



Annual Financial Statements

for the year ended 30 September 2018

NAM Coronation Capital Plus Fund

**NAM CORONATION CAPITAL PLUS FUND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018**

DIRECTORS OF MANAGEMENT COMPANY

R G Young (Non-Executive Director)*
E Emvula (Chief Executive Officer)
*(South African)

MANAGEMENT COMPANY

Namibia Unit Trust Managers Limited

NATURE OF THE BUSINESS

Unit Trust Fund

TRUSTEE

Nedbank Namibia Limited

AUDITORS

KPMG Namibia

BANKERS

Nedbank Namibia Limited

REGISTERED OFFICE

Unit no 18, Tenbergen Village
Cnr Lazarett Street and Robert Mugabe Avenue
Windhoek
Namibia

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NAM CORONATION CAPITAL PLUS FUND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors of Namibia Unit Trust Managers Limited are responsible for monitoring the preparation and fair presentation of the financial statements and related information included in this report.

In order for the Board to discharge its responsibilities, management has developed and continues to maintain a system of internal control. The Board has ultimate responsibility for the system of internal control.

The financial statements are prepared in accordance with the basis of accounting described in note 1 and the requirements of the Trust Deed and the Unit Trusts Control Act of Namibia. They are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Board of Namibia Unit Trust Managers Limited has satisfied itself that the Trust has adequate resources to continue as a going concern and has no reason to believe the Trust will not be a going concern in the year ahead.

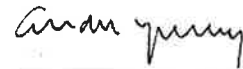
The auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of financial statements

The financial statements of NAM Coronation Capital Plus Fund for the year ended 30 September 2018, set out on pages 5 to 14, were approved by the Board of Directors of Namibia Unit Trust Managers Limited on 24 December 2018 and are signed on its behalf by:



E Emvula
(Chief Executive Officer)



G Young
(Non-executive Director)



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Independent Auditor's Report

To the Directors of Namibia Unit Trust Managers Limited

Opinion

We have audited the financial statements of NAM Coronation Capital Plus Fund ("the Fund"), a unit trust scheme managed by Namibia Unit Trust Managers Limited, as set out on pages 5 to 14, which comprise the statement of financial position at 30 September 2018, and the statement of comprehensive income, the statement of changes in net assets attributable to unitholders and the statement of cash flows for the year then ended, the notes to the financial statements, including a summary of significant accounting policies, and the report to unitholders.

In our opinion, the financial statements are prepared, in all material respects, in accordance with the basis of accounting described in note 1 to the financial statements and in the manner required by the Trust Deed and the Unit Trust Control Act of Namibia.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) (Parts A and B) and other independence requirements applicable to performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Namibia. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting and Restriction on Use

We draw attention to note 1 to the financial statements, which describes the basis of accounting and the purpose of the financial statements. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the directors of Namibia Unit Trust Managers Limited and should not be used by other parties. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the Statement of Directors' Responsibilities. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and presentation of the financial statements in accordance with the basis of accounting described in note 1 to the financial statements and in the manner required by the Trust Deed, for determining the acceptability of the basis of accounting, and for such internal controls as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



KPMG Namibia

Registered Accountants and Auditors
Chartered Accountants (Namibia)

Per: V. Mugabo
Partner

Windhoek, 24 December 2018

NAM CORONATION CAPITAL PLUS FUND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

REPORT TO UNITHOLDERS

The directors of Namibia Unit Trust Managers Limited are pleased to present their report on the activities of the unit trust fund for the year ended 30 September 2018.

BUSINESS AND OPERATIONS

The principal activity of the unit trust fund is to invest on behalf of unitholders.

UNIT HOLDINGS

There were creations of 7,703,331 (2017: 21,187,203) units and cancellations of 29,779,760 (2017: 95,938,361) units during the financial year. There are 91,990,070 (2017: 115,518,479) units in issue at 30 September 2018.

DISTRIBUTIONS

Distributions of N\$4,355,742 were made during the year (2017: N\$5,241,257).

RESULTS OF OPERATIONS

The operating results of the unit trust fund are reflected in the statement of comprehensive income and the notes thereto.

SUBSEQUENT EVENTS

TN Mbuende, Head of the Retail business, has been appointed to the Board of Namibia Unit Trust Managers Limited, effective 01 December 2018.

No other material facts or circumstances have arisen between the date of the statement of financial position and the date of this report which affect the financial position or financial performance of the fund as reflected in the financial statements.

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NAM CORONATION CAPITAL PLUS FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2018

	2018 N\$	2017 N\$
Net investment income	6 621 191	14 649 181
Dividend income	2 573 444	3 276 053
Interest income	3 757 129	6 065 110
Income adjustments on creation and cancellation of units	(120 876)	(1 478 030)
Foreign exchange gains / (losses) on dividend and interest income	1 440 040	(2 037 053)
Net fair value (losses) / gains on financial assets	(1 028 555)	8 814 191
Other income (commitment fees)	9	8 910
Operating expenses	1 559 814	2 232 691
Audit fees	82 053	77 154
Bank charges	24 049	10 484
Custodian fees	61 482	64 979
Management company fees	1 353 036	2 076 641
Other expenses	5 135	3 433
Namfisa levy	34 059	-
Net income from operations before finance costs	5 061 377	12 416 490
Total finance costs	4 636 886	5 638 217
Distributions	4 355 742	5 241 257
Withholding taxes	281 144	396 960
Total comprehensive income attributable to unitholders	424 491	6 778 273

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NAM CORONATION CAPITAL PLUS FUND

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018

	Note	2018 N\$	2017 N\$
Assets			
Investments at fair value	5	148 925 680	189 015 311
Accounts receivable	7	1 031 230	1 181 633
Cash and cash equivalents	6	11 355 854	12 810 757
Total assets		161 312 764	203 007 701
Liabilities			
Distributions payable		2 472 140	2 622 354
Accrued expenses		231 942	233 442
Accounts payable		-	28 685
Total liabilities, excluding net assets attributable to unitholders		2 704 082	2 884 481
Net assets attributable to unitholders		158 608 682	200 123 220

NAM CORONATION CAPITAL PLUS FUND

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE YEAR ENDED 30 SEPTEMBER 2018

Note	Capital attributable to unitholders N\$	Income attributable to unitholders N\$	Total N\$
Balance at 01 October 2016	318 058 444	(86 887)	317 971 557
Total comprehensive income attributable to unitholders		6 778 273	6 778 273
Transfer of net fair value gains, net of transaction costs, not distributable	6 777 138	(6 777 138)	-
Net cancellation of units	(124 626 611)		(124 626 611)
Balance at 30 September 2017	200 208 971	(85 752)	200 123 220
Total comprehensive income attributable to unitholders		424 491	424 491
Transfer of net fair value gains, net of transaction costs, not distributable	411 485	(411 485)	-
Net cancellation of units	(41 939 029)		(41 939 029)
Balance at 30 September 2018	158 681 427	(72 746)	158 608 682

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NAM CORONATION CAPITAL PLUS FUND

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2018

Note	2018 N\$	2017 N\$
Cash flows from operating activities		
Interest received	3 757 129	6 065 110
Dividends received	2 292 300	2 879 093
Operating expenses	(1 559 805)	(2 223 781)
Movement in working capital	120 218	515 586
- trade payables	(30 185)	(411 969)
- trade receivables	150 403	927 555
Sale of investments	40 380 240	102 948 139
Net cash from operating activities	44 990 082	110 184 147
Cash flows from financing activities		
Creation of units	14 944 398	35 209 644
Cancellation of units	(56 883 427)	(159 836 254)
Cash distributed to unit holders	(4 505 956)	(7 285 979)
Net cash used in financing activities	(46 444 985)	(131 912 589)
Net decrease in cash and cash equivalents	(1 454 903)	(21 728 442)
Cash and cash equivalents 1 October	12 810 757	34 539 199
Cash and cash equivalents at 30 September	11 355 854	12 810 757

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1 ACCOUNTING POLICIES

These financial statements are prepared to meet the requirements of the Trust Deed and the Unit Trusts Control Act of Namibia. The financial statements are prepared on the historical cost basis, except for financial instruments described in notes 1.2 and 1.9, and incorporate the following principal accounting policies that have been applied consistently to all periods presented:

1.1 Statement of compliance

The financial statements are prepared in accordance with the accounting policies described below and the requirements of the Trust Deed and in the manner required by the Unit Trusts Control Act of Namibia. The basis of accounting and the presentation and disclosures contained in the financial statements are not intended to and do not comply with all the requirements of International Financial Reporting Standards. The principal accounting policies adopted in the preparation of the financial statements are consistent in all material respects with those applied in prior year.

1.2 Basis of preparation

The financial statements are presented in Namibia Dollars, being the functional currency of the unit trust fund.

The financial statements are prepared on a fair value basis for financial instruments classified as available-for-sale. Other financial assets and financial liabilities are stated at amortised cost.

1.3 Dividend income

Dividend income comprises dividends received from and accrued on investments for which the last date to trade falls within the accounting period. This includes capitalisation issues with a cash dividend option, dividends on preference shares, convertible debentures and exchange traded funds.

1.4 Interest

Interest income is recognised in profit or loss as it accrues. Interest income is recognised on an effective interest basis and interest income as disclosed includes the amortisation of any discount or premium or any other difference between interest-bearing instruments' initial carrying values and their maturity values.

1.5 Redeemable units

All redeemable units issued by the unit trust fund provide unitholders with the right to require redemption for cash at the value proportionate to the unitholders' share in the unit trust fund net assets at redemption date. In accordance with the trust deed, the scheme is contractually obliged to redeem units at the net asset value price.

1.6 Expenses

Expenses are recognised in profit or loss on an accrual basis. Expenses include, amongst others, service fees. Service fees are paid to the management company as follows:

- Class A - 1.25% (2017: 1.25%) of the net asset value of the fund per annum;
- Class P - 0.85% (2017: 0.85) of the net asset value of the fund per annum.
- Class C - 0.45% (2017: 0.45) of the net asset value of the fund per annum.

1.7 Income distributions

Income distributions are made to unitholders bi-annually on 31 March and 30 September.

1.8 Taxation

Under the current system of taxation in Namibia, unit trust schemes are exempt from paying taxes income tax. Income is taxed in the hands of the unitholders.

Dividend and interest income received by the schemes may be subject to withholding tax imposed in the country of origin. Investment income is recorded gross of such taxes and the withholding tax is recognised as finance costs in the statement of comprehensive income.

1.9 Financial instruments

1.9.1 Classification

Management determines the classification of its financial instruments at initial recognition.

Where available, market prices provide the best evidence of fair value. Where market prices are not available, the fair value is determined by using appropriate valuation techniques. The category of financial assets and financial liabilities at fair value through profit or loss comprises:

- Financial instruments held-for-trading. These include all derivatives.
- Financial instruments designated as at fair value through profit or loss upon initial recognition. These include financial assets that are not held for trading purposes and which may be sold. These are investments in exchange-traded debt and equity instruments, unlisted open-ended investment funds, unlisted debt and equity instruments and money market instruments.
- Cash and cash equivalents.

Financial assets that are classified as loans and receivables include accrued income, trade and other receivables. Financial liabilities that are measured at amortised cost include trade payables, distribution payable and accrued expenses.

Financial liabilities arising from the redeemable units issued by the funds are classified as at fair value through profit or loss, due to the fact that these liabilities represent the unitholders' right to a residual interest in the fund, the value of which is determined by the changes in the value of the scheme's financial assets.

1 ACCOUNTING POLICIES (continued)

Financial instruments (continued)

1.9.2 Recognition and derecognition of financial instruments

Financial instruments are recognised when, and only when, the fund becomes a party to the contractual provisions of the particular instrument. The fund derecognises a financial asset when and only when:

- The contractual rights to the cash flows arising from the financial asset have expired; or
- It transfers the financial asset, neither retaining nor transferring substantially all the risks and rewards of ownership of the assets, but no longer retains control of the assets.

A financial liability is derecognised when, and only when, the liability is extinguished, that is, when the obligation specified in the contract is discharged, cancelled or has expired.

The difference between the carrying amount of a financial instrument (or part thereof) extinguished or transferred to another party and consideration paid or received, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of comprehensive income.

All purchases and sales of financial assets carried at fair value through profit or loss that require delivery within the time frame established by regulation or market convention ('regular way' purchases and sales) are recognised at trade date, which is the date that the fund commits to purchase or sell the asset. The transactions are otherwise treated as derivatives until settlement occurs.

1.9.3 Measurement

Financial instruments are measured initially at fair value. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately, while on other financial instruments they are amortised.

Subsequent to initial recognition, all instruments at fair value through profit or loss are measured at fair value with changes in their fair value recognised in profit or loss. The fund uses the weighted average method to determine realised gains and losses on derecognition.

Fair value gains and losses are taken to profit or loss but are not distributed to unitholders, except for the fair value gains on instruments held in a Money Market Fund. Fair value gains and losses that do not qualify for distribution, together with the related transaction costs, are transferred from undistributed income to the unitholders' capital account in the statement of changes in net assets attributable to unitholders.

Financial assets classified as loans and receivables are carried at amortised cost using the effective interest method, less impairment losses. Financial liabilities arising from redeemable units issued by the fund are carried at the redemption amount representing the unitholders' right to the residual interest in the funds' net assets.

1.9.4 Fair value hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market or, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Fund.

Fair values are determined according to the following hierarchy based on the requirements. Fair Value Measurement:

- Level 1 – quoted market prices: financial assets and liabilities with quoted prices for identical instruments in active markets. The following financial instrument classifications, as reflected on the statement of financial position, are included in this category: Foreign and local unit trusts, foreign and local equities, specialist securities, bonds and net assets attributable to unitholders.
- Level 2 – valuation techniques using observable inputs: quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial assets and liabilities valued using models where all significant inputs are observable. The following financial instrument classifications, as reflected on the statement of financial position, are included in this category: Money market instruments and derivatives.
- Level 3 – valuation techniques using significant unobservable inputs: financial assets and liabilities valued using valuation techniques where one or more significant inputs are unobservable. The best evidence of fair value is a quoted price in an active market. In the event that the market for a financial asset or liability is not active, a valuation technique is used. No financial instruments are held under this category.

1.9.5 Fair value measurement principles

The fair value of financial instruments quoted in an active market is based on their quoted closing market prices at the reporting date without any deduction for estimated future selling costs.

Investments at fair value through profit or loss and net assets attributable to unitholders are allocated to Level 1 of the fair value hierarchy. If a quoted market price is not available on a recognised stock exchange or from a broker/ dealer for non-exchange-traded financial instruments, the fair value of the instrument is estimated using valuation techniques, including the use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or other valuation techniques that provide a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on the management company's best estimates and the discount rate that reflects market rates at the reporting date for an instrument with similar terms and conditions. The fair value of option contracts is determined by applying the Black-Scholes option valuation model.

Investments in other open-ended collective investment schemes are recorded at the quoted net asset value per unit as reported by the managers of such scheme.

For all other financial instruments, the carrying amount approximates the fair value.

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1 ACCOUNTING POLICIES (continued)

1.9.6 Cash and cash equivalents

For the purpose of the statement of cash flows, cash equivalents are short-term highly liquid instruments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value and that are not held for investment purposes. For the majority of the fund, this comprises call and current deposits with banks, net of bank overdrafts. Cash and cash equivalents are measured initially at fair value and subsequently measured at amortised cost.

1.9.7 Impairment

At each reporting date the fund assess whether there is any objective evidence that a financial asset or group of financial assets, excluding financial assets at fair value through profit or loss, is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced either directly or through use of an allowance account. The impairment loss is recognised in net profit or loss. The fund first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the statement of comprehensive income, to what the amortised cost would have been at the reversal date, if no impairment losses were recognised in the past.

1.10 Offsetting

Where a legally enforceable right to offset exists for recognised financial assets and liabilities, and there is an intention to settle the liability and realise the asset simultaneously, or to settle on a net basis, all related financial effects are offset. Income and expense items are only offset to the extent that their related instruments have been offset in the statement of financial position, with the exception of those relating to hedges, which are disclosed in accordance with the effect of the hedged item on the statement of comprehensive income.

1.11 Income adjustment on creation and cancellation of units

The income portion of all creations and cancellations of units is taken into account in determining the amount available for distribution

1.12 Foreign currency translation

Transactions in foreign currencies are translated at the foreign currency exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currency are translated to Namibia Dollars at the foreign currency closing exchange rate ruling at the reporting date. Foreign currency exchange differences arising on translation and realised gains and losses on disposal or settlements of monetary assets and liabilities are recognised in the capital value of the fund. Foreign currency exchange foreign currency closing exchange rate ruling at the reporting date. Differences arising on translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in the statement of comprehensive income.

foreign currency exchange rates ruling at the dates that the values were determined. Foreign exchange gains or losses on non-monetary assets and liabilities are included in profit or loss together with the fair value adjustment. Foreign currency exchange differences relating to monetary instruments at fair value through profit or loss and derivative instruments are included in fair value gains and losses on financial instruments.

Foreign currency exchange differences relating to cash equivalents, investments classified as available for sale and derivative instruments are included directly in the capital value of the fund.

1.13 Key management assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The valuation of investments is the only key estimate.

2 RELATED PARTIES

The fund has appointed Namibia Unit Trust Managers Limited ("the Management Company") to implement the investment strategy as specified in the trust deed and to provide administrative services.

In terms of the trust deed, the Management Company receives service fees monthly in arrears based on daily assets under management and a performance fee, as described in 1.6. above.

The management company has appointed Coronation Asset Managers Limited, a company incorporated in South Africa, as the fund's primary investment manager.

The back office administration of the fund was outsourced to Maitland Fund Services (Proprietary) Limited, until 29 June 2018, from which date this function has been migrated to JP Morgan.

Transactions with unitholders are detailed in the Unit Capital note (note 8).

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3 RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

Financial risk management

Financial risk is limited by the regulatory environment in which the fund operates. The Unit Trust Control Act in Namibia has strict and specific regulations as to what instruments may and may not be held.

In addition, the fund is governed by a Trust Deed, which commits it to a specific investment objective. The Trust Deed's investment objective is further refined into an investment mandate which requires the Investment Manager to manage the fund in accordance with the specified mandate. As far as possible, compliance limits are built into the daily pricing systems and processes of the Investment Manager and are checked and reported on daily.

The main financial risks that investors in the fund are exposed to are:

3.1 Credit risk

Credit risk is the risk of financial loss to the fund if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the fund's receivables from customers, investment securities, and cash and cash equivalent balances.

The fund's exposure to credit risk mainly arises from investments in Bonds and Certificates of Deposits. The fund only deposits cash surpluses with major banks of high credit quality. Credit risk arising on non-rated investments is monitored through regular analysis of financial statements of their respective issuers. The credit risk relating to unsettled transactions is considered small due to the short settlement period involved and the fact that the majority of financial instrument transactions are exchange traded, with settlement guaranteed by the exchanges.

The maximum credit risk exposure at the reporting date is equal to the carrying amount of the assets as reported.

3.2 Liquidity risk

The fund's is subjected to daily creation and cancellation of units and therefore exposed to the liquidity risk of meeting unitholders' transaction requests at any time. The funds' listed securities are considered to be readily realisable as they are listed on reputable and highly regulated local and major foreign stock exchanges. Investments in over-the-counter (OTC) derivative contracts are permitted.

Liquidity risk can also occur if an institutional investor redeems a significant proportion of a fund. This risk is mitigated by service level agreements with large investors requiring notice periods for large redemptions and regulatory safeguards as incorporated into the Unit Trust Control Act. The amount payable to unitholders is equal to the net assets of the fund at any point in time and is payable on demand. The amount realised from the sale of the assets and settlement of the liabilities is what is available to be paid out to unitholders. The fund is therefore not exposed to liquidity risk with regards to the net assets attributable to unitholders. Amounts payable to unitholders are payable on demand.

Liquidity risk also arises due to the risk that funds may not be able to pay trade and other payables and distributions payable, in the ordinary course of business.

Trade receivables, trade payables, accrued income and distributions payable have payment terms of 30 days.

3.3 Market risk

Market risk is the potential for both loss and gain to the investor resulting from decreases and increases in the unit price of a fund. The main causes of unit price changes are the result of price changes in the underlying instruments caused by movements in securities prices, changes in credit rating of instrument issuers, changes in the prevailing level of interest rates and currency movement relative to the Namibia dollar.

Return is the desired reward for assuming risk. Market risk is managed daily by the investment manager with reference to the funds investment mandate, the objective being to produce the highest possible return for a given level of risk.

Price risk

Price risk is the risk that the fair value or future cash flows from the fund fluctuates as a result of changes in market prices of instruments held, whether caused by factors specific to the underlying investments of the scheme, its issuer or all factors affecting all instruments traded in the market. Price risk is mitigated primarily by diversification – diversification being achieved through asset allocation, sector diversification and market diversification.

The Management Company ensures that exposures are in accordance with investment objectives and the Trust Deed.

Currency risk

Certain funds' mandates permit investment in financial instruments denominated in currencies other than Namibia dollar. As the funds' net asset values are reported in Namibia dollar, there are movements in the foreign exchange prices. The specific foreign currencies that a portfolio is exposed to are disclosed per portfolio. The actual results may differ from the sensitivity analysis and the difference could be material. The disclosure provides information on the risks to which unitholders are exposed and is not indicative of future performance, and includes both monetary and non-monetary assets.

An equivalent decrease in each of the currencies against the Namibia dollar would have resulted in an equivalent but opposite impact.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in interest rates. Certain funds' mandates permit investment in interest bearing instruments. The fair values of fixed rate interest instruments are susceptible to changes in the prevailing level of interest rates. The impact of interest rate changes on the fair values of fixed rate interest instruments is more significant the longer the term of the instrument. Where funds invest in variable rate instruments, the interest income is susceptible to interest rate movements. The funds' investments in the following instruments as disclosed on the face of the statement of financial position are subject to interest rate risk:

- Money market instruments
- Cash and call deposits

The Management Company ensures that exposures are in accordance with investment objectives and the trust deed

NAM CORONATION CAPITAL PLUS FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

5	INVESTMENTS AT FAIR VALUE	30-Sep-18 N\$	30-Sep-17 N\$
	Local equities	12 327 654	14 244 313
	Foreign equities	30 631 275	61 622 944
	Local bonds	31 389 461	48 717 064
	Foreign bonds	4 213 166	2 210 250
	Foreign collective investment schemes	45 526 929	57 184 824
	Local exchange traded funds	3 278 339	3 990 302
	Money market instruments	21 023 457	-
	Preference shares	535 400	1 045 615
		<u>148 925 680</u>	<u>189 015 311</u>
6	CASH AND CASH EQUIVALENTS		
	Call accounts	9 897 100	5 956 072
	Current accounts	1 458 754	6 854 685
		<u>11 355 854</u>	<u>12 810 757</u>
7	ACCOUNTS RECEIVABLE		
	Accrued income	43 508	5 349
	Trade receivables	987 722	1 176 284
		<u>1 031 230</u>	<u>1 181 633</u>
8	UNIT CAPITAL		
	Units issued and cancelled		
	Issued		
	Number (Units)	7 703 331	21 187 203
	Consideration (N\$)	N\$ 14 944 398	35 209 644
	Cancelled		
	Number (Units)	29 779 760	95 938 361
	Consideration (N\$)	N\$ 56 883 427	159 836 254
	Capital value of the fund	N\$	N\$
	Balance at beginning of the year	200 208 971	318 058 445
	Creations	14 944 398	35 209 644
	Cancellations	(56 883 427)	(159 836 254)
	Realised foreign exchange gains	4 470 259	8 577 622
	Unrealised foreign exchange losses	(3 030 219)	(10 614 676)
	Realised fair value losses	(7 076 586)	(4 294 317)
	Unrealised fair value gain	6 048 031	13 108 507
	Capital attributable to unitholders	<u>158 681 427</u>	<u>200 208 971</u>

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