



# EVERYTHING YOU NEED TO KNOW

*Your guide to investing  
with Coronation*

**CORONATION**

TRUST IS EARNED™

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 reader 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 reader 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. Coronation does not undertake to update, modify or amend the information on a frequent basis or to advise any person if such information subsequently becomes inaccurate. Any representation or opinion is provided for information purposes only. Unit trusts should be considered a medium- to long-term investment. The value of units may go down as well as up, and is therefore not guaranteed. Past performance is not necessarily an indication of future performance. Unit trusts are allowed to engage in scrip lending and borrowing. Performance is calculated by Coronation for a lump sum investment with income distributions reinvested. All underlying price and distribution data is sourced from Morningstar. Performance figures are quoted after the deduction of all costs (including manager fees and trading costs) incurred within the fund. Note that individual investor performance may differ as a result of the actual investment date, the date of reinvestment of distributions and dividend withholding tax, where applicable. Annualised performance figures represent the geometric average return earned by the fund over the given time period. 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 Sector Conduct Authority 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 15h00 (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). Coronation Fund Managers Limited is a Full member of the Association for Savings & Investment SA (ASISA). Coronation Asset Management (Pty) Ltd (FSP 548), Coronation Investment Management International (Pty) Ltd (FSP 45646) and Coronation Alternative Investment Managers (Pty) Ltd (FSP 49893) are authorised financial services providers.



# THE CORONATION CLIENT CHARTER

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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



## OUR MAIN GOAL

*delivering the  
best results possible*

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Coronation is an independent investment business that focuses solely on fund management. Over more than two decades, we have consistently produced strong investment returns.

It is important however to point out that a successful track record ultimately comes with many testing years.

Often during periods of underperformance, we are sowing the seeds for the harvest (long-term outperformance) to come. We strongly encourage you to stay the course.

This guide will provide you with the information you need to make the most of your relationship with Coronation.

*Treating  
Customers  
fairly*

Coronation subscribes to the Treating Customers Fairly (TCF) initiative, as introduced by the Financial Sector Conduct Authority. We trust that through your interactions with us, you will recognise Coronation as a company that cares about the fair treatment of its clients. If at any stage you feel that we are not living up to the TCF standards, please do let us know.

<b>01</b>	<b>Coronation's investment philosophy</b>	<b>6</b>
<b>02</b>	<b>Your guide to finding the best fund for you</b>	<b>8</b>
<b>03</b>	<b>Getting started online</b>	<b>12</b>
<b>04</b>	<b>Invest. Withdraw. Switch</b>	<b>14</b>
	> Increase your debit order, invest a single additional amount or make a new investment in a different fund	
	> Sell your investment	
	> Switch your investment to another fund	
<b>05</b>	<b>Investing offshore</b>	<b>22</b>
<b>06</b>	<b>Retirement investing</b>	<b>26</b>
<b>07</b>	<b>Tax-free investing</b>	<b>30</b>
<b>08</b>	<b>Frequently asked questions</b>	<b>32</b>

# INVESTMENT

*philosophy*

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# CORONATION IS COMMITTED TO LONG-TERM INVESTING

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While many investment companies are forced to take short-term action because they are under massive pressure to do well this month, this quarter, this year – we take the long-term view.

We believe that being able to make decisions over the next five to ten years gives us a substantial advantage. We only invest in assets that are trading at a discount to our assessment of their real long-term value.

Key to identifying these rewarding opportunities is our independent and proprietary research. We spend immense energy and time investigating which companies and assets will provide the best long-term returns for our clients.

We have a very simple, common-sense approach to how we value assets. We ignore short-term movements and sentiment, and look at the true prospects for a business over the longer term.

All our funds are managed according to this long-term, valuation-based investment philosophy, which we call the Coronation DNA.

There is no crystal ball involved in investing; it requires strong analytical skills, perspective and patience. We cannot predict the future.

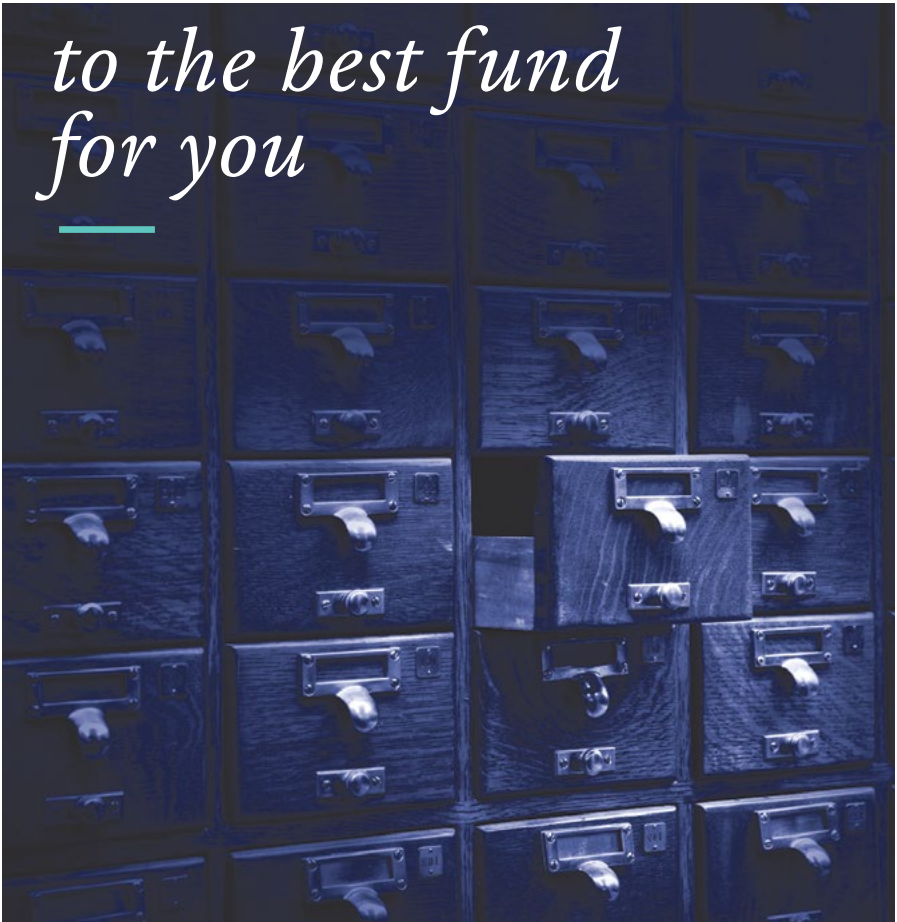
However, we take great care in investing only in assets that match the risk profile of your Coronation fund. This means that if you are invested in a low-risk fund, the fund's investments will be low risk in nature and aim to yield stable returns, while a highest-risk fund will typically be fully exposed to the share market.

For each fund, we are very clear on the risk budget you are granting us and will always strive to make the appropriate decisions.

# YOUR GUIDE

*to the best fund  
for you*

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Coronation has a range of funds (unit trusts) that can match most investor needs. We encourage you to ensure that you are invested in the fund or combination of funds that best meet your requirements – and to review your fund choice regularly. Your goals and how long you can remain invested are some of the considerations when deciding on the best fund for you.

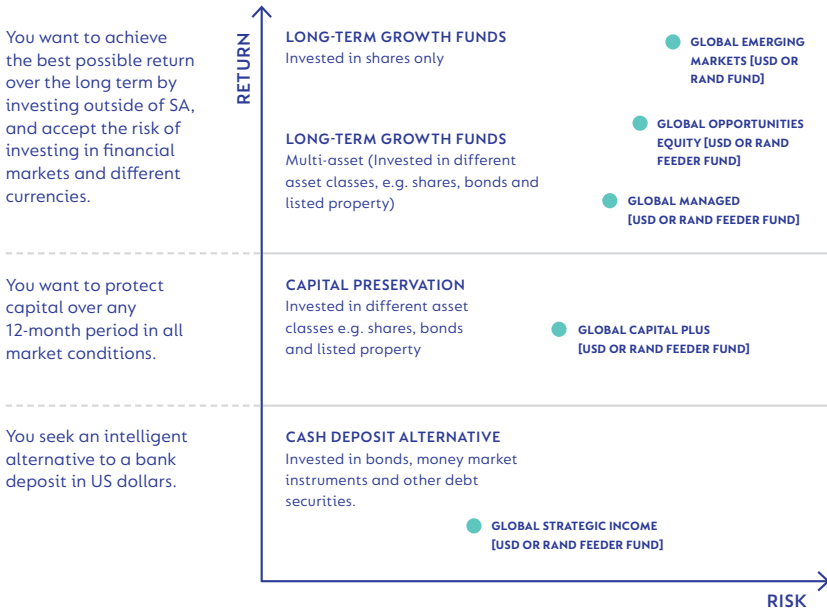
## WHAT ARE YOUR NEEDS?

### DOMESTIC FLAGSHIP FUNDS



Your guide to different types of unit trusts on p. 36  
More on the trade-off between risk and return on p. 41

## INTERNATIONAL FUNDS



## SHOULD YOU INVEST OFFSHORE?

Coronation's flagship domestic unit trusts that comply with Regulation 28 currently hold close to the maximum allowable offshore assets.

Investors seeking additional international exposure can opt for two types of funds:

- ▶ a fund based in South Africa that invests in international assets and converts the investment back into rands;
- ▶ or a fund that is situated overseas and keeps your investment in a foreign currency.

Your decision would depend largely on financial and tax-planning considerations, with which a professional financial adviser could assist you.



Your guide to investing offshore on p. 22

## ARE YOU INVESTING FOR RETIREMENT?

Consider whether you should invest directly in a unit trust, and/or in a retirement annuity, which may offer tax benefits in exchange for not being able to access your savings before the age of 55.



Your guide to investing for – and after – retirement on p. 26

## DO YOU WANT TO INVEST TAX-FREE?

South African citizens can invest up to R33 000 a year (up to R500 000 over your lifetime) tax-free. No tax will be levied on income earned, investment growth, or on capital gains when you sell.



Your guide to tax-free investing on p. 30

## WHERE CAN YOU GET INVESTMENT ADVICE?

Coronation is not licensed to provide financial advice, and while we think it's relatively simple to navigate around our fund range, we do believe that most investors would benefit from good financial advice.

Case studies show that investors who receive professional advice are more likely to have appropriate investments, and they also tend to stay the course in times of volatility. In short, they reap the rewards of investing over the long term.

Your adviser will assess your financial goals, and your tolerance for risk, and monitor these over time.

Given that your investment is such an important decision, it is essential that the person giving you advice is appropriately qualified and licensed by the authorities.

The Financial Planning Institute offers a searchable internet directory of qualified financial advisers ([www.letsplan.co.za](http://www.letsplan.co.za)).

# GETTING STARTED

*online*

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As a Coronation client you can manage your investments in a **secure environment** and at a **time that suits you**.

Register at  to:

- Invest, switch unit trusts, or withdraw from your investment.
- View your entire portfolio on one page.
- Manage your retirement savings.
- Keep track of your tax-free investment.
- Get transaction statements, tax certificates and historical reports of your investments.
- Change your personal, password and bank details.

Simply log in at **Coronation.co.za**, and follow the easy four-step registration process.

Your investment number – which is included in all our correspondence with you – is needed to complete the process.



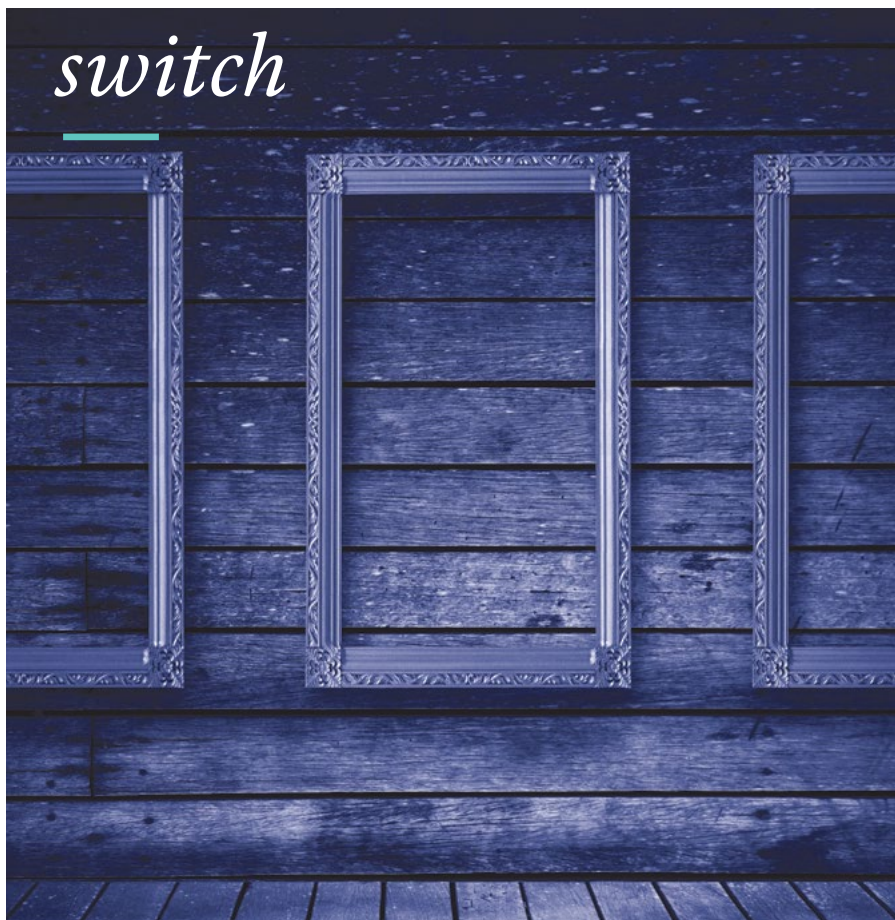
To ensure your security, we will send you a one-time personal identification number (OTP) via SMS whenever you sign in.



No internet access? Simply call us toll-free on 0800 22 11 77, and we'll gladly assist with your transactions and queries.

# INVEST, WITHDRAW,

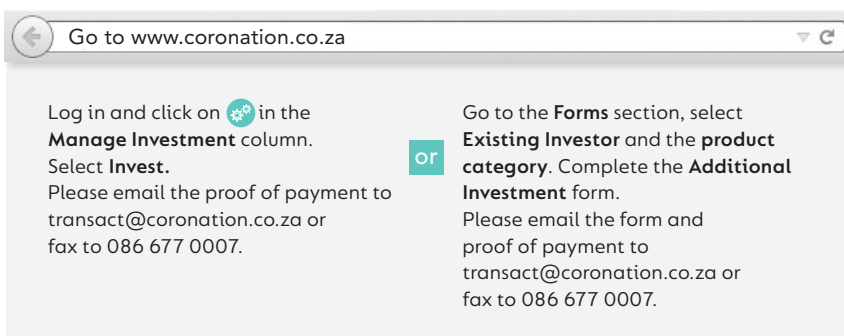
*switch*




# INVEST

Even small additional investments can make a considerable difference in creating wealth over the long term.

## ADD TO YOUR INVESTMENT IN AN EXISTING FUND:



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

Log in and click on  in the **Manage Investment** column.  
Select **Invest**.  
Please email the proof of payment to [transact@coronation.co.za](mailto:transact@coronation.co.za) or fax to 086 677 0007.

or

Go to the **Forms** section, select **Existing Investor** and the **product category**. Complete the **Additional Investment** form.  
Please email the form and proof of payment to [transact@coronation.co.za](mailto:transact@coronation.co.za) or fax to 086 677 0007.

*Please  
note*

Transactions will only be processed after receipt of proof of payment.  
Send proof of payment to [transact@coronation.co.za](mailto:transact@coronation.co.za).

## **OUR BANK ACCOUNT DETAILS:**

**For All Funds and Coronation Tax-Free Investments (except the Coronation Money Market Fund):**

Account holder:	Coronation Management Company (RF) (Pty) Ltd
Bank:	Nedbank
Branch:	Cape Town
Branch code:	100909
Account type:	Cheque
Account number:	1009 590 596

**For the Coronation Money Market Fund:**


Account holder:	Coronation Management Company (RF) (Pty) Ltd
Bank:	Nedbank
Branch:	Cape Town
Branch code:	100909
Account type:	Cheque
Account number:	1009 646 532

Please find bank account details for other Coronation products on our website.



## MAKE A NEW INVESTMENT IN A DIFFERENT FUND:

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


Log in and click on  in the **Manage Investment** column. Select **Invest**. Please email the proof of payment to [transact@coronation.co.za](mailto:transact@coronation.co.za) or fax to 086 677 0007.

or

Go to the **Forms** section, select **Existing Investor** and the product category and complete the **Additional Investment** form. Please email the form and proof of payment to [transact@coronation.co.za](mailto:transact@coronation.co.za) or fax to 086 677 0007.

## INCREASE YOUR EXISTING DEBIT ORDER:

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


Log in and click on  in the **Manage Investment** column. Select **Change Debit Order**.

or

Go to the **Forms** section, select **Existing Investor** and the product category. Complete the **Debit Order Instruction** form. Please email the form to [transact@coronation.co.za](mailto:transact@coronation.co.za) or fax to 086 677 0007.

## START A NEW DEBIT ORDER:

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

Log in and click on  in the **Manage Investment** column. Select **Invest**.

or

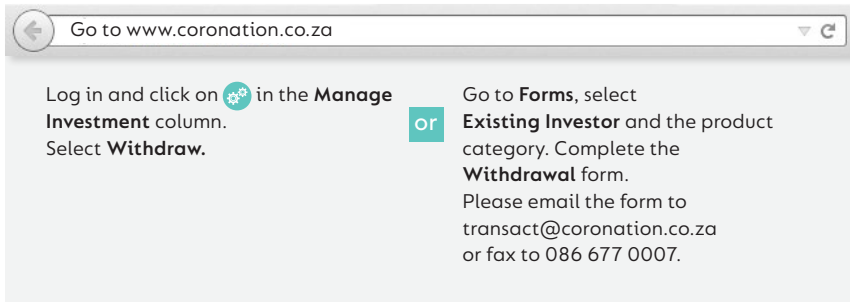
Go to the **Forms** section, select **Existing Investor** and the product category. Complete the **Debit Order Instruction** form. Please email the form to [transact@coronation.co.za](mailto:transact@coronation.co.za) or fax to 086 677 0007.

*Please  
note*


The new amount will be debited at the next debit order date, provided the instruction was received more than two business days before that date.

# WITHDRAW

You can sell a **percentage**, or a **rand amount**, of your investment and receive the proceeds **within two to three business days**.



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

Log in and click on  in the **Manage Investment** column.  
Select **Withdraw**.

**or**

Go to **Forms**, select **Existing Investor** and the product category. Complete the **Withdrawal** form.  
Please email the form to [transact@coronation.co.za](mailto:transact@coronation.co.za) or fax to 086 677 0007.



For your security, a member of our client service team may contact you to confirm that you authorised a withdrawal. Please note that the proceeds will only be paid into a bank account in your name.



If you want to withdraw your entire investment, it is better to specify the percentage (100%) instead of the amount. The closing price at which the transaction will be executed, may be different than your requested withdrawal amount.

## TAX IMPLICATIONS OF WITHDRAWING OR SWITCHING:

If you sell or switch within three years of investing: Should the SA Revenue Service (SARS) deem that you held the investment for speculative or trading purposes, the full gain will be taxable at the marginal tax rate for individuals and at 28% for companies. Otherwise, the gain or loss will be included in your capital gains tax calculation.

If you held the investment for a continuous period of three years or longer, the gain or loss will be included in your capital gains tax calculation.

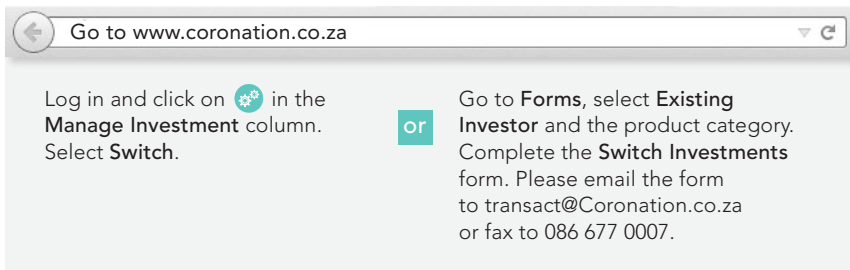
- Regardless of how long the investment was held, an IT3(c) certificate is issued by Coronation at the end of the tax year, indicating the gain or loss realised from the disposal or switching of any investment during the tax year. This amount should be included in your annual tax return submitted to SARS.
- Provisional tax certificates are issued in February and August each year and available online. Log in to [Coronation.co.za](https://www.coronation.co.za) and find your certificates in the Investment Reports section.
- Savings invested in the Coronation Tax-Free Investment are exempt from capital gains tax, or any other tax on interest, dividends or other income, provided that you stay within the allowed investment limits, which is R33 000 a year (R500 000 over your lifetime). A penalty tax of 40% will be levied on investments above these limits.

It's a good idea to consult a tax professional or your financial adviser for guidance on the tax efficiency of your investments.


# SWITCH

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You can easily switch your investment to another fund. There are no fees associated with switching.



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

Log in and click on  in the **Manage Investment** column.  
Select **Switch**.

or

Go to **Forms**, select **Existing Investor** and the product category.  
Complete the **Switch Investments** form. Please email the form to [transact@Coronation.co.za](mailto:transact@Coronation.co.za) or fax to 086 677 0007.

*Please  
note*

You may incur a tax liability as a result of the switch.  
Please see p.19 for more details.



## TRANSACTION CUT-OFF TIMES:

Your investment, withdrawal or switching transaction will be executed using the unit trust's closing price on a specific day. If you send your instruction before our daily cut-off times, the transaction will be finalised using these transaction prices:

	Cut-off time on business days	Transaction price	Transaction confirmation
<b>Money Market Fund</b>	12h00	That day's closing price	The following day
<b>All other local Coronation funds, including rand-denominated international funds</b>	14h00	That day's closing price	The following day
<b>International funds that are denominated in a foreign currency</b>	12h00	That day's closing price	The following day
<b>Tax-Free Investment</b>	14h00	That day's closing price	The following day
<b>Retirement Annuity, Preservation Funds, Living Annuity and Endowment</b>	14h00	Next day's closing price	Four to seven business days

If you transact after the cut-off time, the transaction price and confirmation will follow a day later.

*Please note*

If you invest, your proof of payment needs to be submitted before the above cut-off times.

# INVESTING

*offshore*

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## WHY SHOULD I CONSIDER A FOREIGN INVESTMENT?

South Africa represents less than one percent of the world economy. Restricting yourself to domestic assets means forgoing extensive investment opportunities available in global markets.

International investing will give you access to other faster-growing regions as well as to industries (e.g. IT and electronics) that are not well-represented in South Africa.

Research on optimal portfolios suggests an offshore allocation of 20% to 35% for long-term investors requiring a return in rand of inflation plus 4% to 5%.

## HOW CAN I INVEST OUTSIDE OF SA?

Coronation offers a range of funds that are invested in global markets. Please go to the **Funds & Products** section on **Coronation.co.za**, and choose **International Flagship Funds** for more details.

Each of these global funds is available as a **rand-denominated** unit trust; or **denominated in US dollars, and domiciled abroad**.

### **Rand-denominated:**

While your money is invested in international markets, the fund is priced in rands. South Africans won't need to use their foreign currency allowance to invest.

### **Denominated in US dollars and foreign-domiciled:**

South African taxpayers can invest up to R11 million per calendar year (R10 million foreign capital allowance and a R1 million single discretionary allowance) in funds denominated in foreign currency. Your investment will remain in an offshore account.

If your investment is larger than R1 million per year, please apply for tax clearance from the SA Revenue Service. Only natural persons older than 18 years (not legal entities, trusts or companies) are entitled to the foreign currency allowance.

- Note that all investment income earned in the Coronation foreign-domiciled funds is re-invested in the fund and **no income is distributed**.
- For more on investing offshore, including information on transferring money and taxation, go to **Forms** on **Coronation.co.za**. Select **Existing Investor**, then **International Funds** and click on **International FAQ**.

## HOW DO I CHOOSE BETWEEN A RAND-DENOMINATED OR FOREIGN-DOMICILED FUND?

Our rand-denominated and foreign-domiciled funds are invested in exactly the same assets. Your decision would thus depend largely on financial and tax-planning considerations. Factors such as the status of the investor (natural person or trust); family needs (for example, children on other continents); and the purpose of your investment should influence your decision.

Consult your financial adviser for guidance on which investment would be best for your needs.

## HOW DO I INVEST IN A FOREIGN-DOMICILED FUND?

By investing in a foreign-domiciled fund, you are converting your rands into a foreign currency and keeping the investment in an overseas investment account.

### **Step 1: Tax clearance**

Tax clearance is required for South Africans who invest more than R1 million offshore.

To apply for clearance, please contact a currency provider, speak to a tax practitioner or complete the FIA001 Foreign Tax Clearance Certificate application form, available from our client service team.



You will be required to submit the following documents to SARS:

- ▶ Proof of availability and source of the funds
- ▶ An original certified copy of your South African ID
- ▶ A statement of your personal assets and liabilities

You must ensure that all overdue returns and tax payments are fully up to date prior to applying.

### **Step 2: Buy foreign currency**

Once you've obtained foreign tax clearance, you can purchase foreign currency through your bank or a specialist currency service provider.

### **Step 3: Transfer to Coronation offshore bank account**

You need to arrange the transfer of your foreign currency to the relevant Coronation offshore bank account. Our bank account details are on the application form or available from our client service team.

### **Step 4: Submit application and proof of payment**

Once you've arranged for the transfer of your foreign currency, please send us your investment application form along with a proof of payment. If we receive all documentation before 12h00 on a business day, the following day's closing price will be used for the transaction. You will receive confirmation of the transaction the next day.

*Please  
note*

Most of Coronation's flagship domestic funds already have a considerable offshore allocation. However, our domestic funds that comply with Regulation 28 (Coronation Balanced Plus, Capital Plus and Balanced Defensive) currently hold less than the recently increased maximum offshore allocation (30% of investments) on behalf of investors.

# RETIREMENT

*investing*

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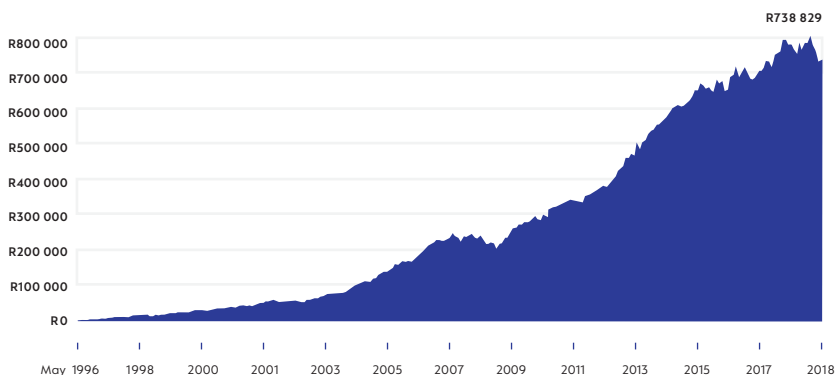


## INVESTING FOR RETIREMENT

Our long-term growth funds aim to invest in assets that will make your money grow over the long run.

### Example:

An investment of R500 a month in the **Coronation Balanced Plus Fund** since its inception in 1996 would have grown to more than R738 829 by the end of December 2018. You would have earned an average return of 14.14% a year.



Performance is measured with income distributions re-invested and quoted after the deduction of all costs incurred within the fund. Past performance is not necessarily an indication of future performance. Monthly contributions are assumed to be made at the beginning of the month.

Coronation also has a range of retirement investment products that are tax efficient and easy to understand:

### The Coronation Retirement Annuity

A **retirement annuity** offers a tax-efficient way to save. Your contributions are tax deductible (up to certain limits) and your investment returns are not taxed while you remain invested. You can access your investment once you turn 55.

The Coronation Retirement Annuity has no initial fees, exit penalties or administration fees. You can reduce, stop or resume contributions without any additional costs. Your retirement annuity will be invested in your choice of Coronation unit trust funds.

## The Coronation Preservation Funds

When you leave your job, you can opt to transfer your retirement contributions to a **preservation fund**. These funds will preserve the tax benefits of your contributions, and continue to grow the value of your savings until retirement. The **Coronation Preservation Pension Fund** and **Coronation Preservation Provident Fund** are aimed at individuals who would like to preserve the tax benefits of contributions made to a previous employer's pension or provident fund. Flexible and cost-effective, the products have no initial fees, exit penalties or administration fees. You choose the underlying investments from our range of unit trust funds.

## The Coronation Endowment Plan

The endowment plan benefits investors with a marginal tax rate greater than 30% and a minimum investment time horizon of five years. While access to capital is limited in the first five-year period or the extended restriction period, taxable growth (interest, income from Real Estate Investment Trusts and foreign dividends) is taxed at 30% within the plan and is tax-free in your hands when you withdraw the proceeds. A lower rate of capital gains tax may also be levied. The plan removes all tax-reporting responsibility from you, as well as the hassle of the tax administration associated with investments through other vehicles.

# INVESTING AFTER RETIREMENT

Our income and growth fund range aims to provide you with an income to cover your everyday living expenses in retirement, while also growing your capital. We also offer a living annuity that pays out a regular income in retirement:

## The Coronation Living Annuity

A living annuity has tax advantages; no tax is levied on interest or dividends, and it is exempt from capital gains tax. You can use your pension, provident, retirement annuity or preservation fund savings to buy a living annuity, which will pay out a regular amount. The living annuity is invested in your choice of unit trusts, and you can switch between investments at no cost. You can also adjust your level of income every year. Currently, the legal limits for annual withdrawals are between 2.5% and 17.5% of the investment value.

## WHICH FUNDS SHOULD I CHOOSE FOR MY RETIREMENT SAVINGS?

The best fund for you will depend on your personal circumstances, and we recommend that you get expert advice before making a decision.

If you invest in a retirement or a preservation fund, your investment choice also needs to comply with Regulation 28 of the Pension Funds Act. Regulation 28 limits the exposure of retirement investors to certain asset classes. For example, only 30% of your investments may be in offshore assets.

Coronation has a number of funds that already comply with Regulation 28. If you invest in these funds, you don't have to monitor your investments to ensure you stay within the regulatory limits. Our Regulation 28-compliant funds include:

<b>BALANCED PLUS</b>	The fund has a strong investment in shares, and aims to achieve the best possible investment growth for retirement savers, at moderate levels of risk.
<b>CAPITAL PLUS</b>	The fund's exposure to shares is carefully balanced with more stable investments like bonds. It aims to achieve reasonable investment growth over the medium to long term, while also preserving capital over any 18-month period.
<b>BALANCED DEFENSIVE</b>	The fund aims to protect capital over any 12-month period. It is specifically managed to suit very cautious investors who want to draw an income over an extended period of time, for example pensioners in the second half of retirement.
<b>STRATEGIC INCOME</b>	The fund aims to achieve a higher return than a traditional money market or pure income fund.

Alternatively, you can select any of our other funds, and use our simple online calculator (at <https://quotes.coronation.com/>) when you apply to ensure your investment is compliant with Regulation 28.



Go to the **Funds & Products** section on [Coronation.co.za](https://www.coronation.co.za) for more details on our retirement offering.

**TAX-FREE**

*investing*

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The Coronation Tax-Free Investment allows you to invest in a range of funds without incurring any tax. Your savings won't be taxed for the duration of your investment, or when you sell.

This means:

- No tax on interest or other income
- No tax on dividends
- No capital gains tax

## YOUR TAX-FREE ALLOWANCE:

You can invest up to R33 000 every tax year (from March 1st to end-February of the next year). Over your lifetime, you can invest up to R500 000 tax free. A penalty tax of 40% will be levied on any amounts above these limits.

In terms of your tax-free allowance, once you withdraw money, you cannot replace it with a new investment. For example, if you invested R33 000 this tax year, and then withdrew some or all of your savings – any further investment this tax year will be taxable.

## SAVING FOR YOUR CHILDREN:

Each child has a personal tax-free allowance of their own. Please note that a bank account in your child's name will be required for all withdrawal payments from his or her Coronation Tax-Free Investment. Your investment on behalf of your children may be subject to donations tax, if it exceeds the annual allowance.

*Please  
note*

Only South African citizens and individual investors qualify for tax-free investing. All dividends and interest earned from your investment will automatically be reinvested; you won't be able to earn a regular income from this investment.

# FREQUENTLY ASKED

*questions*

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## 01 Unit trusts

- What are unit trusts? 34
- How are unit trusts priced? 35
- What are the different types of unit trusts? 36

## 02 Growth and risk

- How can I get the best growth from my investment? 41
- How can I reduce risk while growing my investment? 43

## 03 Income

- How can I receive a regular payment from my investment? 44
- How will income from my unit trust be taxed? 45

## 04 Managing your investments

- View all your investments in one place 46
- Change your personal or banking details 46

# WITHDRAW

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## WHAT ARE UNIT TRUSTS?

A unit trust (also known as a 'fund') pools money from many investors to invest in assets like shares, bonds and listed property.

Instead of having to pick individual investments yourself, a unit trust offers you exposure to a range of assets, which are selected and managed by investment professionals.

Each fund is divided into equal units. The price of each of these units is based on the value of all the investments in the fund.

As an investor, you own a number of units in a fund. The price of these units will track the value of the underlying investments.

Some funds invest in the shares of companies, which may pay out a part of their profits in the form of dividends. Other investments – like government or corporate bonds – make periodic interest payments. You can choose to receive these distributions, or use the money to buy more units and grow your investment.

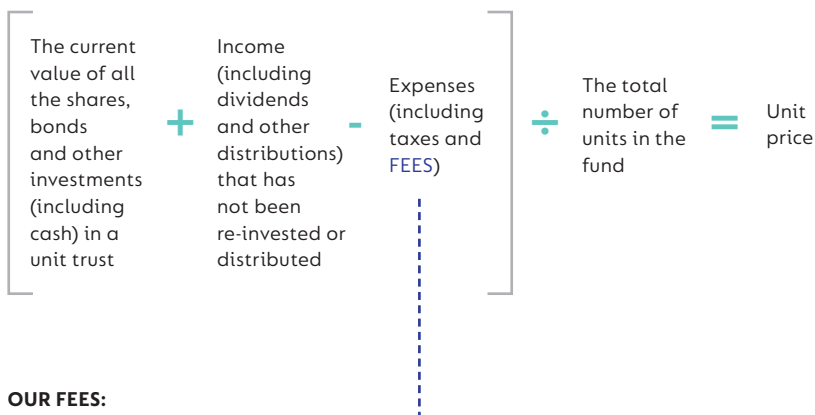
### How it works:

You invest R10 000 in a unit trust. In return, you receive a number of units, which will be determined by the daily price of the fund on the date of investment. If a unit in the fund is priced at R10 on that day, you will receive 1 000 units for your R10 000. The unit price can go up and down, driven by the price of investments held by the fund.

For example, the unit price may increase to R12, resulting in the value of the 1 000 units growing by R2 000, to R12 000. If the assets fall in value, the unit price will also reduce. Thus if the unit price decreases to R9, the value of 1 000 units will be R9 000.

## HOW ARE UNIT TRUSTS PRICED?

All the investments in a unit trust are valued at a set time every business day (typically 15h00, Monday to Friday), at which point the daily unit price is fixed. All transactions are based on this daily price.



### OUR FEES:

Coronation does not charge any initial or upfront fees to invest in our unit trust funds. Your full investment amount is invested to purchase units. Our unit trusts charge an annual management fee that is calculated daily. Certain funds may charge a performance fee that is accrued daily and paid monthly. For more information, please view our Fees guide in the Forms section on [Coronation.co.za](http://Coronation.co.za).

If you have authorised us to deduct advice fees payable to your financial adviser, your investment amount will be reduced by the agreed initial and/or ongoing fee.

*Please note*

Our investment returns are quoted net of fees, meaning that fees have already been subtracted. All returns also assume that income has been re-invested.

# WHAT ARE THE DIFFERENT TYPES OF UNIT TRUSTS?

## LONG-TERM GROWTH FUNDS

### EQUITY FUNDS

Full exposure to shares, which offer the highest expected returns – but with the greatest level of risk (returns may vary widely from year to year).

#### SA (with global exposure)

**Coronation Top 20** is a concentrated portfolio of the best opportunities in the local share market.



Growth assets



17.20% return per year since launch

Launch date  
October 2000

**Coronation Equity** invests in selected SA and some global equities and offers more diversification than the Top 20 fund.



Growth assets



15.03% return per year since launch

Launch date  
April 1996

### ANOTHER FUND TO CONSIDER:

**Coronation SA Equity** invests only in selected SA listed equities.

Illustrations indicate the funds' maximum allowed exposure to growth assets. Returns calculated as at end-December 2018.

#### Benchmark

Coronation Top 20: FTSE/JSE Capped All Share Index (CAPI); Coronation Equity: Composite: 87.5% SA equity, 12.5% International Equity.

Benchmark Performance since inception

Coronation Top 20: 13.5%; Coronation Equity: 12.6%

Highest Annual Return

Coronation Top 20: 68.9% (May 2005 – Apr 2006); Coronation Equity: 62.5% (Aug 2004 – Jul 2005)

Lowest Annual Return

Coronation Top 20: -31.7% (May 2002 – Apr 2003); Coronation Equity: -28.7% (Mar 2008 – Feb 2009)

*Growth assets*

These assets are primarily equities (shares), which represent a stake in a company. Equity investors become part-owners of a company and may receive a portion of the profit, in the form of dividends. As the company grows and becomes more profitable, the share price should increase.

## LONG-TERM GROWTH FUNDS

### EQUITY FUNDS

Full exposure to shares, which offer the highest expected returns – but with the greatest level of risk (returns may vary widely from year to year).

#### GLOBAL

**Coronation Global Emerging Markets** aims to invest in some of the best opportunities in emerging equity markets.



Growth  
assets

%

8.1% return per  
year since launch

Launch date  
December 2007

**Coronation Global Opportunities Equity** seeks to give investors access to a number of top-performing fund managers across the globe.



Growth  
assets

%

11.8% return per  
year since launch

Launch date  
August 1997

### ANOTHER FUND TO CONSIDER:

**Coronation Global Equity Select** actively seeks out attractively valued shares, particularly in developed markets.

Illustrations indicate the funds' maximum allowed exposure to growth assets. Returns calculated as at end-December 2018. Global fund returns are in rands and for feeder funds.

#### Benchmark

Coronation Global Emerging Markets: MSCI Emerging Markets Index; Coronation Global Opportunities: MSCI All Country World Index

Benchmark Performance since inception

Coronation Global Emerging Markets: 7.4%; Coronation Global Opportunities: 11.1%

Highest Annual Return

Coronation Global Emerging Markets: 49.7% (Mar 2009 - Feb 2010); Coronation Global Opportunities: 66.2% (Apr 1999 - Mar 2000)

Lowest Annual Return

Coronation Global Emerging Markets: -37.5% (Mar 2008 - Feb 2009); Coronation Global Opportunities: -36.1% (Oct 2002 - Sep 2003)

Income  
assets

Income assets include cash and bonds, which are essentially low-risk IOUs or loan contracts. Large entities (like the government or banks) will agree to pay back a loan amount on a fixed date, and make regular interest payments at a fixed rate. These contracts are traded in the market. Income assets also include money market instruments, which are loan contracts over shorter periods (usually less than one year).

# LONG-TERM GROWTH FUNDS

## MULTI-ASSET FUNDS

A bias towards shares but also invests in other assets like bonds, which will help diversify your investment and reduce risk. With multi-asset funds, complex decisions about investing your savings across a range of assets are taken on your behalf.

### SA (with global exposure)

**Coronation Balanced Plus** represents our best investment views across all asset classes for pre-retirement savers. It has exposure to both income and growth assets. The fund can invest up to 30% (excl Africa) of its assets abroad.



**Coronation Market Plus** aims to maximise long-term investment growth, at lower levels of risk than a fund that is only invested in shares. It has a maximum offshore allocation of 40% (excl Africa).



### GLOBAL

**Coronation Global Managed** has a bias towards shares, but can invest in a variety of assets including listed property, bonds and cash outside of South Africa.



**Coronation Optimum Growth** gives investors exposure to a range of opportunities from around the world and in South Africa.



Illustrations indicate the funds' maximum allowed exposure to growth assets. Returns calculated as at end-December 2018. Global fund returns are in rands and for feeder funds.

#### Benchmark

Coronation Balanced Plus: Composite: 52.5% equity, 22.5% bonds, 5% cash, 20% international ; Coronation Market Plus: Composite: 52.5% equity, 22.5% bonds, 5% cash, 20% international; Coronation Global Managed: 60% MSCI All Country World Index and 40% Barclays Global Bond Aggregate; Coronation Optimum Growth: Composite: 35% JSE CAPI, 15% ALBI, 35% MSCI ACWI, 15% BGBA

#### Benchmark Performance since inception

Coronation Balanced Plus: 13.0%; Coronation Market Plus: 13.2%; Coronation Global Managed: 13.0%; Coronation Optimum Growth: 11.2%

#### Highest Annual Return

Coronation Balanced Plus: 49.3% (Aug 2004 - Jul 2005); Coronation Market Plus: 50.0% (Aug 2004 - Jul 2005); Coronation Global Managed: 48.9% (Jan 2013 - Dec 2013); Coronation Optimum Growth: 51.1% (Jan 2013 - Dec 2013)

#### Lowest Annual Return

Coronation Balanced Plus: -17.4% (Sep 1997 - Aug 1998); Coronation Market Plus: -20.1% (Mar 2008 - Feb 2009); Coronation Global Managed: -7.7% (Apr 2017 - Mar 2018); Coronation Optimum Growth: -31.5% (Mar 2008 - Feb 2009)

## INCOME AND GROWTH FUNDS

Income and growth funds aim to provide reasonable growth after inflation (over the longer term), while preserving your capital (over the short term).

### SA (with global exposure)

**Coronation Capital Plus** aims to achieve reasonable investment growth over the medium to long term. It has a bias towards growth assets and therefore more suitable for longer time horizons.



**Coronation Balanced Defensive** is a lower-risk option for investors who require a growing regular income. It can invest in different asset classes including shares, bonds, listed property and cash.



### GLOBAL

**Coronation Global Capital Plus** is a low-risk global balanced fund reflecting our best long-term global investment views, moderated for more conservative investors.



Illustrations indicate the funds' maximum allowed exposure to growth assets. Returns calculated as at end-December 2018. Global fund returns are in rands and for feeder funds.

#### Benchmark

Coronation Capital Plus: CPI + 4% p.a.; Coronation Balanced Defensive: (CPI + 3% p.a.); Coronation Global Capital Plus: (100% USD 3-month LIBOR + 1.5%)

#### Benchmark Performance since inception

Coronation Capital Plus: 9.9%; Coronation Balanced Defensive: 9.0%; Coronation Global Capital Plus: 5.7%

#### Highest annual return

Coronation Capital Plus: 33.8% (Aug 2004 - Jul 2005); Coronation Balanced Defensive: 21.2% (Jun 2012 - May 2013);

Coronation Global Capital Plus: 34.8% (June 2012 - May 2013)

#### Lowest Annual Return

Coronation Capital Plus: -6.2% (Nov 2007 - Oct 2008); Coronation Balanced Defensive: 0.5% (Dec 2017 - Nov 2018);

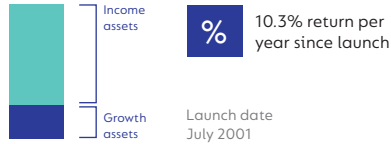
Coronation Global Capital Plus: -10.6% (Jun 2016 - May 2017)

## INCOME FUNDS

The focus is on preserving your capital. An income fund is an intelligent alternative to cash or bank deposits over periods of 12 to 36 months.

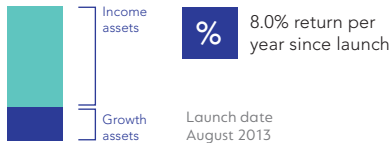
### SA (with global exposure)

**Coronation Strategic Income** focuses on providing income and invests in a wide variety of yielding instruments (e.g. cash, bonds and listed property). It aims to achieve a higher return than a traditional money market or pure income fund.



## GLOBAL

**Global Strategic USD Income Fund**, an alternative to cash deposits, invests in a number of global fixed income assets with a US dollar bias.



Illustrations indicate the funds' maximum allowed exposure to growth assets. Returns calculated as at end-December 2018. Global fund returns are in rands and for feeder funds.

#### Benchmark

Coronation Strategic Income: 110% of STeFI 3-month index; Global Strategic USD Income Fund: 110% of USD 3-month LIBOR

Benchmark Performance since inception

Strategic Income Fund: 8.6%

Global Strategic Income Fund: 7.6%

Highest Annual Return

Coronation Strategic Income: 18.7% (Nov 2002 - Oct 2003);

Global Strategic USD Income: 36.7% (Feb 2015 - Jan 2016)

Lowest Annual Return

Coronation Strategic Income: 2.6% (Jun 2007 - May 2008)

Global Strategic USD Income: -15.4% (Mar 2016 - Feb 2017)



# GROWTH AND RISK

## HOW CAN I GET THE BEST GROWTH FROM MY INVESTMENT?

Compounding is the most powerful ally you have in building wealth, and the only free lunch in investments.

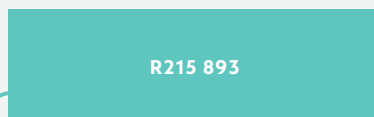
The principle is simple: The returns you earn on your investment also start earning returns, resulting in your money growing at an ever-increasing rate. Say you invest R100; it grows by 8% a year and you also earn R2 in income (interest and dividends) from your investment. At the end of the first year, you have R110. The extra R10 will also now grow in value and earn income. Over time, this can make an enormous difference.

Benefit from compounding growth by **re-investing your income distributions**:

**Take this example:** You invest R100 000, which grows by 8% a year. Every year, you earn 3% of your investment in income distributions (interest and dividends). If you decide not to re-invest the distributions, your investment will be worth R215 893 after ten years. If you re-invest the income in the fund, you will have R283 942.

### DISTRIBUTIONS NOT RE-INVESTED

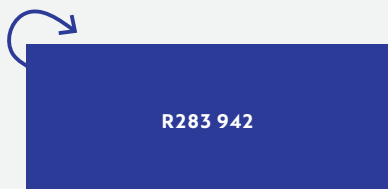
R100 000 invested for 10 years,  
with income paid out



You receive a total of R43 460 in income over the 10-year period.

### DISTRIBUTIONS RE-INVESTED

R100 000 invested for 10 years,  
with income re-invested



By re-investing your income, you earned R68 049.

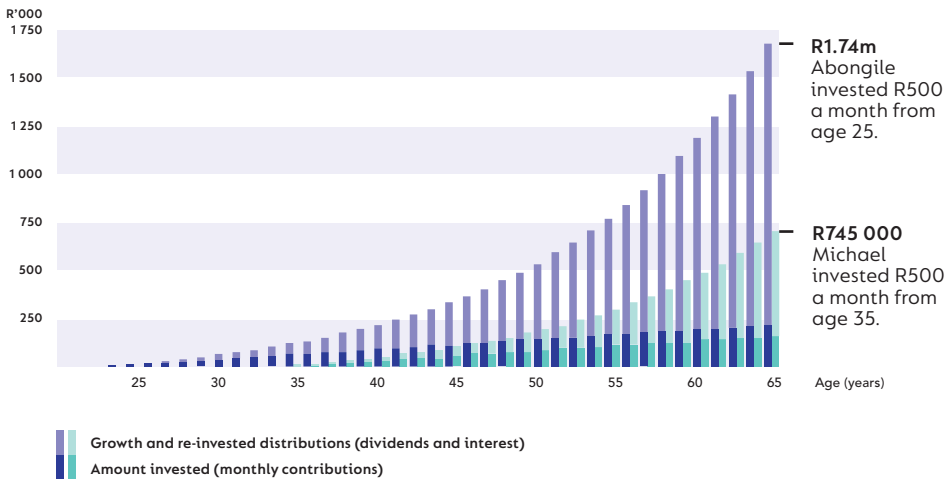
Compounding is a particularly remarkable tool the earlier you start to invest.

**Consider this example:**

Abongile started investing R500 a month at age 25. Her investment grows by 8% a year. On retirement at age 65, she has an investment of more than R1.74 million. Michael also invested R500 a month, but started ten years later. He ended up with R745 000 at age 65.

What made the big difference? Abongile's investments in the first few years grew and earned an income (dividends and interest). The income was re-invested to buy more investments, which then also started earning income. This snowball effect makes a huge contribution over time.

### THE POWER OF COMPOUNDING



The value of investments (and any income earned from the investments) can fall as well as rise, and past performance is not a reliable indicator of future performance. Tax implications depend on your personal circumstances.

## HOW CAN I REDUCE RISK, WHILE GROWING MY INVESTMENT?

Investing is not risk-free. However, it is completely up to you how much risk you are willing to take. Each unit trust has a different risk rating, defined by a fund's exposure to different types and levels of risk. Roughly speaking, the guide is as follows:

- If you are seeking higher returns, then you have to be willing to accept more risk.
- If you are seeking lower risk, then you have to be willing to accept lower returns.

Growth assets (shares and listed property) are considered to be more risky than income assets (cash and fixed interest).

In all our funds we actively manage risk and reward. In our multi-asset funds, growth and income assets are blended to provide the optimal combination. Where funds are invested in only one asset class (like shares), risk is mitigated through diversification across different investments (industry and geography).

Deciding on which fund suits your needs and circumstances is best achieved in consultation with your financial adviser.

### WHAT ARE THE KEY RISKS?

<b>SHARES AND LISTED PROPERTY</b>	A poor performance by a company may result in a falling share or unit price. Shareholders take on the highest level of risk and have the highest potential for returns. However, in the case of corporate insolvency, shareholders are last in line, running the risk of total capital loss.
<b>CASH AND FIXED INTEREST</b>	There is a risk that the issuer won't be able to pay interest or repay capital. And in the case of fixed interest (and some cash assets), the value of the investment will fall if interest rates increase or the issuer's creditworthiness decline.



Each unit trust has a different risk rating. You can find these ratings, and detailed information about the risk and return objectives for every fund, in the Funds & Products section on [Coronation.co.za](http://Coronation.co.za).

# INCOME

## HOW CAN I RECEIVE A REGULAR PAYMENT FROM MY INVESTMENT?

Coronation has a range of funds specifically aimed at providing investors with a regular income.

You can choose to have a rand amount of your investment paid out on a regular basis. This will involve the sale of units in your fund to deliver a stable income. Please note that Capital Gains Tax may be charged if units are sold at a higher price than the purchase price.

Alternatively, you can opt not to re-invest the monthly or quarterly distributions from our income funds, and receive the distributions as an income. Remember that these payments will fluctuate.

These flagship funds distribute income as follows:

CORONATION MONEY MARKET	Monthly	
CORONATION STRATEGIC INCOME	Quarterly	Mar/Jun/Sept/Dec
CORONATION BALANCED DEFENSIVE	Quarterly	Mar/Jun/Sept/Dec
CORONATION CAPITAL PLUS	Quarterly	Mar/Jun/Sept/Dec

*Please  
note*

For more information on all fund distributions, go to [Coronation.co.za](https://www.coronation.co.za) and click on **Fund Prices**.

## HOW WILL INCOME FROM MY UNIT TRUST BE TAXED?

The taxation of income distributions from unit trusts will depend on the type of income distributed:

- ▶ Dividend income earned from investments in shares is usually liable for dividend withholding tax, which is paid over to the SA Revenue Service by Coronation on your behalf.
- ▶ Local and foreign interest income is taxed at the marginal tax rates for individuals. Foreign taxes may be levied in respect of foreign interest income.

An IT3(b) certificate, reflecting the distributions made to you, is issued by Coronation at the end of each tax year. These amounts should be included in your annual tax return submitted to SARS. Provisional tax certificates are issued in August and February every year and are available online.

- ▶ No capital gains tax, or any other tax on interest, dividends or other income will be levied on your Coronation Tax-Free Investment provided you stay within the allowed investment limits, which is R33 000 a year (R500 000 over your lifetime).

### ACCESS YOUR TAX CERTIFICATES

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



Log in and go to **Investment Reports**.  
Choose **Tax Certificates**.

*Please  
note*

Whether you re-invest your distributions or have it paid out to you, the tax treatment of that income remains exactly the same.

# MANAGING YOUR INVESTMENTS

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## VIEW ALL YOUR INVESTMENTS IN ONE PLACE

For a consolidated view of all your accounts – including investments in international unit trusts, endowment or retirement products – log in to [Coronation.co.za](https://coronation.co.za), go to Manage Details in the left-side menu and choose Link Investments.

## CHANGE YOUR PERSONAL OR BANKING DETAILS

Log in to [Coronation.co.za](https://coronation.co.za). Below Manage Details in the left-side menu, you'll find options to change your details. Alternatively, go to Forms on [Coronation.co.za](https://coronation.co.za), select Existing Investor and the product category. Print out the Change in Personal Details form and fax it to 086 677 0007 or e-mail to [transact@coronation.co.za](mailto:transact@coronation.co.za).



## OUR SINGULAR FOCUS

*building and maintaining  
our clients' trust*

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Coronation Fund Managers is one of southern Africa's most successful third-party fund management companies. We focus solely on fund management and earning our clients' trust through strong investment performance and appropriate products. At the heart of the organisation is a single global investment team, process and philosophy of long-term investing.

Our unit trust company is an industry leader, managing long-term assets on behalf of individual investors in South Africa. We are an investment-led business that is 25% staff-owned and listed on the Johannesburg Stock Exchange.

Coronation is one of South Africa's largest managers of institutional assets. Our clients include pension and provident funds, medical schemes and many of the major banking and insurance groups in South Africa, as well as international retirement funds and endowments.



For **enquires** you can call us on **0800 22 11 77**  
or email us at **[clientservice@coronation.com](mailto:clientservice@coronation.com)**.

For **new applications or transactions** you can email your forms directly to  
**[transact@coronation.com](mailto:transact@coronation.com)** or fax us on **086 677 0007**.

For **more information or to invest online**, visit us on **[www.coronation.com](http://www.coronation.com)**.