



UNIT TRUSTS ABRIDGED ANNUAL REPORT

2018

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



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Report by the Chairman and Managing Director

For more than a quarter of a century, our sole purpose has been to grow the long-term investments of our investors.

For more than a quarter of a century our sole purpose has been to grow the long-term investments of our investors. Our value proposition is quite simple: to deliver competitive real (after inflation) returns over multiple decades, which will ultimately contribute to a more financially secure future for our clients. Our long-term track record across our fund range is testament to delivering on this proposition over time.

The past year has, however, been a challenging one for the South African economy, the markets and investors alike. The very weak local economy, combined with pressure on emerging markets, weighed on the local equity market, with the FTSE/JSE All Share Index producing a disappointing return of 3.3% for the 12 months to end-September 2018. Emerging markets, as measured by the MSCI Emerging Markets Index gained 3.6% (in rands), but lost 0.8% (in US dollars). It is, therefore, not surprising that households continued to lack the confidence to commit meaningful new money to unit trust funds.

Coupled with these cyclical challenges, the share prices of a number of our equity holdings declined during the period under review, resulting in disappointing short-term returns across our equity-focused portfolios. While these returns were well below our own expectations as well as those of our clients, we are working hard to rectify this, as our Chief Investment Officer explains in his report on → [pages 5 to 6](#).

A notable contributor to underperformance was the governance failure at Steinhoff and the subsequent collapse of the share. As it is unlikely that there will be any equity value remaining in the company once it repays its creditors and settles legal claims, we decided to exit our position across our fund range. Additionally, we are participating in the class

action suit being brought against the company by Amsterdam-based law firm BarentsKrats. We anticipate that this will be a lengthy process and will continue to provide updates as the case progresses.

Long-term performance still on track

Encouragingly, as is clear from the table overleaf, the long-term performance across our fund range remains excellent, with our domestic and international flagship funds reflecting consistent first-quartile rankings in their respective Morningstar categories since inception. While the current cycle is a particularly challenging one, valuation remains our beacon in turbulent times. We remain committed to our proven investment philosophy and continue to invest in a disciplined manner, ensuring that we construct diversified portfolios in which the outcomes are not dependent on a single idea or holding. Further, our risk management framework ensures that we limit position sizes to appropriate levels, given the risk budgets applicable to specific funds.

Enhancing our value proposition

Placing our clients first remains at the centre of everything that we do, and as a result we continue to ensure that our actions are aligned with their needs.

Following our comprehensive fee review in 2015, which has already added significant value to our clients' portfolios, we introduced meaningful fee cuts across our international and lower-risk funds. The change allows for a simplified fee structure across our flagship multi-asset funds, which now all charge the same flat fee – regardless of risk budget or geographical profile.

FEES ALIGNED WITH CLIENTS' INTERESTS

BASE FEE

Set significantly below typical fixed-fee rates

PERFORMANCE FEE

Only charged when we deliver outperformance of an investable index

CREDITED WITH A DISCOUNT

if we underperform appropriate benchmarks over a five-year period until outperformance resumes

As part of the 2015 review, we introduced a pioneering approach to the fee structures of our performance-fee charging funds. In the event that we underperform the respective fund benchmarks over a rolling five-year period¹, as is currently the case in certain equity-biased portfolios, the affected funds are credited with a fee discount until outperformance resumes. The following funds with performance-linked fee structures are currently discounting fees:

- ▶ Coronation Top 20
- ▶ Coronation Equity
- ▶ Coronation Market Plus
- ▶ Coronation Global Emerging Markets Flexible

While the delivery of investment excellence remains key, we continue to invest in technology and infrastructure to strengthen our client service experience and improve client satisfaction levels in the years to come. Some of the initiatives completed during the past year include:

▶ **Adopting a new administration model**

We moved from separate administrators for South African and offshore funds to a single provider that has consolidated the administration of our local and global assets.

▶ **Migration of client administration and transfer agency services to a black-owned entity**

We supported the creation of Intembeko Investment Administrators (IntIA), which provides dedicated client administration and transfer agency services.

▶ **Insourcing our client reporting and correspondence**

All our correspondence via email, post and SMS is now produced and managed in-house. We believe that taking total ownership and control of our client correspondence will enable us to deliver better service and build stronger client relationships.

▶ **Ongoing client security enhancements**

We continue to invest in the security and protection of all client data. Over the year, we introduced a number of additional controls, including a SIM swap check that will temporarily block user access to our secure website should a phone number recently have undergone a SIM swap.

▶ **Introducing performance summary reports**

These reports detail investors' personalised return across their various Coronation

investments (using the Internal Rate of Return calculation methodology) and can be downloaded from our secure website.

Encouraging a culture of saving

We continued to enhance our tax-free investment (TFI) offering by extending the range of funds that are eligible as underlying holdings, both directly from Coronation and via all the major fund platforms. The additional fund options include Coronation Global Opportunities Equity, Coronation Balanced Plus, Coronation Capital Plus and Coronation Balanced Defensive.

With tax-free investments now being transferable between providers, it makes sense for investors to consider moving this investment to a unit trust-based TFI. Unit trust-based TFIs give investors access to growth assets and if they remain invested for the long term, these products offer greater potential upside than those of deposit-linked TFIs held with a bank.

To make it easier for new investors to start their journey of building a balance sheet, as part of Coronation's 25th anniversary we introduced a new investment channel with no minimum investment amount and a 5-minute mobile sign-up process. For more information visit www.becauseitsyourmoney.com.

Looking ahead

Coronation is one of the country's leading managers of long-term assets in the collective investment schemes industry, with retail assets totalling R241 billion (September 2017: R238 billion).

We reiterate that our sole focus remains the delivery of superior, risk-appropriate, long-term outcomes for clients. The combination of our philosophy, process and people have delivered an exceptional long-term, risk-adjusted track record across our unit trust funds. As echoed by our CIO on → [page 5](#), we remain committed to our investment approach, which we continue to believe is the best means by which to add value on behalf of our clients.

We appreciate that it is not always easy for investors to stomach periods of disappointing short-term returns, but we are confident that our portfolios are well positioned to deliver competitive returns in the years ahead. We thank our clients who have entrusted us with their hard-earned savings. They can be assured that we will remain steadfast in our commitment to deliver investment excellence.

¹ The minimum recommended investment term for funds focused on delivering long-term investment growth.



Long-term performance still on track

UNIT TRUST PERFORMANCE – DOMESTIC AND INTERNATIONAL FUNDS

Consistent first-quartile rankings in the respective Morningstar categories since inception

Fund name	Annualised return	Fund highlight
Coronation Top 20 Since inception in October 2000	17.8% 3.7% p.a. alpha	A top-performing general equity fund since inception
Coronation Balanced Plus Since inception in April 1996	14.6% 8.7% p.a. real return	The no. 1 balanced fund in South Africa since inception
Coronation Capital Plus Since inception in July 2001	12.1% 6.2% p.a. real return	The no. 1 multi-asset medium equity fund in South Africa since inception
Coronation Balanced Defensive Since inception in February 2007	9.7% 3.6% p.a. real return	A top-performing conservative fund since inception
Coronation Strategic Income Since inception in July 2001	10.3% 2.6% p.a. ahead of cash	The no. 1 multi-asset income fund in South Africa since inception
Global Emerging Markets [ZAR] Flexible Since inception in December 2007	9.3% 1.1% p.a. alpha	Outperformed the MSCI Emerging Markets Index by more than 1.1% p.a. since inception
Coronation Global Opportunities Equity [ZAR] Feeder Since inception in August 1997	12.9% 0.9% p.a. alpha	Outperformed the global equity market by 0.9% per annum over more than two decades
Coronation Global Managed [ZAR] Feeder Since inception in October 2009	13.9%	The no. 1 global multi-asset high-equity fund in South Africa since inception
Global Capital Plus [ZAR] Feeder Since inception in November 2008	9.1%	The no. 1 global multi-asset low-equity fund in South Africa since inception

Source: Morningstar

All performance returns are quoted in rands and stated net of fees for the respective retail classes as at 30 September 2018.

For the highest and lowest actual and annual figures as well as fund benchmarks, → refer pages 10 to 13.



Report by the Chief Investment Officer

Over the past year, the South African equity market has been an extremely tough environment in which to generate positive returns.

While global and macroeconomic conditions have taken their toll, our portfolios have also been affected by stock-specific factors. Some of these include unsubstantiated claims made by the Nigerian authorities against MTN, proposed legislative changes to nicotine content and other issues affecting British American Tobacco, and the corporate governance scandal that engulfed Steinhoff. As a consequence of these factors, our short-term performance has been negatively impacted.

While we are not pleased with this outcome, the current short-term underperformance is not unusual. As long-term investors in a cyclical environment over 25 years, we have experienced downturns before. Our experience has taught us that it rarely makes sense to react to short-term market events or news flow and to rather remain focused on the long-term earnings potential of a particular investment.

Committed to a tried-and-tested philosophy and approach

Our sole purpose is to deliver superior long-term returns for our clients. The combination of our investment philosophy and process, together with our people, have delivered an exceptional track record over the past quarter of a century.

Our investment philosophy is informed by independent, unbiased proprietary research which we use to build diversified portfolios that can absorb unanticipated shocks. As such, we ensure that each portfolio holds appropriate levels of exposure to each risk factor.

We believe that the depth and quality of our research is a key differentiator. Instead of having sector specialists, we encourage a generalist approach within our investment team, whereby analysts rotate the stocks in their coverage list. Applying the same philosophy across South Africa, global developed, global emerging and frontier markets also provide additional perspective and insight, making us less prone to biases caused by a myopic focus on one geography only.

We follow a valuation-driven approach. We will buy shares in undervalued companies that trade at a discount to our fair value, providing that the balance sheet is sound and company boards and management are cognisant of shareholder interests. When we value a business, we are interested in long-term earnings power and seek to gain an understanding of what the business will earn through-the-cycle, rather than this year or next year.

All analysts are required to perform scenario analyses to indicate the impact of different outcomes of key variables in their valuations. We are not momentum investors and do not attempt to time the catalysts that will unlock or destroy value; rather, we take disciplined action around price movements relative to our assessment of the long-term value of the underlying business.

Our focus on valuation may lead to the implementation of views before the peak or trough of the cycle. Historical examples include increasing exposure to interest-rate sensitive shares in 2006, while monetary policy was still hawkish; materially reducing commodity exposure during 2007, while the commodity bull market continued until mid-2008; and moving to full equity weightings in the final quarter of 2008 in response to the price declines caused by the global financial crisis. In all three instances, our portfolio positioning caused short-term underperformance but added meaningful value over the full cycle. We do not believe that the experience over the past 12 months is different to these historical episodes, and exposures to the shares highlighted earlier have not led to any of our funds exceeding their risk budgets.

That said, we are always looking to further optimise our process, and we constantly test the assumptions behind our investment views. Where facts change, or new facts emerge, we will shift our investment positioning insofar as the new information impacts long-term valuation.

Given the lessons we have learned from events at Steinhoff, as well as other companies that we avoided (such as the Resilient Group and EOH), we are putting even more emphasis on ensuring that the agents who represent shareholders are held accountable. We continue to place emphasis on the quality of directors and the level of independence of the boards of the companies in which we are invested. We are also placing auditors under greater scrutiny, and we support the introduction of mandatory audit firm rotation. We now actively vote against the re-appointment of any auditor with a tenure of more than 10 years. The aim is to re-establish the link between auditors and shareholders, as well as to serve as a reminder that auditors do not report to company management.

While we have always taken environmental, social and governance (ESG) responsibilities seriously, we are now putting greater effort into formally reporting on our ESG activities. We think carefully about how investee companies consider these factors in their strategic and operational plans, as this will inform the long-term sustainability of a company. Additionally, we continue to deepen our engagements with external parties like suppliers, customers, competitors and regulators to verify management information. We will publish our first Stewardship Report early in 2019.

Portfolio positioning

The recent de-rating in the domestic market presents some attractive buying opportunities, with the gap between market prices and our assessment of fair value at the highest levels we have seen in the last seven years. We are adding to our overall South African equity exposure as we think this offers compelling value. We continue to have a bias towards high-quality, more defensive South African businesses (such as food retailers Pick n Pay and Spar, and hospital groups Netcare and Life Healthcare), the banks, and dual-listed multi-national companies, and have added to our positions in Anglo American, Nedbank, Standard Bank and Shoprite.

We believe valuations of rand-hedge stocks are very attractive and remain invested in stocks such as Anheuser-Busch Inbev, British American Tobacco, Naspers, Mondi and Quilter. We have meaningful exposure to resources through Anglo American, Northam Platinum and Exxaro. In property, we managed to avoid exposure to the Resilient Group and we are finding some attractive opportunities in some of the large, liquid companies such as Redefine. Despite a challenging year for the counter, we continue to hold Intu, the owner of a prime UK shopping centre portfolio.

We have also increased our investment in South African bonds from a very underweight level as real yields approached 4%; South Africa is one of the few regions offering such compelling real yields.

We continued to reduce exposure to an expensive US equity market in favour of the rest of the world, where valuations are more reasonable, especially in the emerging markets universe. We have not yet made the move to buy into developed-market debt markets, although with US yields at 3.2% they are closer to the point at which we would start buying.

Long-term performance

The long-term performance across our entire fund range remains excellent. This includes the full suite of multi-asset, local equity, fixed income, and emerging market equity funds. While our recent performance has been disappointing, we remain resolutely committed to deliver top performance for our clients over the long term.

For example, both the Top 20 and Equity funds mirrored the market's difficult 12 months to end-September, declining -3.8% and -2.1% respectively. But over 15 years, the Top 20 Fund delivered an annualised return of 18.4% and the Equity Fund return of 17.2% delivered over the same period. The same applies to the Balanced Plus Fund, which delivered a 2.0% return over the 12 months to end-September and the Market Plus Fund, which declined -2.0% over the same period. But Balanced Plus produced an annualised 14.9% return over 20 years and Market Plus, an annualised return of 15.8% over 15 years.

Outlook

In spite of the poor local environment that includes muted GDP growth, land reform, a deeply divided ruling party and a volatile pre-election landscape, we are more positive about the outlook for the major South African asset classes. While the outlook for global asset classes is more mixed, we continue to find attractive opportunities to deploy portfolio capital.

We remain optimistic as current valuation levels are consistent with higher expected future returns than experienced during the review period. The only answer to investing successfully is time. Patience is key.



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) Ltd (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 (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.

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

Charl Steyn
*Manager,
Trustee Services*

31 October 2018

Henning Bisschoff
Head, TB SA



Board of directors



SHAMS PATHER

Independent Non-Executive Chairman, 68

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.

ALEXANDRA WATSON

Independent Non-Executive Director, 62

BCom (Hons), CA(SA)

Alexandra is an emeritus professor of the University of Cape Town, having retired earlier this year after decades of teaching postgraduate financial reporting. She is a former chairman of the Accounting Practices Committee, the Technical Accounting Committee of the South African Institute of Chartered Accountants, and is a member of the Financial Reporting Investigations Panel (an advisory panel of financial reporting experts formed by a joint venture of the JSE and SAICA). In April 2018, Alexandra was appointed as an independent director of Steinhoff International Holdings N.V. She is the Vice Chairman of the Board of the Global Reporting Initiative, an Amsterdam-based organisation promoting understanding and communication of sustainability issues and in November 2018 was appointed to the board of WWF-SA. 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, 48

BBusSc, CA(SA), CFA, AMP (Harvard)

Anton is Managing Director of Coronation Management Company (RF) (Pty) Ltd 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 the Head of 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, 40

BBusSc, CA(SA)

Madichaba is an executive director at Pan-African Capital Holdings (Pty) Ltd (PACH), an investment holding company, where she is responsible for the growth and management of the investment portfolio. Prior to joining PACH, she was a principal at Trinitas Private Equity and before that, 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 2018 (%)	1-YEAR ANNUALISED RETURN TO SEPTEMBER 2017 (%)	5-YEAR ANNUALISED RETURN TO SEPTEMBER 2018 (%)
LONG-TERM CAPITAL GROWTH	TOP 20	(3.8%)	9.5%	5.2%
	FTSE/JSE Capped All Share Index (CAPI)	3.3%	9.4%	7.9%
	Alpha	(7.1%)	0.2%	(2.7%)
	Balanced Plus	2.0%	7.1%	7.2%
	Composite equities, bonds and cash benchmark ¹	6.5%	9.6%	9.2%
	Alpha	(4.5%)	(2.6%)	(2.0%)
	Capital Plus	2.0%	6.0%	5.8%
	CPI	4.9%	5.1%	5.3%
	Real return	(2.9%)	1.0%	0.5%
INCOME AND GROWTH	Balanced Defensive	4.8%	7.0%	7.3%
	CPI	4.9%	5.1%	5.3%
	Real return	(0.2%)	1.9%	2.0%
INCOME ONLY	Strategic Income	7.5%	8.6%	8.1%
	Cash	6.9%	7.2%	6.5%
	Premium over cash	0.6%	1.4%	1.6%

Source: Morningstar as at 30 September 2018.

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

10-YEAR ANNUALISED RETURN TO SEPTEMBER 2018 (%)	SINCE INCEPTION ANNUALISED RETURN TO SEPTEMBER 2018 (%)	VALUE OF R100 000 INVESTED AT LAUNCH TO SEPTEMBER 2018 (R)	HIGHEST ANNUAL RETURN	LOWEST ANNUAL RETURN	FUND DESCRIPTION AND LAUNCH DATE
13.0%	17.8%	1 904 832.1	68.9%	(31.7%)	A focused portfolio of our top stock picks on the JSE. Launched in October 2000.
11.8%	14.1%		May 2005 – Apr 2006	May 2002 – Apr 2003	
1.2%	3.7%				
11.4%	14.6%	2 127 855.9	49.3%	(17.4%)	Best investment views across all asset classes for retirement savers. Launched in April 1996.
11.8%	13.3%		Aug 2004 – Jul 2005	Sep 1997 – Aug 1998	
(0.4%)	1.3%				
9.7%	12.1%	717 657.2	33.8%	(6.2%)	Focused on providing a growing regular income. Ideal for investors in retirement. Launched in July 2001.
5.2%	5.9%		Aug 2004 – Jul 2005	Nov 2007 – Oct 2008	
4.5%	6.2%				
10.1%	9.7%	292 814.6	21.2%	2.0%	A lower risk alternative to Capital Plus for investors requiring a growing regular income. Launched in February 2007.
5.2%	6.1%		Jun 2012 – May 2013	Mar 2008 – Feb 2009	
4.9%	3.6%				
9.1%	10.3%	544 827.7	18.7%	2.6%	Asset allocation across the yielding asset classes. Launched in July 2001.
6.5%	7.8%		Nov 2002 – Oct 2003	Jun 2007 – May 2008	
2.6%	2.6%				



International flagship fund range

INVESTOR NEED	FUND	1-YEAR ANNUALISED RETURN TO SEPTEMBER 2018 (%)	1-YEAR ANNUALISED RETURN TO SEPTEMBER 2017 (%)	5-YEAR ANNUALISED RETURN TO SEPTEMBER 2018 (%)	10-YEAR ANNUALISED RETURN TO SEPTEMBER 2018 (%)	SINCE INCEPTION ANNUALISED RETURN TO SEPTEMBER 2018 (%)	VALUE OF R100 000 INVESTED AT LAUNCH TO SEPTEMBER 2018 (R)	HIGHEST ANNUAL RETURN	LOWEST ANNUAL RETURN	FUND DESCRIPTION AND LAUNCH DATE	
LONG-TERM CAPITAL GROWTH	Global Emerging Markets Flexible [ZAR]	(9.5%)	25.5%	6.4%	10.9%	9.3%	260 212.4	49.7%	(37.5%)	Best investment view across emerging markets. <i>Launched in December 2007.</i>	
	MSCI Emerging Markets	3.6%	21.0%	11.2%	11.5%	8.2%		Mar 2009 – Feb 2010	Mar 2008 – Feb 2009		
	Alpha	(13.2%)	4.6%	(4.7%)	(0.6%)	1.1%					
	LONG-TERM CAPITAL GROWTH	Global Opportunities Equity [ZAR] Feeder	15.3%	13.2%	14.9%	14.4%	12.9%	1 299 297.4	66.2%	(36.1%)	Providing access to the best global equity managers. <i>Launched in August 1997.</i>
		MSCI All Country World Index	14.7%	17.2%	17.2%	15.0%	11.9%		Apr 1999 – Mar 2000	Oct 2002 – Sep 2003	
		Alpha	0.6%	(4.0%)	(2.4%)	(0.7%)	0.9%				
		Global Managed [ZAR] Feeder	4.4%	11.0%	11.0%		13.9%	320 230.7	48.9%	(7.7%)	Best investment view across global markets. <i>Launched in October 2009.</i>
		Composite equities and bonds benchmark ¹	10.0%	9.0%	13.4%		14.2%		Jan 2013 – Dec 2013	Apr 2017 – Mar 2018	
		Alpha	(5.6%)	2.1%	(2.4%)		(0.3%)				
CAPITAL PRESERVATION	Global Capital Plus [ZAR] Feeder	5.8%	3.1%	8.9%		9.1%	237 863.2	34.8%	(10.6%)	Returns in excess of international cash while preserving capital in US dollars over any 12 months. <i>Launched in November 2008.</i>	
	USD cash (3-month Libor)	6.6%	(0.1%)	6.0%		4.1%		Jun 2012 – May 2013	Jun 2016 – May 2017		
	Alpha	(0.8%)	3.2%	2.9%		5.0%					
CASH ALTERNATIVE	Global Strategic USD Income [ZAR] Feeder	6.1%	(0.9%)	8.5%		8.1%	148 844.8	36.7%	(15.4%)	Asset allocation across yielding asset classes globally with a US dollar bias. <i>Launched in August 2013.</i>	
	USD cash (3-month Libor)	6.6%	(0.1%)	8.1%		7.4%		Feb 2015 – Jan 2016	Mar 2016 – Feb 2017		
	Alpha	(0.6%)	(0.8%)	0.4%		0.7%					

Source: Morningstar as at 30 September 2018.

Returns are in rands. For US dollar returns, refer to the September 2018 fact sheets in the Personal Investments section of www.coronation.com.

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

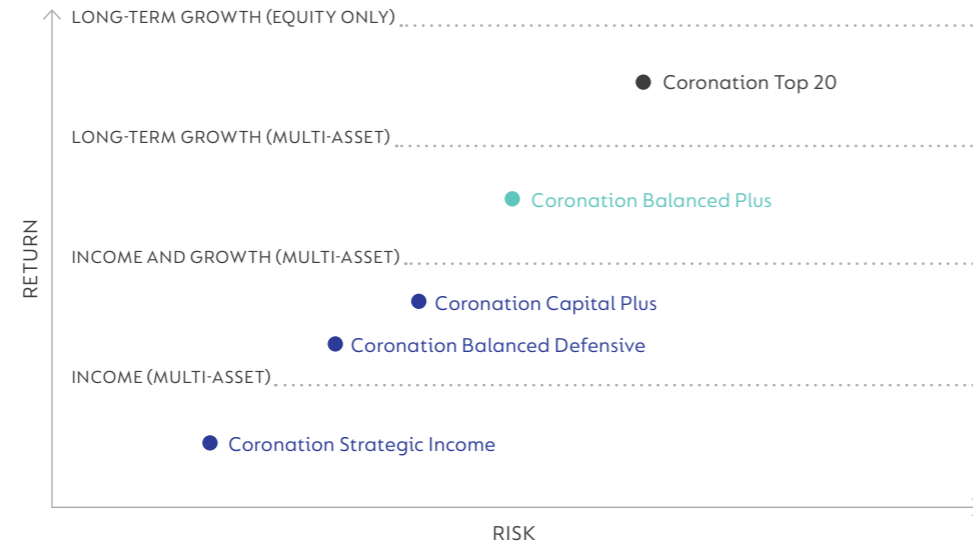


Domestic flagship fund range

Delivering on their mandates

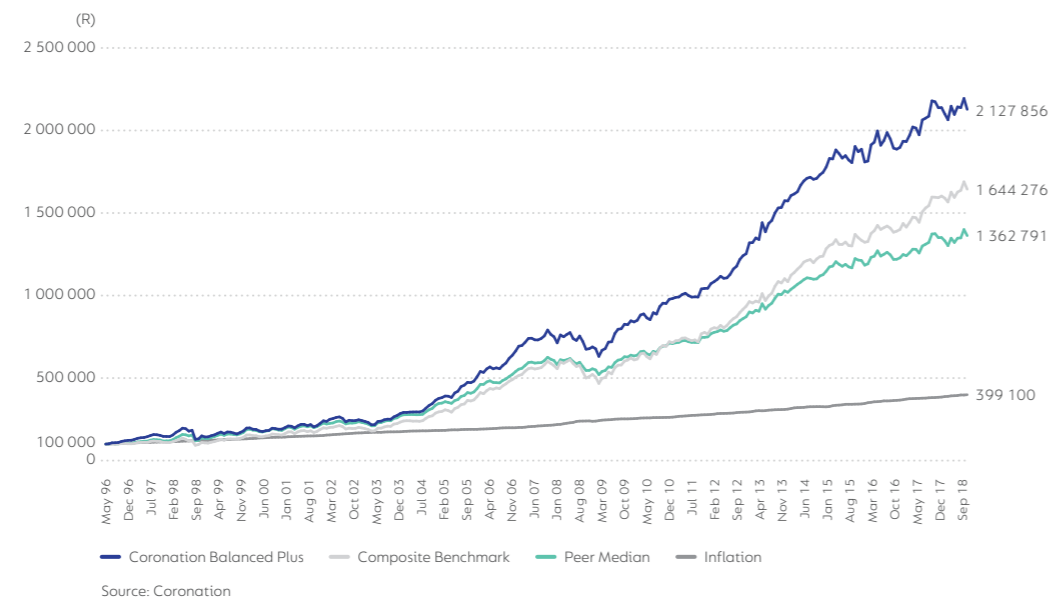
EXPECTED RISK VERSUS RETURN POSITIONING

Expected risk and return positioning for the domestic flagship funds after all income is re-invested 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 re-invested 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.



International flagship fund range

Delivering on their mandates

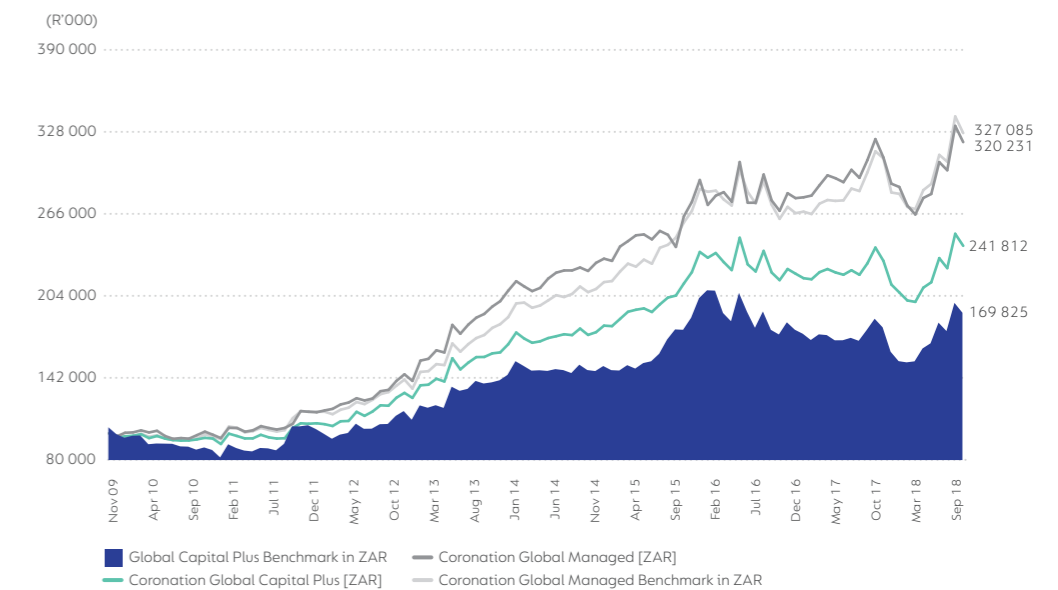
EXPECTED RISK VERSUS RETURN POSITIONING

Expected risk and return positioning for both rand and dollar-denominated funds after all income is re-invested 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 2018 (%)	1-YEAR ANNUALISED RETURN TO SEPTEMBER 2017 (%)	5-YEAR ANNUALISED RETURN TO SEPTEMBER 2018 (%)	10-YEAR ANNUALISED RETURN TO SEPTEMBER 2018 (%)
LONG-TERM GROWTH	DOMESTIC: EQUITY	(2.1%)	10.3%	6.5%	12.7%
	SA EQUITY	(4.0%)	3.3%	-	-
	MARKET PLUS	(2.0%)	8.8%	6.6%	12.0%
	OPTIMUM GROWTH	0.3%	16.7%	11.0%	13.4%
	INTERNATIONAL: GLOBAL EQUITY SELECT [ZAR] FEEDER (USD)	5.5%	18.7%	-	-
INCOME	PROPERTY EQUITY	(9.0%)	7.9%	7.7%	13.7%
	MONEY MARKET	7.7%	8.0%	7.1%	6.9%
	JIBAR PLUS	8.1%	8.5%	7.4%	7.6%
	BOND	6.5%	9.2%	8.0%	9.2%
BUILDING BLOCK FUNDS	FINANCIAL	11.0%	6.1%	10.0%	14.5%
	INDUSTRIAL	(13.3%)	6.9%	7.1%	16.3%
	RESOURCES	22.7%	20.1%	7.6%	6.9%
	SMALLER COMPANIES	(4.8%)	4.5%	4.0%	9.7%

Source: Morningstar as at 30 September 2018.

SINCE INCEPTION ANNUALISED RETURN TO SEPTEMBER 2018 (%)	VALUE OF R100 000 INVESTED AT LAUNCH TO SEPTEMBER 2018 (R)	HIGHEST ANNUAL RETURN	LOWEST ANNUAL RETURN	FUND DESCRIPTION AND LAUNCH DATE
15.6%	2 593 513.5	62.5% Aug 2004 – Jul 2005	(28.7%) Mar 2008 – Feb 2009	Seeks to maximise long-term capital appreciation by investing primarily in a broad spectrum of listed equities. <i>Launched in April 1996</i>
2.3%	107 214.1	17.1% Dec 2016 – Nov 2017	(4.0%) Oct 2017 – Sep 2018	Seeks to achieve the best possible long-term growth from investing in South African shares. <i>Launched in September 2015</i>
15.6%	1 226 899.3	50.0% Aug 2004 – Jul 2005	(20.1%) Mar 2008 – Feb 2009	Best investment view across all asset classes. Ideal multi-asset fund for discretionary savers. <i>Launched in July 2001</i>
14.2%	1 339 052.3	51.1% Jan 2012 – Dec 2013	(31.5%) Mar 2008 – Feb 2009	Best rand risk-adjusted returns from a global multi-asset class portfolio. <i>Launched in March 1999</i>
8.2%	130 915.2	27.6% Nov 2016 – Oct 2017	(6.6%) Apr 2017 – Mar 2018	Best investment view across global equity markets. <i>Launched in April 2015</i>
17.1%	1 665 140.7	53.6% Apr 2005 – Mar 2006	(22.6%) July 2007 – June 2008	A sector-specific equity fund that invests in quality listed property assets. <i>Launched in November 2000</i>
8.2%	450 047.3	12.9% Aug 2002 – Jul 2003	5.1% Nov 2012 – Oct 2013	Aims to provide a higher level of income than fixed deposits and call accounts. <i>Launched in October 1999</i>
9.1%	497 845.7	18.6% May 2000 – Apr 2001	5.8% Feb 2013 – Jan 2014	A conservative short-term parking vehicle for capital. <i>Launched in April 2000</i>
11.4%	979 449.4	34.9% Oct 1998 – Aug 1999	(7.0%) Oct 1997 – Aug 1998	Provides well-diversified exposure to the South African bond market. <i>Launched in August 1997</i>
13.0%	1 181 118.1	63.0% Aug 2004 – July 2005	(28.6%) Mar 2008 – Feb 2009	A sector-specific equity fund representing our top financial services stock picks. <i>Launched in July 1998</i>
17.1%	2 446 191.8	68.0% Jan 1998 – Dec 1999	(26.2%) Jan 1999 – Dec 2000	A sector-specific equity fund representing our top industrial stock picks. <i>Launched in July 1998</i>
16.4%	1 796 957.3	100.5% Apr 2001 – Mar 2002	(54.2%) Mar 2008 – Feb 2009	A sector-specific equity fund representing our top resources stock picks. <i>Launched in October 1999</i>
11.6%	1 061 313.0	68.3% May 1997 – Apr 1998	(41.4%) Nov 2007 – Oct 2008	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 or contact Client Service on 0800 221177. 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.



Abridged financial statements

CORONATION FUNDS ABRIDGED INCOME STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

RAND	BALANCED DEFENSIVE FUND	BALANCED PLUS FUND
Net income/(loss) from operations before finance costs	1 752 119 757	2 034 898 858
Total finance costs	1 542 533 125	2 672 059 784
Distributions	1 537 144 484	2 645 217 830
Withholding tax on foreign dividends	5 388 641	26 841 954
Change in net assets attributable to unit holders	209 586 632	(637 160 926)

RAND	GLOBAL CAPITAL PLUS [ZAR] FEEDER FUND	GLOBAL EMERGING MARKETS FLEXIBLE [ZAR] FUND
Net income/(loss) from operations before finance costs	120 734 519	(363 086 019)
Total finance costs	-	46 515 560
Distributions	-	38 309 348
Withholding tax on foreign dividends	-	8 206 212
Change in net assets attributable to unit holders	120 734 519	(409 601 579)

RAND	GLOBAL OPPORTUNITIES EQUITY [ZAR] FEEDER FUND	JIBAR PLUS FUND
Net income/(loss) from operations before finance costs	1 052 984 295	174 374 159
Total finance costs	-	177 552 374
Distributions	-	177 552 374
Withholding tax on foreign dividends	-	-
Change in net assets attributable to unit holders	1 052 984 295	(3 178 215)

RAND	RESOURCES FUND	SA EQUITY FUND
Net income/(loss) from operations before finance costs	101 214 969	(61 547 384)
Total finance costs	20 039 062	22 930 150
Distributions	20 014 188	22 667 267
Withholding tax on foreign dividends	24 874	262 883
Change in net assets attributable to unit holders	81 175 907	(84 477 534)

BOND FUND	CAPITAL PLUS FUND	EQUITY FUND	FINANCIAL FUND
121 525 657	376 103 157	(133 025 599)	50 638 984
184 795 035	511 872 726	179 556 039	13 654 889
184 795 035	508 304 528	172 586 381	13 368 860
-	3 568 198	6 969 658	286 029
(63 269 378)	(135 769 569)	(312 581 638)	36 984 095

GLOBAL EQUITY SELECT [ZAR] FEEDER FUND	GLOBAL MANAGED [ZAR] FEEDER FUND	GLOBAL STRATEGIC USD INCOME [ZAR] FEEDER FUND	INDUSTRIAL FUND
32 806 084	290 107 452	60 750 189	(167 334 196)
-	-	-	12 239 673
-	-	-	12 615 260
-	-	-	(375 587)
32 806 084	290 107 452	60 750 189	(179 573 869)

MARKET PLUS	MONEY MARKET FUND	OPTIMUM GROWTH FUND	PROPERTY EQUITY FUND
(84 722 024)	618 444 417	58 567 539	(194 930 321)
188 806 417	618 444 417	84 269 119	116 372 108
186 452 482	618 444 417	62 008 094	115 513 119
2 353 935	-	22 261 025	858 989
(273 528 441)	-	(25 701 580)	(311 302 429)

SMALLER COMPANIES FUND	STRATEGIC INCOME FUND	TOP 20 FUND
(9 123 009)	2 298 343 197	(720 502 392)
2 406 158	2 361 962 293	763 425 817
2 392 356	2 351 799 720	759 255 972
13 802	10 162 573	4 169 845
(11 529 167)	(63 619 096)	(1 483 928 209)



Abridged financial statements

CORONATION FUNDS ABRIDGED BALANCE SHEETS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

RAND	BALANCED DEFENSIVE FUND	BALANCED PLUS FUND
Total assets	34 864 564 928	89 862 588 142
Total liabilities, excluding net assets attributable to unit holders	447 161 753	1 732 162 122
Net assets attributable to unit holders	34 417 403 175	88 130 426 020

RAND	GLOBAL CAPITAL PLUS [ZAR] FEEDER FUND	GLOBAL EMERGING MARKETS FLEXIBLE [ZAR] FUND
Total assets	2 284 205 389	3 891 911 818
Total liabilities, excluding net assets attributable to unit holders	1 251 080	81 609 741
Net assets attributable to unit holders	2 282 954 309	3 810 302 077

RAND	INDUSTRIAL FUND	JIBAR PLUS FUND
Total assets	1 063 090 197	2 424 720 432
Total liabilities, excluding net assets attributable to unit holders	14 144 741	53 430 895
Net assets attributable to unit holders	1 048 945 456	2 371 289 537

RAND	RESOURCES FUND	SA EQUITY FUND
Total assets	602 503 058	1 074 380 126
Total liabilities, excluding net assets attributable to unit holders	14 468 628	23 559 016
Net assets attributable to unit holders	588 034 430	1 050 821 110

BOND FUND	CAPITAL PLUS FUND	EQUITY FUND	FINANCIAL FUND
2 479 609 864	16 249 086 124	7 171 706 193	464 543 539
130 244 492	166 321 260	149 460 842	12 103 895
2 349 365 372	16 082 764 864	7 022 245 351	452 439 644

GLOBAL EQUITY SELECT [ZAR] FEEDER FUND	GLOBAL MANAGED [ZAR] FEEDER FUND	GLOBAL OPPORTUNITIES EQUITY [ZAR] FEEDER FUND	GLOBAL STRATEGIC USD INCOME [ZAR] FEEDER FUND
460 379 218	6 737 646 498	7 761 813 023	1 024 929 360
160 355	20 450 374	7 839 164	1 945 013
460 218 863	6 717 196 124	7 753 973 859	1 022 984 347

MARKET PLUS	MONEY MARKET FUND	OPTIMUM GROWTH FUND	PROPERTY EQUITY FUND
4 704 132 176	8 303 508 748	6 995 355 321	1 882 794 069
123 467 152	47 366 420	105 223 854	36 077 292
4 580 665 024	8 256 142 328	6 890 131 467	1 846 716 777

SMALLER COMPANIES FUND	STRATEGIC INCOME FUND	TOP 20 FUND
163 770 676	34 679 716 590	19 016 162 434
1 955 658	670 363 290	686 900 689
161 815 018	34 009 353 300	18 329 261 745



Schedule of distributions

DISTRIBUTION TO UNIT HOLDERS

FOR THE YEAR ENDED 30 SEPTEMBER 2018 (CENTS PER UNIT)

FUND NAME AND CLASS	31 DEC 2017	31 MAR 2018	30 JUN 2018	30 SEP 2018
Balanced Defensive Fund A	1.64	1.76	2.12	2.04
Balanced Plus Fund A		113.93		165.21
Bond Fund R		65.25		59.19
Capital Plus Fund A	23.35	23.30	37.38	31.85
Equity Fund A		103.09		265.41
Financial Fund A		28.92		151.49
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		86.67		110.24
Jibar Plus Fund A	21.59	21.38	17.48	20.93
Market Plus Fund A		127.63		177.41
Optimum Growth Fund A		-		69.10
Property Equity Fund A	70.97	96.69	70.12	93.97
Resources Fund A		138.35		268.16
SA Equity A		0.38		1.42
Smaller Companies Fund R		30.09		70.18
Strategic Income Fund A	27.54	27.50	31.70	26.66
Top 20 Fund A		146.83		363.05

	2017			2018								
	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
Money Market Class A	7,91	7,64	7,81	7,85	7,89	7,74	7,70	7,62	7,59	7,59	7,67	7,63

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.com.



Company information

CORONATION MANAGEMENT COMPANY (RF) (PTY) LTD

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

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Website

www.coronation.com



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