the appropriateness of any information given. It is therefore recommended that the client first obtain the appropriate legal, tax, investment or other professional advice and formulate an appropriate investment strategy that would suit the risk profile of the client prior to acting upon information. Neither Coronation Fund Managers Limited, Coronation Management Company (RF) (Pty) Ltd nor any other subsidiary of Coronation Fund Managers Limited (collectively "Coronation") is acting, purporting to act and nor is it authorised to act in any way as an adviser. Coronation endeavours to provide accurate and timely information but we make no representation or warranty, express or implied, with respect to the correctness, accuracy or completeness of the information and opinions. 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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. Where foreign securities are included in a fund it may 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. The Coronation Money Market fund is not a bank deposit account. The fund has a constant price, and the total return is made up of interest received and any gain or loss made on any particular instrument, in most cases the return will merely have the effect of increasing or decreasing the daily yield, but in the case of abnormal losses it can have the effect of reducing the capital value of the portfolio. Excessive withdrawals could place the fund under liquidity pressures, in such circumstances a process of ring-fencing of redemption instructions and managed pay-outs over time may be followed. A fund of funds invests in collective investment schemes that levy their own fees and charges, which could result in a higher fee structure for this fund. A feeder fund invests in a single fund of a collective investment scheme, which levies its own charges and could result in a higher fee structure for the feeder fund. Coronation Management Company (RF) (Pty) Ltd is a Collective Investment Schemes Manager approved by the Financial Services Board in terms of the Collective Investment Schemes Control Act. Unit trusts are traded at ruling prices set on every day trading. Forward pricing is used. For Domestic Unit Trust Funds and Tax Free Investments, including rand-denominated International Unit Trust Funds, 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). For these Funds, instructions must reach the Management Company before 14h00 (12h00 for the Money Market Fund) to ensure same day value. For International Unit Trust Funds that are denominated in a foreign currency, fund valuations take place at approximately 17h00 each business day (Irish Time) and instructions must reach the Management Company before 12h00 (SA Time) to ensure the value of the next business day. For Retirement Products, fund valuations take place at approximately 15h00 each business day, except at month end when valuation is performed at approximately 17h00 (JSE market close). For these Products, instructions must reach the Management Company before 14h00 to ensure the value of the next business day. Additional information such as fund prices, brochures, application forms and a schedule of fund fees and charges is available on our website, [www.coronation.com](http://www.coronation.com). Copies of the audited financial statements are available on request. Coronation Fund Managers Limited is a Full member of the Association for Savings & Investment SA (ASISA). Coronation Asset Management (Pty) Ltd (FSP 548) and Coronation Investment Management International (Pty) Ltd (FSP 45646) are authorised financial services providers.

# REPORT BY THE CHAIRMAN AND MANAGING DIRECTOR

For more than two decades, we have been trusted to be the stewards of our unit trust investors’ savings. We believe we have earned that trust by always putting your interests first, and by delivering on what you expect from us, which is strong long-term investment returns matched by excellent levels of service.

While 2017 posed many challenges for South Africa, it was a defining year for Coronation during which we made significant investments in our business that will ultimately enhance the value proposition for our unit trust investors.

### Investment backdrop

Confidence – a key driver of growth through consumption and investment – has fallen to multi-year lows. This has taken a painful toll on the local economy, which is expected to grow by less than 1% in 2017. Household incomes are stagnating because there has been no employment growth, and while inflation is more subdued, it has not compensated for a bigger tax burden.

The 2017 Medium Term Budget Policy Statement showed a significant deterioration in official fiscal metrics since the February Budget, with the consolidated deficit now projected at -4.3% of GDP in the current fiscal year from the earlier projection of -3.1%. The debt ratio is forecast to rise above 60% of GDP over the medium term from the Budget’s projection of 51.9%. This is a marked deterioration in the past six months. The risk of another downgrade looms uncomfortably high.

Against this challenging backdrop, the collective investment schemes industry experienced subdued net inflows, which were significantly below the average achieved since the global financial crisis.

### Investment performance

Despite this backdrop, we delivered strong investment returns across our range of unit trust funds. As a result, our funds’ long-term investment track records remain excellent. You can read more about how we deliver investment outperformance in our chief investment officer’s report on pages 5 to 6.

Our domestic and international flagship fund ranges continued to reflect consistent first-quartile rankings in their respective Morningstar categories since inception. The table below shows the long-term performance of our flagship funds.

UNIT TRUST PERFORMANCE – DOMESTIC AND INTERNATIONAL FUNDS		
FUND NAME	ANNUALISED RETURN	FUND HIGHLIGHT
<b>CORONATION TOP 20</b> <i>Since inception in October 2000</i>	<b>19.2%</b> <i>4.5% p.a. alpha</i>	<i>A top quartile performer since inception</i>
<b>CORONATION BALANCED PLUS</b> <i>Since inception in April 1996</i>	<b>15.2%</b> <i>8.8% p.a. real return</i>	<i>The number one balanced fund in South Africa since inception</i>
<b>CORONATION CAPITAL PLUS</b> <i>Since inception in July 2001</i>	<b>12.8%</b> <i>6.8% p.a. real return</i>	<i>The number one multi-asset medium equity fund since inception</i>
<b>CORONATION BALANCED DEFENSIVE</b> <i>Since inception in February 2007</i>	<b>10.2%</b> <i>4.0% p.a. real return</i>	<i>A top-performing conservative fund since inception</i>
<b>CORONATION STRATEGIC INCOME</b> <i>Since inception in July 2001</i>	<b>10.5%</b> <i>2.7% ahead of cash</i>	<i>The number one multi-asset income fund since inception</i>
<b>CORONATION GLOBAL OPPORTUNITIES EQUITY [ZAR] FEEDER</b> <i>Since inception in August 1997</i>	<b>12.8%</b> <i>1.0% p.a. alpha</i>	<i>Outperformed the global equity market by 1.1% per annum over more than two decades</i>
<b>CORONATION GLOBAL MANAGED [ZAR] FEEDER</b> <i>Since inception in October 2009</i>	<b>15.2%</b> <i>2.2% p.a. ahead of average competitor</i>	<i>The number one global multi-asset high-equity fund in South Africa since inception</i>

All performance returns are quoted in rands as at 30 September 2017 and stated net of fees for the respective retail classes.

*Putting clients’ needs first is at the forefront of what we do.*

### Enhancing our value proposition

As encapsulated in the Coronation client charter (page 24) putting clients’ needs first are at the forefront of what we do. We know that without clients we have no business and that the assets under our management can leave us at 24 hours’ notice.

We implemented various client service enhancements during the course of the year. We believe these initiatives will strengthen the client experience and improve satisfaction levels in the years to come:

➤ We adopted a new administration model, moving from different administrators for South African and offshore funds to a single provider that will administer our local and global assets.

- A new black-owned entity, Intembeko Investment Administrators (IntIA), was launched to provide dedicated client administration and transfer agency services to Coronation.
- Our unit trust administration was successfully transferred to a new software platform, which we believe will improve business processes.
- We insourced our client engagement process with the launch of a new, integrated correspondence solution. All client and adviser correspondence via email, post and SMS is now produced and managed in-house. We believe that taking ownership and control of our correspondence with you will enable us to deliver better service, thereby strengthening our relationship with you.

*We invest significant energy and resources to keep clients' personal information secure.*

*We will continue to focus on what we do best: delivering investor excellence to our clients.*

Further fee reductions

During the course of the past year, we further simplified our fee structures and announced fee cuts to our income-and-growth and international unit trust funds. As a result, all our flagship multi-asset funds now charge the same fixed fee. Charging one fee rate for these funds makes it easier for investors to focus on optimising their long-term investment outcomes by remaining in the fund most appropriate to their needs.

Transparency

We continue to support the principles of clear information disclosure. We implemented the second phase of the Effective Annual Cost standard, providing ongoing disclosure of investors' total expected costs. This is available to all Coronation individual investors through their online account. We also took steps to give a more detailed breakdown of fees and charges that comprise the total investment charge. This detailed breakdown is now available on our fund fact sheets. Towards the end of 2017, we introduced newly-designed client statements, which we believe present the client's investment position more clearly.

Client security

We invest significant energy and resources to keep our clients' personal information secure. Over the course of the year, we rolled out further controls including voice biometrics in our call centre. This ensures that clients are verified using their unique voiceprint.

Regulatory update

The asset management industry continues to face an increase in regulation, both locally and internationally. In South Africa, the shifting regulatory landscape has generated high volumes of regulation. In particular, the Financial Sector Regulation Act, No. 9 of 2017 was signed into law in this year, introducing the 'twin peaks' regulatory model. The new framework of supervision is yet to be released, and Coronation expects to engage with the authorities on this material development throughout 2018. We are also preparing for the implementation of the Protection of Personal Information Act, No. 4 of 2013 and the Financial Intelligence Centre Amendment Act, No. 7 of 2017 among other initiatives.

We remain an active contributor in shaping the local regulatory landscape by participating in industry consultations via ASISA (Association for Savings and Investment SA), and directly with regulators as required.

Following the introduction of new regulations governing hedge funds, these portfolios were deemed Collective Investment Schemes. Accordingly, all companies offering hedge funds were required to register with the Financial Services Board. Coronation's registration was approved in February 2017 and we relaunched our existing hedge funds as collective investment schemes on 1 October 2017.

Looking ahead

We remain one of the country's foremost managers of long-term assets in the collective investment schemes industry, with total retail assets under management of R238 billion (2016: R225 billion).

We offer a complete and easily understandable range of unit trust funds, underpinned by a robust investment philosophy and research process.

We will continue to focus on what we do best: delivering investment excellence for our clients. We cannot do it in isolation from what is happening in the country. Uncertainty over policies and governance has had a detrimental impact on the operating environment for all South African businesses. Our hope is that 2018 will bring alignment between all stakeholders in South Africa, to chart a new, unified way ahead.

We will however continue to invest in our business and our people, who ultimately do determine our success in delivering on our commitments to all stakeholders. Throughout, we remain committed to our proven long-term investment philosophy and our robust investment process.

History has taught us, time and time again, that our ability to forecast the immediate future is limited. Our focus remains on building diversified portfolios of undervalued assets that can withstand the shocks associated with financial markets.

We thank our clients who have entrusted us with their hard-earned savings. They can be assured we will remain steadfast in our commitment to deliver investment excellence.

REPORT BY THE CHIEF INVESTMENT OFFICER

Since the launch of our first unit trust fund back in 1996, we have invested our clients' capital according to the same disciplined philosophy. By taking a long-term view and investing according to what we believe are the true prospects for a business over the next five to 10 years, we have added significant value to their investments over time.

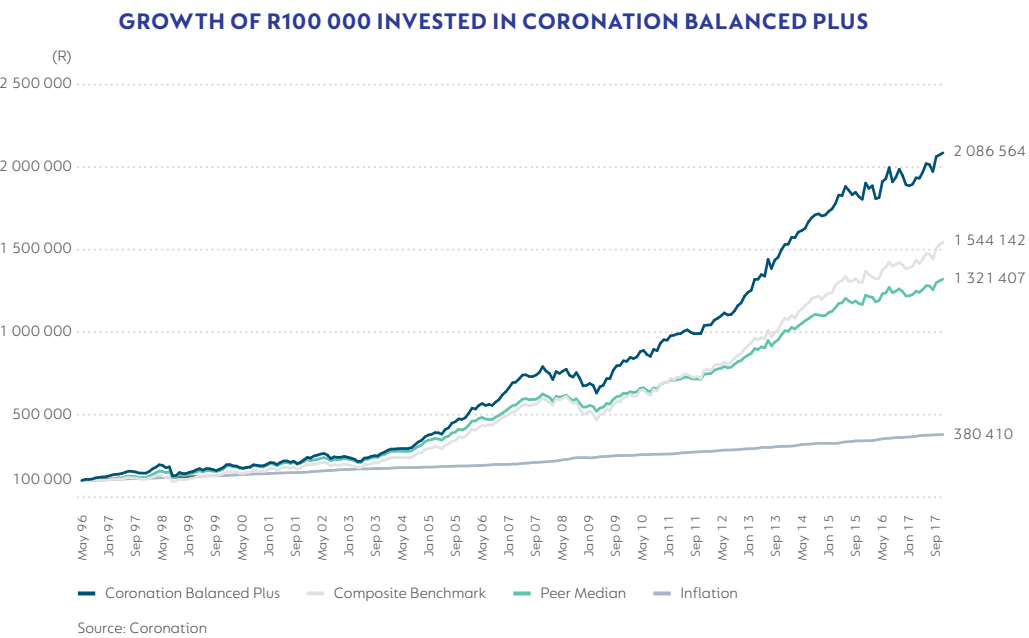
As an active manager, Coronation pursues the outperformance of market indices or benchmarks (net of the fees we charge and costs that our portfolios incur). Since the inception of Balanced Plus, our flagship multi-asset fund for retirement savers, more than 20 years ago we have added 1.6% every year to the returns produced by its benchmark (comprising a combination of indices representing local and global equities, bonds and cash), and 2.4% p.a. more than the fund's average competitor. Both measures of outperformance are calculated after the deduction of all our management fees and portfolio costs.

For the long-term investor, however, it is the real, or after-inflation, rate of return that counts. As earning a positive real return will enhance your eventual purchasing power, it can be viewed as your 'reward' for delaying gratification.

	AVERAGE BALANCED FUND 2.5% REAL RETURN	CORONATION BALANCED PLUS 5.0% REAL RETURN
10 years	1.3	1.6
40 years	2.7	7.0

As illustrated above, the 2.5% real annual rate of return produced by the average balanced fund over the last decade increased purchasing power by 1.3 times. Investors in Balanced Plus over the same period did better, earning a 5% real annual return which translates into purchasing power increasing by 1.6 times. But that is only half the story. Because returns accrue in a geometric rather than a linear fashion, the impact of a higher real annual return becomes much more meaningful over longer time periods.

The table below shows the value of maintaining this level of outperformance over long periods of time: What is a meaningful advantage after one decade, grows to more than double the purchasing power after four decades. We therefore devote our time and energy to sustain Coronation's ability to deliver meaningful outperformance in the coming decades.



*Our aim is to build robust portfolios that have the ability, to meet investors' long-term objectives despite the outcomes of unexpected events.*

## Investment review

Our long-term investment performance remained excellent. (See pages 10 to 17 for more detail). This is thanks to our tried and tested investment philosophy, which is based on identifying investments that are trading at material discounts to their underlying long-term value.

When constructing portfolios, we carefully consider risk in our valuations, and diversify our investment portfolios across sectors, industries, regions and currencies. The future is by definition not knowable and our investment cases will from time to time be challenged. We will therefore not allow a portfolio to hinge on a single view, no matter how much we believe in it. Our aim is to create robust portfolios that have the ability to meet investors' long-term objectives despite the outcomes of unexpected events.

Global equities delivered a strong performance for the year to end-September, with prospects for synchronised global economic growth more than offsetting a multitude of concerns. The MSCI All Country World Index returned 18.7% in US dollars for the year, while emerging markets continued their strong rally, returning 22.9% over the past 12 months.

Our large weighting in global and, in particular, emerging market equities, significantly added to our investment performance over the past year.

From an asset allocation point of view, we remain overweight equities in our balanced funds. After a sustained period of below-average returns, our 10-year forecast for local equity is now slightly above the experience of the last decade as a result of more attractive valuations. The strong performance from global markets has

contributed to global equities outperforming local equities over the past decade and warrants caution in future expectations. Current market conditions, influenced by extraordinary monetary policy accommodation and relatively full valuation levels, lead us to a lower return forecast range for both global equity and global bonds. We have used the proceeds from our reduction in global equities to gradually increase our domestic equity exposure on further weakness in the rand and local equity markets.

We continue to maintain very low exposure to domestic fixed-rate bonds. This view is informed by our view that global bond yields remain at unsustainably low levels, coupled with the weak and deteriorating domestic economic growth outlook. Disappointing fiscal revenues, together with further state-owned enterprise bailouts, are undermining fiscal consolidation and have resulted in further credit rating downgrades.

Our very low exposure to domestic fixed-rate bonds is partly offset by an overweight position in listed property – especially the A property shares, which we believe offer very attractive risk-adjusted returns.

## Outlook

At the time of writing, investors were faced by a number of known and unknown risks. In an uncertain world, our objective remains to build diversified portfolios that can help to protect against unanticipated shocks. We will remain focused on valuation and will seek to take advantage of attractive opportunities that the market may present and in so doing aim to generate superior inflation-beating returns for our investors over the long term.

# REPORT OF THE TRUSTEE

We, Standard Chartered Bank, Johannesburg Branch, in our capacity as trustee of the Coronation Unit Trust Scheme (the Scheme), have prepared a report in terms of section 70(1)(f) of the Collective Investment Schemes Control Act, No. 45 of 2002, as amended (the Act), for the period 1 October 2016 up to and including 30 September 2017 (the Report). The Report is available from us and/or Coronation Management Company (RF) (Pty) Limited (the Manager).

This letter is an abridged version of the Report.

Having fulfilled our duties as required by the Act, we confirm that the Manager of the Scheme has in general administered the Scheme:

- (i) within the limitations on the investment and borrowing powers of the Manager imposed by the Act, and
- (ii) in accordance with the provisions of the Act and the trust deeds

We do, however, wish to bring to your attention the following instances of where the Manager has not administered the Scheme in accordance with the said limitations and provisions:

Some errors and timing differences resulted in contraventions of some of the limitations referred to in (i) and some of the provisions referred to in (ii) above. These contraventions were in our view not material and where appropriate the portfolios were compensated by the Manager for any loss (if any) that may have been suffered by the portfolios as a result on these contraventions.

We confirm that according to the records available to us, no losses were suffered in the portfolios and no investor was prejudiced as a result thereof.

Should any investor require a copy of the Report, kindly contact the Manager.

**Chantell Kruger**  
Senior Manager

**Henning Bisschoff**  
Head, TB SA

Trustee Services

31 October 2017



# BOARD OF DIRECTORS



**SHAMS PATHER**  
Independent non-executive chairman, 66  
*BBusSc, BCom (Hons), MBA*

Shams has been a member of the board of Coronation Management Company (RF) (Pty) Limited since 2012 and was appointed chairman in January 2014. He also chairs the board of Coronation Fund Managers Ltd. Shams has more than 30 years’ experience in the asset management industry. From 1974 to 2003 he worked at Norwich Union, Colonial Mutual Life Assurance, Southern Life and Real Africa Asset Management. Directorships include Oceana Group Ltd, Lungisa Industrial (Pty) Ltd, Lungisa Technologies (Pty) Ltd, Lungisa Investment Holdings (Pty) Ltd, Centre for Proteomics and Genomics Research and Kagiso Tiso Holdings (Pty) Ltd. Shams is also a member of the UCT Joint Investment Council.

**ALEXANDRA WATSON**  
Independent non-executive director, 61  
*BCom (Hons), CA(SA)*

Alexandra is a professor at the University of Cape Town, where she is the coordinator of teaching and learning in the college of accounting. She is a former chairman of the accounting practices committee, the technical accounting committee of SAICA, and was an independent director of Coronation Investments and Trading Ltd. Alexandra is a board member of the Global Reporting Initiative, an Amsterdam-based organisation promoting understanding and communication of sustainability issues. She chairs the council of Herschel Girls School. Alexandra was appointed to the board of Coronation Management Company (RF)(Pty) Ltd in August 2012 and is an independent non-executive director of Coronation Fund Managers Ltd.

**ANTON PILLAY**  
Managing director, 47  
*BBusSc, CA(SA), CFA, AMP (Harvard)*

Anton is managing director of Coronation Management Company (RF) (Pty) Limited and has been a member of the board since February 2013. He is also chief executive officer of Coronation Fund Managers Ltd. Anton joined Coronation in January 2006 from BoE (Pty) Ltd, where he held a number of key positions and directorships. Anton has extensive knowledge and experience of the investment and banking industry. Anton is a member of the Association for Savings and Investment SA (ASISA).

**LULAMA BOYCE**  
Independent non-executive director, 38  
*BCom (Hons), CA(SA)*

Lulama is a senior lecturer and subject head for the Department of Commercial Accounting at the University of Johannesburg. She is also a member of the board of Adcock Ingram Holdings. She graduated from the University of Cape Town in 2002 and served her articles at Grant Thornton Johannesburg. She is a former account manager of the Industrial Development Corporation (IDC) and was part of the transport and financial services business unit from 2008 to 2011. She is a former project finance consultant and served on the audit committee of Automotive Supplier Park (ASP) from 2007 to 2009. Lulama was appointed to the board in October 2014 and is an independent non-executive director of Coronation Management Company (RF)(Pty) Ltd and Coronation Life Assurance Company Ltd.

**MADICHABA MOHOPE**  
Independent non-executive director, 39  
*BBusSc, CA(SA)*

Madichaba is an executive director at Pan-African Capital Holdings (Pty) Ltd (PACH), a investment holding company, where she is responsible for the growth and management of the investment. Madichaba represents PACH on a number of its portfolio company boards. Prior to joining PACH, she was a principal at Trinitas Private Equity and prior to that, she was a transactor at RMB Ventures. She completed her articles with PricewaterhouseCoopers in 2004 and thereafter spent some time in the firm’s corporate finance division. Madichaba was appointed as an independent non-executive director of Coronation Management Company (RF) (Pty) Ltd and Coronation Life Assurance Company Ltd in August 2015.

# DOMESTIC FLAGSHIP FUND RANGE

Coronation offers a range of domestic and international funds to cater for the majority of investor needs. These funds share the common Coronation DNA of a disciplined, long-term focused and valuation-based investment philosophy and our commitment to provide investment excellence.

INVESTOR NEED	FUND	1-YEAR ANNUALISED RETURN TO SEPTEMBER 2017 (%)	1-YEAR ANNUALISED RETURN TO SEPTEMBER 2016 (%)	5-YEAR ANNUALISED RETURN TO SEPTEMBER 2017 (%)
LONG-TERM CAPITAL GROWTH	<b>TOP 20</b>	9.54	14.94	12.47
	FTSE/JSE Capped All Share Index (CAPI)	9.39	7.17	12.81
	Alpha	<b>0.15</b>	<b>7.78</b>	<b>(0.34)</b>
	<b>Balanced Plus</b>	7.08	7.96	12.13
	Composite equities, bonds and cash benchmark <sup>1</sup>	9.65	8.30	12.12
	Alpha	<b>(2.57)</b>	<b>(0.34)</b>	<b>0.00</b>
	<b>Capital Plus</b>	6.04	7.80	9.08
	CPI	5.06	6.12	5.53
	Real return	<b>0.98</b>	<b>1.69</b>	<b>3.55</b>
	<b>Balanced Defensive</b>	6.96	8.18	9.65
INCOME AND GROWTH	CPI	5.06	6.12	5.53
	Real return	<b>1.90</b>	<b>2.06</b>	<b>4.12</b>
	<b>Strategic Income</b>	8.60	9.33	8.15
INCOME ONLY	Cash	7.21	6.79	6.08
	Premium over cash	<b>1.39</b>	<b>2.54</b>	<b>2.07</b>

Source: Morningstar as at 30 September 2017.

<sup>1</sup> Benchmark for the Balanced Plus Fund comprises: 52.5% equity, 22.5% bonds, 20% international, and 5% cash.

SINCE INCEPTION ANNUALISED RETURN TO SEPTEMBER 2017 (%)	VALUE OF R100 000 INVESTED AT LAUNCH TO SEPTEMBER 2017 (R)	BEST 12-MONTH PERIOD	WORST 12-MONTH PERIOD	FUND DESCRIPTION AND LAUNCH DATE
19.20	1 980 024		(31.7%)	A focused portfolio of our top stock picks on the JSE. <i>Launched in October 2000.</i>
14.73	1 033 666	May 2005 – Apr 2006	May 2002 – Apr 2003	
<b>4.47</b>				
15.24	2 086 564		49.3%	Best investment views across all asset classes for retirement savers. <i>Launched April 1996.</i>
13.63	1 544 142	Aug 2004 – Jul 2005	Sep 1997 – Aug 1998	
<b>1.61</b>				
12.76	703 791		33.8%	Focused on providing a growing regular income. Ideal for investors in retirement. <i>Launched in July 2001.</i>
5.98	256 812	Aug 2004 – Jul 2005	Nov 2007 – Oct 2008	
<b>6.78</b>				
10.20	279 515		21.2%	A lower risk alternative to Capital Plus for investors requiring a growing regular income. <i>Launched in February 2007.</i>
6.23	189 573	Jun 2012 – May 2013	Mar 2008 – Feb 2009	
<b>3.97</b>				
10.50	506 828		18.7%	Asset allocation across the yielding asset classes. <i>Launched in July 2001.</i>
7.82	340 122	Nov 2002 – Oct 2003	Jun 2007 – May 2008	
<b>2.68</b>				

# INTERNATIONAL FLAGSHIP FUND RANGE

INVESTOR NEED	FUND	1-YEAR ANNUALISED RETURN TO SEPTEMBER 2017 (%)	1-YEAR ANNUALISED RETURN TO SEPTEMBER 2016 (%)	5-YEAR ANNUALISED RETURN TO SEPTEMBER 2017 (%)
LONG-TERM CAPITAL GROWTH	<b>Global Emerging Markets Flexible [ZAR]</b>	25.52	29.80	16.43
	MSCI Emerging Markets	20.96	15.87	14.92
	Alpha	<b>4.56</b>	<b>13.93</b>	<b>1.51</b>
	<b>Global Opportunities Equity [ZAR] Feeder</b>	13.25	9.82	20.88
	MSCI All Country World			
	Index	17.20	11.08	23.04
	Alpha	<b>(3.95)</b>	<b>(1.26)</b>	<b>(2.16)</b>
	<b>Global Managed [ZAR] Feeder</b>	11.05	14.60	18.21
	Composite equities and bonds benchmark <sup>1</sup>	8.96	10.05	17.78
	Alpha	<b>2.09</b>	<b>4.56</b>	<b>0.42</b>
	<b>Global Capital Plus [ZAR] Feeder</b>	3.12	8.55	13.58
	USD cash (3-month Libor)	(0.09)	(0.16)	9.32
	Alpha	<b>3.21</b>	<b>8.71</b>	<b>4.26</b>
CAPITAL PRESERVATION				
	<b>Global Strategic USD Income [ZAR] Feeder</b>	(0.91)	1.74	
	USD cash (3-month Libor)	(0.09)	(0.16)	
CASH ALTERNATIVE	Alpha	<b>(0.83)</b>	<b>1.90</b>	

Source: Morningstar as at 30 September 2017.

Returns are in rands. For US dollar returns, refer to the September 2017 fact sheets in the Personal Investments section of [www.coronation.com](http://www.coronation.com).

<sup>1</sup> Benchmark for the Coronation Global Managed Fund comprises: 60% MSCI All Country World Index and 40% Barclays Global Bond Aggregate.

SINCE INCEPTION ANNUALISED RETURN TO SEPTEMBER 2017 (%)	VALUE OF R100 000 INVESTED AT LAUNCH TO SEPTEMBER 2017 (R)	BEST 12-MONTH PERIOD	WORST 12-MONTH PERIOD	FUND DESCRIPTION AND LAUNCH DATE
11.45	287 678	49.7%	(37.5%)	Best investment view across emerging markets.
8.64	224 402	Mar 2009 – Feb 2010	Mar 2008 – Feb 2009	Launched in December 2007.
<b>2.80</b>				
12.76	1 127 212	66.2%	(36.1%)	Providing access to the best global equity managers.
11.80	947 481	Apr 1999 – Mar 2000	Oct 2002 – Sep 2003	Launched in August 1997.
<b>0.97</b>				
15.21	306 666	48.9%	(4.7%)	Best investment view across global markets.
14.76	297 384	Jan 2013 – Dec 2013	Jan 2016 – Dec 2016	Launched in October 2009.
<b>0.45</b>				
9.51	224 828	34.8%	(10.6%)	Returns in excess of international cash while preserving capital in US dollars over any 12 months.
3.82	139 724	Jun 2012 – May 2013	Jun 2016 – May 2017	Launched in November 2008.
<b>5.69</b>				
8.65	140 325	36.7%	(15.4%)	Asset allocation across yielding asset classes globally with a US dollar bias.
7.63	135 018	Feb 2015 – Jan 2016	Mar 2016 – Feb 2017	Launched in August 2013.
<b>1.02</b>				



# DOMESTIC FLAGSHIP FUND RANGE

*Delivering on their mandates*

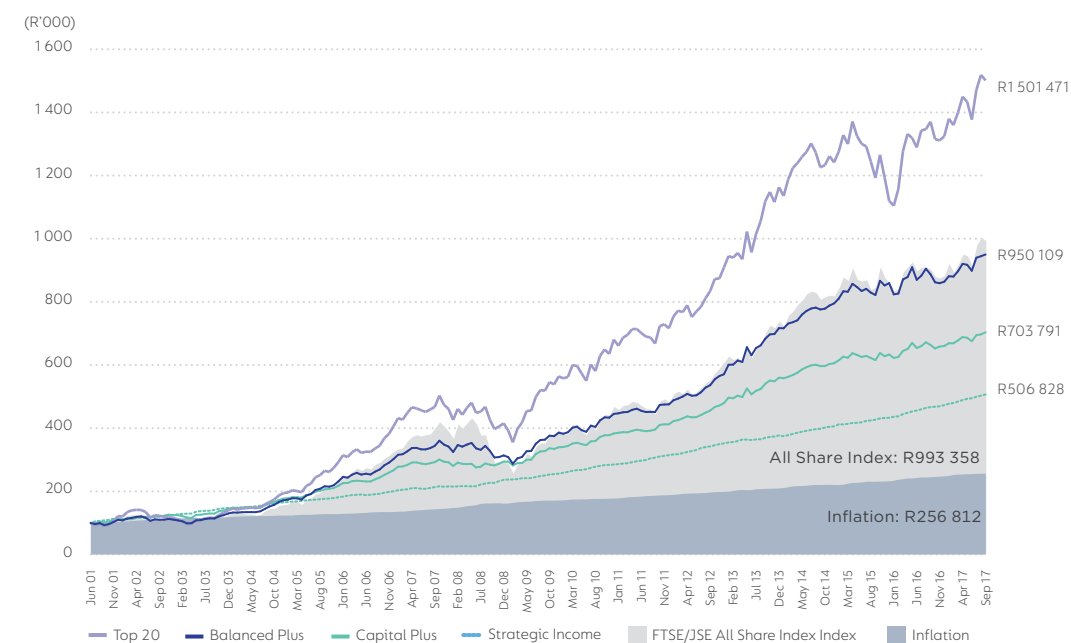
## EXPECTED RISK VERSUS RETURN POSITIONING

Expected risk and return positioning for the domestic flagship funds after all income reinvested and all costs deducted.



## GROWTH OF R100 000 INVESTED

Value of R100 000 Invested in Coronation's domestic flagship funds since inception of Capital Plus on 1 July 2001 as at 30 September 2017. All income reinvested for funds; FTSE/JSE All Share Index is on a total return basis. Balanced Defensive is excluded as it was only launched on 2 February 2007.



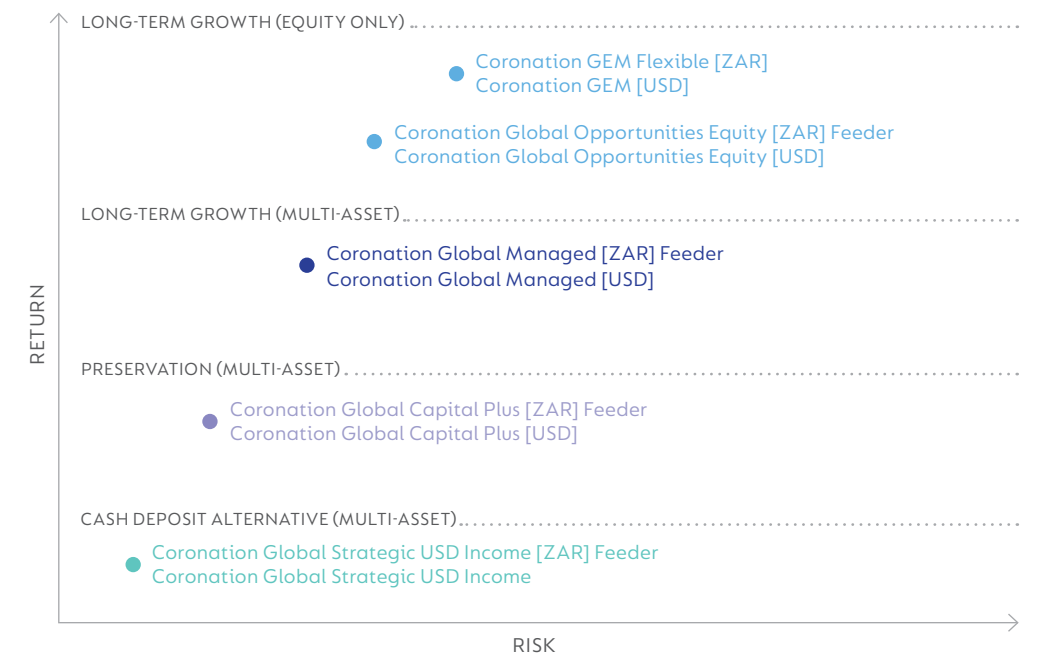
Source: Morningstar

# INTERNATIONAL FLAGSHIP FUND RANGE

*Delivering on their mandates*

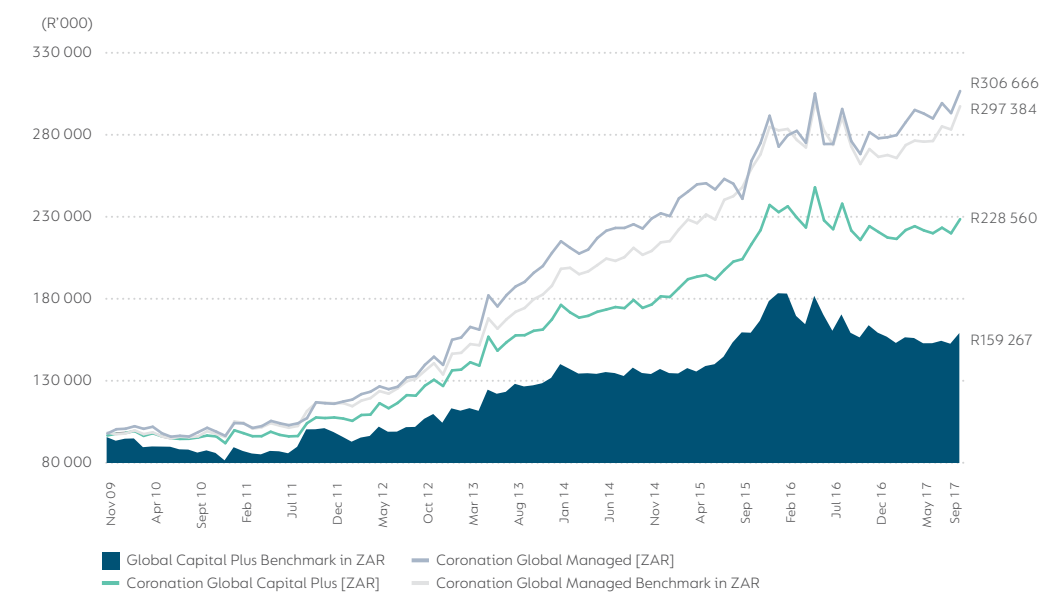
## EXPECTED RISK VERSUS RETURN POSITIONING

Expected risk and return positioning for both rand and dollar-denominated funds after all income reinvested and all costs deducted.



## GROWTH OF R100 000 INVESTED

Value of R100 000 invested in Global Managed [ZAR] Feeder and Global Capital Plus [ZAR] Feeder since inception of Global Managed [ZAR] Feeder on 29 October 2009. All returns quoted in rands. All income reinvested for funds.



# SPECIALISED FUND RANGE

INVESTOR NEED	FUND	1-YEAR ANNUALISED RETURN TO SEPTEMBER 2017 (%)	1-YEAR ANNUALISED RETURN TO SEPTEMBER 2016 (%)	5-YEAR ANNUALISED RETURN TO SEPTEMBER 2017 (%)
LONG-TERM GROWTH	DOMESTIC: <b>EQUITY</b>	10.3	11.3	13.7
	<b>SA EQUITY</b>	3.3	8.1	-
	<b>MARKET PLUS</b>	8.8	12.1	12.9
	<b>OPTIMUM GROWTH</b>	16.7	21.6	19.4
	INTERNATIONAL: <b>GLOBAL EQUITY SELECT [ZAR] FEEDER (USD)</b>	18.7	18.7	-
INCOME	<b>PROPERTY EQUITY</b>	7.9	2.9	12.4
	<b>MONEY MARKET</b>	8.0	7.4	6.5
	<b>JIBAR PLUS</b>	8.5	7.4	6.9
BUILDING BLOCK FUNDS	<b>BOND</b>	9.2	11.0	7.4
	<b>FINANCIAL</b>	6.1	(4.2)	13.5
	<b>INDUSTRIAL</b>	6.9	8.4	18.7
	<b>RESOURCES</b>	20.1	46.0	5.6
	<b>SMALLER COMPANIES</b>	4.5	13.1	9.9

Source: Morningstar as at 30 September 2017

10-YEAR ANNUALISED RETURN TO SEPTEMBER 2017 (%)	ANNUALISED RETURN SINCE LAUNCH TO SEPTEMBER 2017 (%)	VALUE OF R100 000 INVESTED AT LAUNCH (R)	FUND DESCRIPTION AND LAUNCH DATE
11.5	16.5	2 648 718	Seeks to maximise long-term capital appreciation by investing primarily in a broad spectrum of listed equities. <i>Launched in April 1996</i>
-	5.7	111 669	Seeks to achieve the best possible long-term growth from investing in South African shares. <i>Launched in September 2015</i>
11.4	16.8	1 251 651	Best investment view across all asset classes. Ideal multi-asset fund for discretionary savers. <i>Launched in July 2001</i>
11.5	15.0	1 335 072	Best rand risk-adjusted returns from a global multi-asset class portfolio. <i>Launched in March 1999</i>
-	9.3	124 105	Best investment view across global equity markets. <i>Launched in April 2015</i>
13.7	18.8	1 829 250	A sector-specific equity fund that invests in quality listed property assets. <i>Launched in November 2000</i>
7.3	8.3	417 824	Aims to provide a higher level of income than fixed deposits and call accounts. <i>Launched in October 1999</i>
7.7	9.1	460 512	A conservative short-term parking vehicle for capital. <i>Launched in April 2000</i>
9.1	11.6	919 767	Provides well-diversified exposure to the South African bond market. <i>Launched in August 1997</i>
11.8	13.1	1 063 677	A sector-specific equity fund representing our top financial services stock picks. <i>Launched in July 1998</i>
16.1	18.9	2 822 679	A sector-specific equity fund representing our top industrial stock picks. <i>Launched in July 1998</i>
2.9	16.1	1 464 204	A sector-specific equity fund representing our top resources stock picks. <i>Launched in October 1999</i>
6.2	12.5	1 114 285	A sector-specific equity fund representing our top small and mid-cap stock picks. <i>Launched in April 1997</i>

For full details on fund fees, please visit the Personal Investments section of [www.coronation.com](http://www.coronation.com) or contact Client Service on 0800 22 11 77.  
For full details on fund composition, as well as the highest and lowest actual annual figures, kindly refer to the respective comprehensive fact sheets available in the Personal Investments section of [www.coronation.com](http://www.coronation.com).

# ABRIDGED FINANCIAL STATEMENTS

## CORONATION FUNDS ABRIDGED INCOME STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2017

Rand	BALANCED DEFENSIVE FUND	BALANCED PLUS FUND
Net income from operations before finance costs	2 598 409 086	6 140 190 035
Total finance costs	1 487 717 797	2 166 627 949
Distributions	1 479 474 013	2 123 464 449
Withholding tax on foreign dividends	8 243 784	43 163 500
<b>Change in net assets attributable to unit holders</b>	<b>1 110 691 289</b>	<b>3 973 562 086</b>

Rand	GLOBAL CAPITAL PLUS (ZAR) FEEDER FUND	GLOBAL EMERGING MARKETS FLEXIBLE FUND
Net income/(loss) from operations before finance costs	73 926 208	834 166 488
Total finance costs	-	32 848 244
Distributions	-	27 495 011
Withholding tax on foreign dividends	-	5 353 233
<b>Change in net assets attributable to unit holders</b>	<b>73 926 208</b>	<b>801 318 244</b>

Rand	INDUSTRIAL FUND	JIBAR PLUS FUND
Net income from operations before finance costs	81 110 495	101 789 314
Total finance costs	13 495 425	100 686 008
Distributions	12 012 626	100 686 008
Withholding tax on foreign dividends	1 482 799	-
<b>Change in net assets attributable to unit holders</b>	<b>67 615 070</b>	<b>1 103 306</b>

Rand	PROPERTY EQUITY FUND	RESOURCES FUND
Net income from operations before finance costs	178 067 997	55 278 497
Total finance costs	105 091 758	7 140 902
Distributions	104 452 174	7 047 283
Withholding tax on foreign dividends	639 584	93 619
<b>Change in net assets attributable to unit holders</b>	<b>72 976 239</b>	<b>48 137 595</b>

BOND FUND	CAPITAL PLUS FUND	EQUITY FUND	FINANCIAL FUND
124 131 320	1 128 410 600	716 983 520	45 882 900
119 462 798	553 443 331	116 415 195	17 156 826
119 462 798	546 918 780	106 966 893	16 952 120
-	6 524 551	9 448 302	204 706
4 668 522	574 967 269	600 568 325	28 726 074

GLOBAL EQUITY SELECT (ZAR) FEEDER FUND	GLOBAL MANAGED (ZAR) FEEDER FUND	GLOBAL OPPORTUNITIES EQUITY (ZAR) FEEDER FUND	GLOBAL STRATEGIC USD INCOME (ZAR) FEEDER FUND
47 715 558	707 154 167	833 252 667	(6 899 503)
-	-	-	-
-	-	-	-
47 715 558	707 154 167	833 252 667	(6 899 503)

MARKET PLUS	MONEY MARKET FUND	OPTIMUM GROWTH FUND	PREFERENCE SHARE FUND
437 097 874	730 602 302	978 948 510	16 919
154 895 121	730 602 302	52 622 049	-
153 387 683	730 602 302	40 553 101	-
1 507 438	-	12 068 948	-
282 202 753	-	926 326 461	16 919

SA EQUITY FUND	SMALLER COMPANIES FUND	STRATEGIC INCOME FUND	TOP 20 FUND
2 988 594	5 495 789	2 176 315 540	1 732 166 171
1 025 609	3 048 482	1 921 722 754	480 667 750
974 638	3 020 521	1 917 655 412	469 370 029
50 971	27 961	4 067 342	11 297 721
1 962 985	2 447 307	254 592 786	1 251 498 421

# ABRIDGED FINANCIAL STATEMENTS

## CORONATION FUNDS ABRIDGED BALANCE SHEETS

AS AT 30 SEPTEMBER 2017

Rand	BALANCED DEFENSIVE FUND	BALANCED PLUS FUND
Total assets	37 031 496 137	88 702 014 320
Total liabilities, excluding net assets attributable to unit holders	513 595 576	1 428 337 517
<b>Net assets attributable to unit holders</b>	<b>36 517 900 561</b>	<b>87 273 676 803</b>

Rand	GLOBAL CAPITAL PLUS (ZAR) FEEDER FUND	GLOBAL EMERGING MARKETS FLEXIBLE FUND
Total assets	2 351 788 764	4 224 787 287
Total liabilities, excluding net assets attributable to unit holders	19 175 018	64 446 624
<b>Net assets attributable to unit holders</b>	<b>2 332 613 746</b>	<b>4 160 340 663</b>

Rand	INDUSTRIAL FUND	JIBAR PLUS FUND
Total assets	1 369 246 427	1 517 324 078
Total liabilities, excluding net assets attributable to unit holders	6 665 158	27 353 082
<b>Net assets attributable to unit holders</b>	<b>1 362 581 269</b>	<b>1 489 970 996</b>

Rand	PROPERTY EQUITY FUND	RESOURCES FUND
Total assets	2 337 853 015	392 564 331
Total liabilities, excluding net assets attributable to unit holders	44 992 318	7 239 502
<b>Net assets attributable to unit holders</b>	<b>2 292 860 697</b>	<b>385 324 829</b>

BOND FUND	CAPITAL PLUS FUND	EQUITY FUND	FINANCIAL FUND
1 522 717 951	18 461 743 334	7 661 659 569	481 018 218
83 985 756	194 636 238	172 121 381	6 724 803
1 438 732 195	18 267 107 096	7 489 538 188	474 293 415

GLOBAL EQUITY SELECT (ZAR) FEEDER FUND	GLOBAL MANAGED (ZAR) FEEDER FUND	GLOBAL OPPORTUNITIES EQUITY (ZAR) FEEDER FUND	GLOBAL STRATEGIC USD INCOME (ZAR) FEEDER FUND
371 547 589	6 941 562 959	6 878 935 811	1 013 552 116
2 340 841	8 688 058	8 292 622	10 247 245
369 206 748	6 932 874 901	6 870 643 189	1 003 304 871

MARKET PLUS	MONEY MARKET FUND	OPTIMUM GROWTH FUND	PREFERENCE SHARE FUND
5 254 577 120	9 096 060 122	6 809 050 565	–
96 963 529	58 209 849	63 084 767	–
5 157 613 591	9 037 850 273	6 745 965 798	–

SA EQUITY FUND	SMALLER COMPANIES FUND	STRATEGIC INCOME FUND	TOP 20 FUND
66 417 940	175 555 238	29 096 351 244	20 064 300 565
915 285	1 720 152	637 280 013	440 883 762
65 502 655	173 835 086	28 459 071 231	19 623 416 803

# SCHEDULE OF DISTRIBUTIONS

## DISTRIBUTION TO UNIT HOLDERS FOR THE YEAR ENDED 30 SEPTEMBER 2017 (CENTS PER UNIT)

FUND NAME AND CLASS	31 DEC 2016	31 MAR 2017	30 JUN 2017	30 SEP 2017
Balanced Defensive Fund A	1.69	<b>1.76</b>	<b>1.55</b>	<b>1.77</b>
Balanced Plus Fund A		<b>103.07</b>		<b>122.63</b>
Bond Fund R		–		–
Capital Plus Fund A	27.44	<b>29.54</b>	<b>26.40</b>	<b>29.30</b>
Equity Fund A		<b>104.53</b>		<b>118.02</b>
Financial Fund A		<b>73.16</b>		<b>73.33</b>
Global Emerging Markets Flexible [ZAR] Fund A		–		–
Global Equity Select [ZAR] Feeder A		–		–
Global Capital Plus [ZAR] Feeder Fund A		–		–
Global Managed [ZAR] Feeder Fund A		–		–
Global Opportunities [ZAR] Feeder Fund A		–		–
Global Strategic USD Income [ZAR] Fund A		–		–
Industrial Fund A		<b>108.98</b>		<b>72.22</b>
Jibar Plus Fund A	22.71	<b>22.48</b>	<b>23.37</b>	<b>21.94</b>
Market Plus Fund A		<b>106.51</b>		<b>128.56</b>
Optimum Growth Fund A		<b>23.05</b>		<b>15.67</b>
Property Equity Fund A	57.70	<b>76.24</b>	<b>61.25</b>	<b>87.45</b>
Resources Fund A		<b>46.00</b>		<b>130.27</b>
SA Equity A		<b>0.54</b>		<b>0.72</b>
Smaller Companies Fund R		<b>57.53</b>		<b>62.61</b>
Strategic Income Fund A	28.10	<b>27.45</b>	<b>28.02</b>	<b>27.42</b>
Top 20 Fund A		<b>121.10</b>		<b>216.30</b>

	2016			2017								
	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
Money Market Class A	8.03	8.06	8.06	<b>8.06</b>	<b>8.00</b>	<b>8.05</b>	<b>8.10</b>	<b>8.10</b>	<b>7.98</b>	<b>7.95</b>	<b>7.91</b>	<b>7.78</b>

Distributions history shown for primary unit class of each fund. Distributions history for other unit classes are available from Client Service on request. Contact 0800 22 11 77 or [clientservice@coronation.co.za](mailto:clientservice@coronation.co.za).

# COMPANY INFORMATION

## CORONATION MANAGEMENT COMPANY (RF) (PTY) LIMITED

### Board of directors

Shams Pather (Chairman)\*, Anton Pillay (Managing director), Lulama Boyce\*, Madichaba Mohope\*, Alexandra Watson\*

\* Independent non-executive

### Company secretary

Lee-Anne Parenzee

### Registration number

1995/010002/07

### Bankers

Nedbank Corporate Services, South Wing, Clock Tower Precinct, V&A Waterfront, Cape Town 8001

### Auditor

Ernst & Young Inc., Ernst & Young House, 35 Lower Long Street, Cape Town 8001

### Client service

0800 22 11 77

### Email

[clientservice@coronation.co.za](mailto:clientservice@coronation.co.za)

### Website

[www.coronation.co.za](http://www.coronation.co.za)



## 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

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# The same thread joins us, South Africa.

We're privileged to manage the long-term savings of millions of South Africans.

As a company that has been committed to the growth of the country since 1993, we're just as much invested in South Africans as they are in us.

[www.coronation.com](http://www.coronation.com)

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Coronation is an authorised financial services provider and approved manager of collective investment schemes. Trust is Earned™.



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