



2008 Results Reviewed

11 November 2008

Agenda



- Overview of company
- Financial results
- Business review
 - ❖ Institutional
 - ❖ Personal Investments
- Prospects





Overview

Overview 2008 FYE



- Assets under management of R125 billion (-7%)
- Cash of R186 million returned to shareholders (R40 million through share buy-back)
- Diluted headline earnings per share of 48.6 cents (-33%)
- Distribution of 46 cents per share (-31%)



Market movements

September 2008

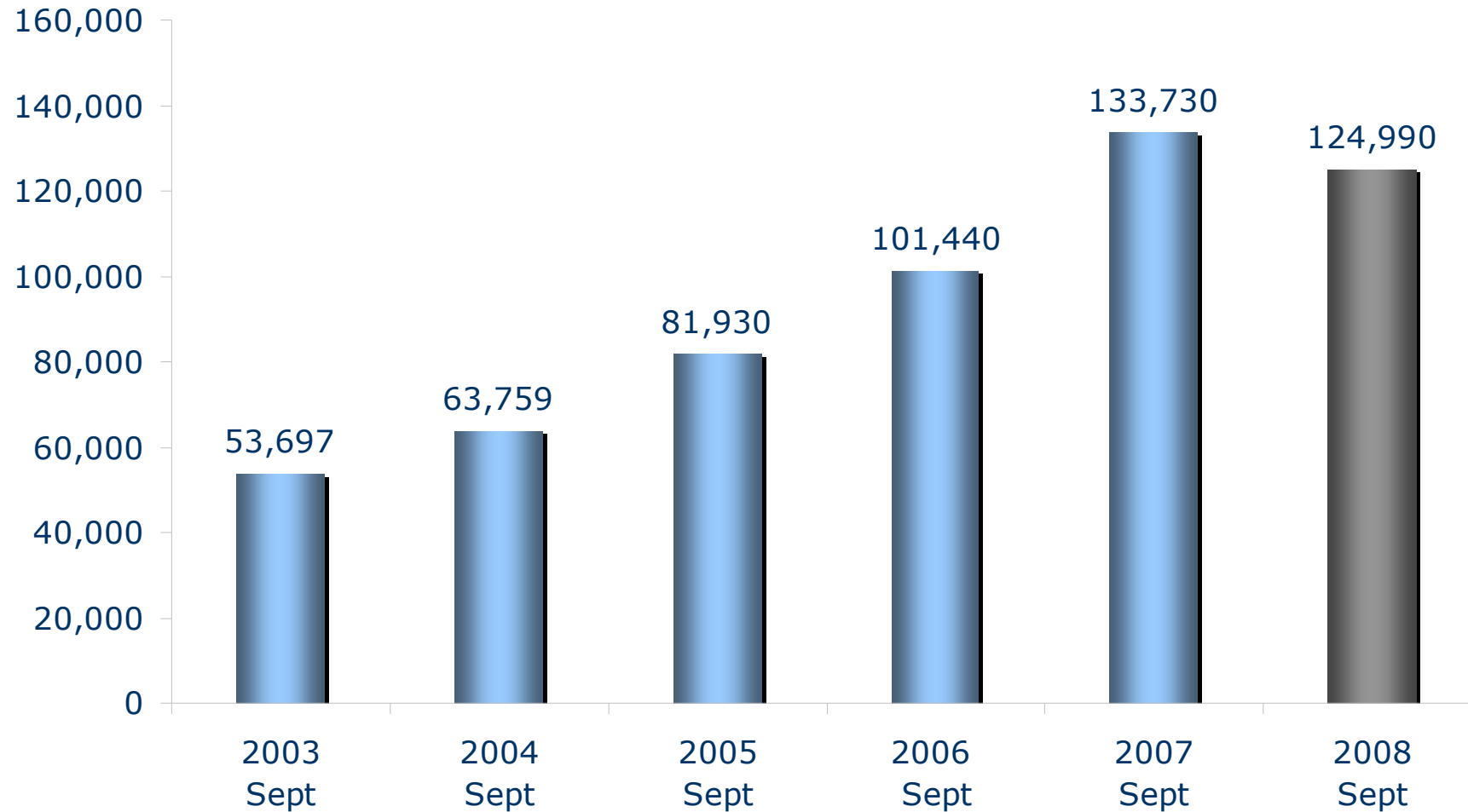


Economic group	3 months %	6 months %	12 months %
All Share	-20.6	-17.9	-18.0
All Share (Capital Return)	-21.63	-19.44	-20.44
All Share (Dividend Return)	1.07	1.55	2.44
Resource 20	-38.3	-30.1	-24.0
Small Cap	-1.5	-15.3	-23.4
Industrials	2.9	-7.2	-13.6
Financials	11.9	-4.4	-17.2



Assets under management

2003 – 30 September 2008



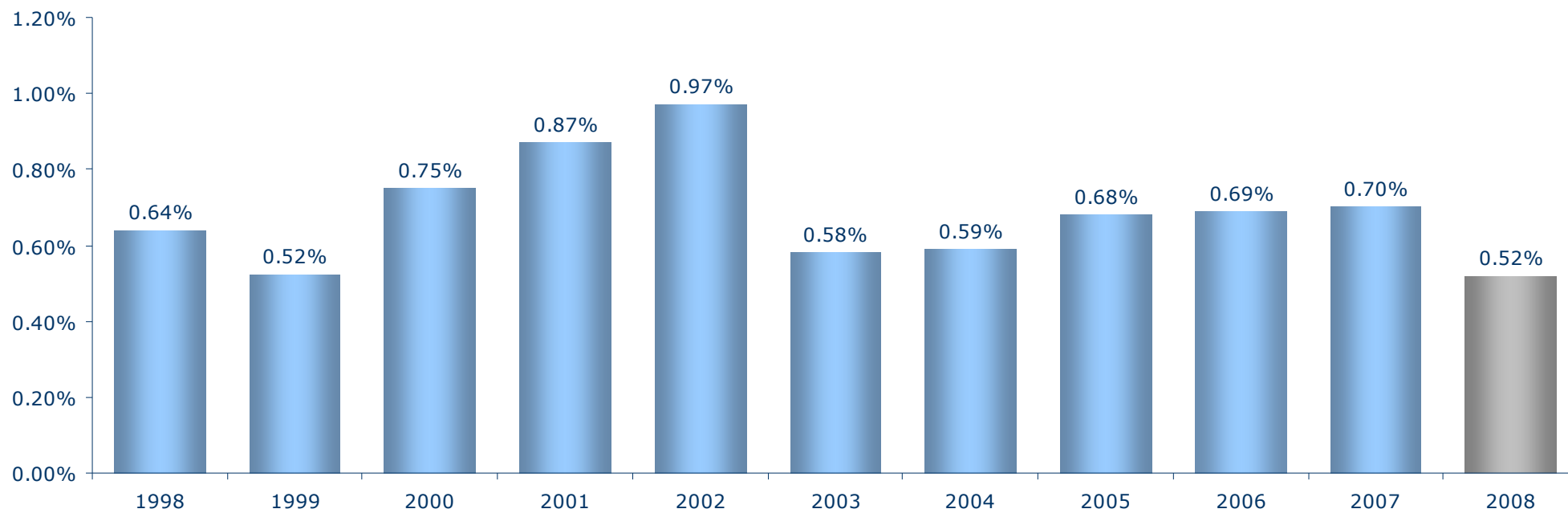
Reconciliation of AUM



	YTD
Opening market value	133.73
Net flows	-3.91
Charges	-0.73
Currency effect	2.84
Capital appreciation	-6.94
Closing market value	124.99



Total net margin as at 30 September 2008



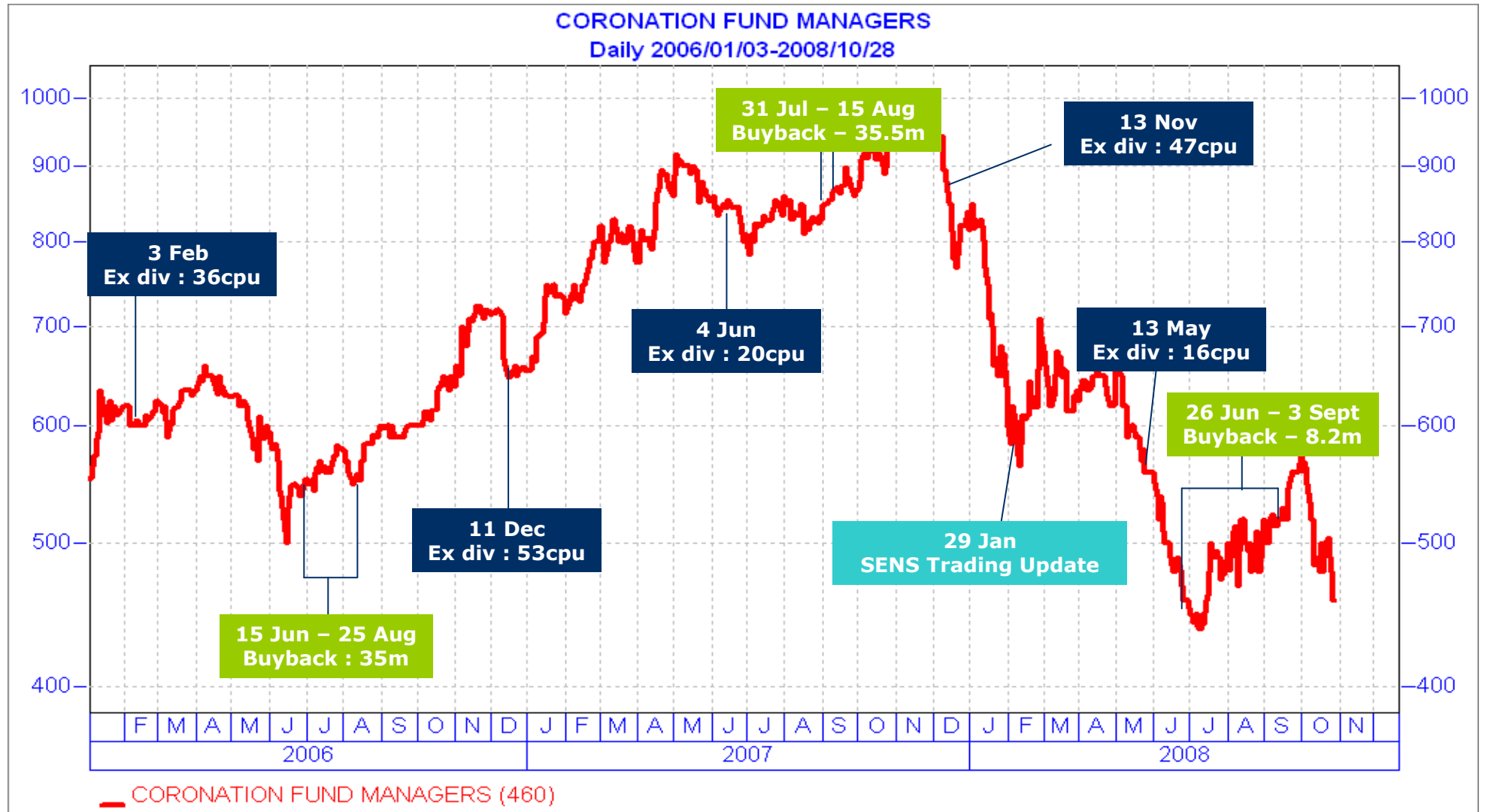
Financial summary



- Revenue R804 million (-16%)
- Profit from Fund Management R277 million (-36%)
- PAT R178 million (-38%)
- Cash generated from operations R328 million



Share price



Share buy-back



➤ Details

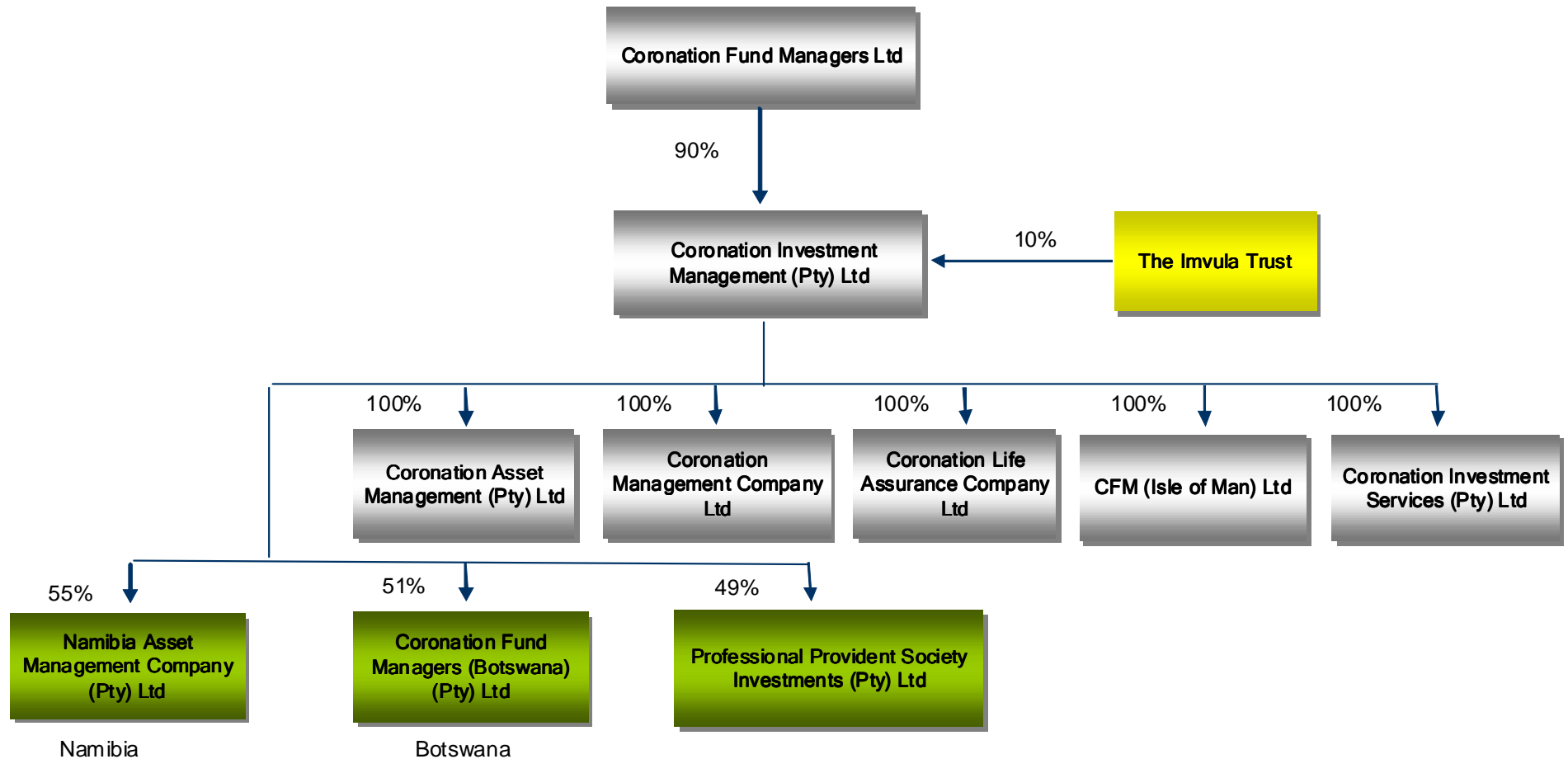
- ❖ Total consideration R39.6m (incl. costs)
- ❖ Date 26 June – 3 September
- ❖ Number purchased 8.2 million
- ❖ Average price R4.81 (incl. costs)

➤ No of shares in issue post buy-back

- ❖ Currently 315,8 million



Company structure at 30 September 2008





Financial Review

Earnings



	Change %	2008	2007
Attributable earnings	(39)	172,942	283,887
EPS	(34)	53.9	81.4
Headline earnings	(39)	169,782	277,871
HEPS	(34)	52.9	79.6
Diluted HEPS	(33)	48.6	72.7
Weighted average shares in issue - 30 Sept	(8)	321,080,742	348,893,885
Actual shares in issue - 30 Sept	(2)	315,774,163	320,732,799
<i>Proposed Final DPS</i>	(36)	30	47



Earnings (continued)



	Change %	2008	2007
Cost to income	(14)	66.2%	57.2%
EBITDA	(34)	295,352	448,725
Market capitalisation	(35)	1,815,701	2,780,753
Share price @ 30 September	(34)	5.75	8.67
Price earnings per share	(0)	10.9	10.9



Shares in issue



	2008	2007
Opening balance - 1 October	320,732,799	349,577,402
Issued during the year	3,253,352	6,659,990
Bought back and cancelled	-8,211,988	-35,504,593
Closing balance - 30 September	315,774,163	320,732,799
<i>Weighted average - 30 September</i>	<i>321,080,742</i>	<i>348,893,885</i>



Funds subject to performance fees as a % of AUM



	2008	2007
Institutional	57%	58%
Retail	40%	44%
International	88%	78%
TOTAL	57%	57%

Funds	%	Benchmark
Relative benchmark performance fees	43%	CAPI, SWIX, FINDI, ALBI, MSCI, performance over cash & median or 75h percentile
Absolute benchmark performance fees	14%	CPI/CPIX plus target
Total	57%	



Earnings summary – 2nd vs 1st half



	Change	Apr-Sept-08	Oct-Mar-08
	%	R'000	R'000
Revenue	(11)	385,291	432,908
Operating expenses	(3)	-196,438	-203,128
Distribution payments	(21)	-47,903	-60,399
IFRS2 charges	51	-20,266	-13,395
PBT	(23)	120,684	155,987
Tax	(49)	-33,364	-65,719
PAT	(3)	87,320	90,268



Cash returned to shareholders



	2008	2007	2006	2005
	R'000	R'000	R'000	R'000
Share buy-back	39,576	299,576	200,168	0
Distribution - interim	51,739	71,238	0	0
Special distribution - BEE deal	0	0	0	95,569
Distribution - final	94,732	150,744	185,276	138,197
Cash returned	186,047	521,559	385,444	233,766
<i>No. of shares in issue @ 30 September</i>	<i>315,774,163</i>	<i>320,732,799</i>	<i>349,577,402</i>	<i>382,274,930</i>



IFRS2 effect



	Forecast 2009	2008	2007	2006
	R'000	R'000	R'000	R'000
December 2003 options	0	149	637	1,968
Invula transaction	5,301	12,236	8,969	5,877
CIT transaction 1 (February 2005)	3,814	10,896	15,405	13,132
CIT transaction 2 (April 2005)	4,132	7,754	9,556	9,556
CIT transaction 3 (September 2005)	545	2,297	5,645	8,156
Preference shares	0	0	0	12,695
Total	13,792	33,332	40,212	51,384



Cost comparison



	Change	2008	2007
	%	R'000	R'000
Total operating expenses	(6)	541,528	577,537
Interest Expense		16,441	13,049
Share-based payments		33,661	40,212
Renovation/Office move		9,332	702
Impairment of capital assets		- 72	981
Adjusted costs	(8)	482,166	522,594
Variable costs	(17)	272,492	329,357
Fixed costs	9	209,674	193,236
<i>Major contributors:</i>			
Fixed remuneration	14	78,739	69,163
Marketing	9	27,707	25,513
Staff numbers*		183	178

* New employees - Private Equity 4, Global Emerging Markets & Africa 4





Business Review



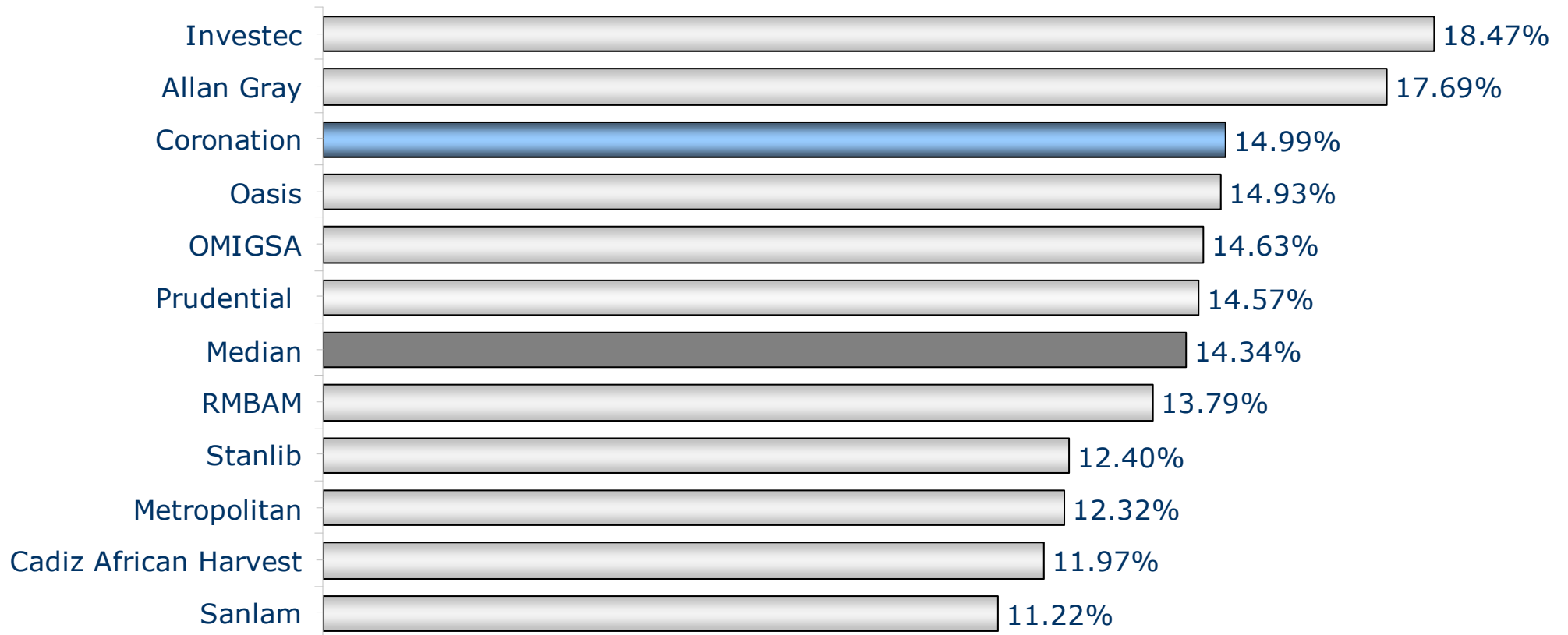
Institutional performance and New Business

Net fund flows



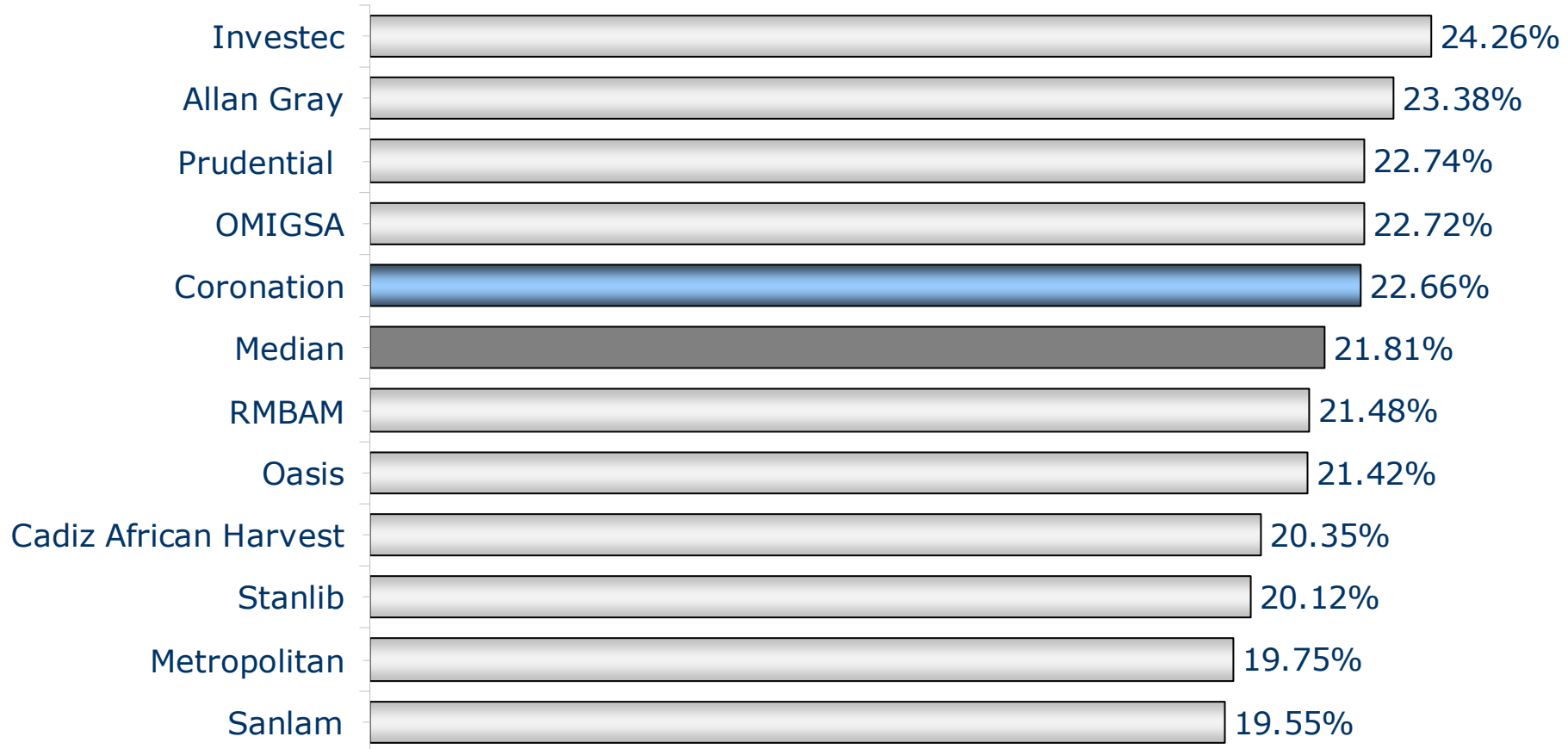
Performance

Global Large Manager Watch
3 years ending 30 September 2008



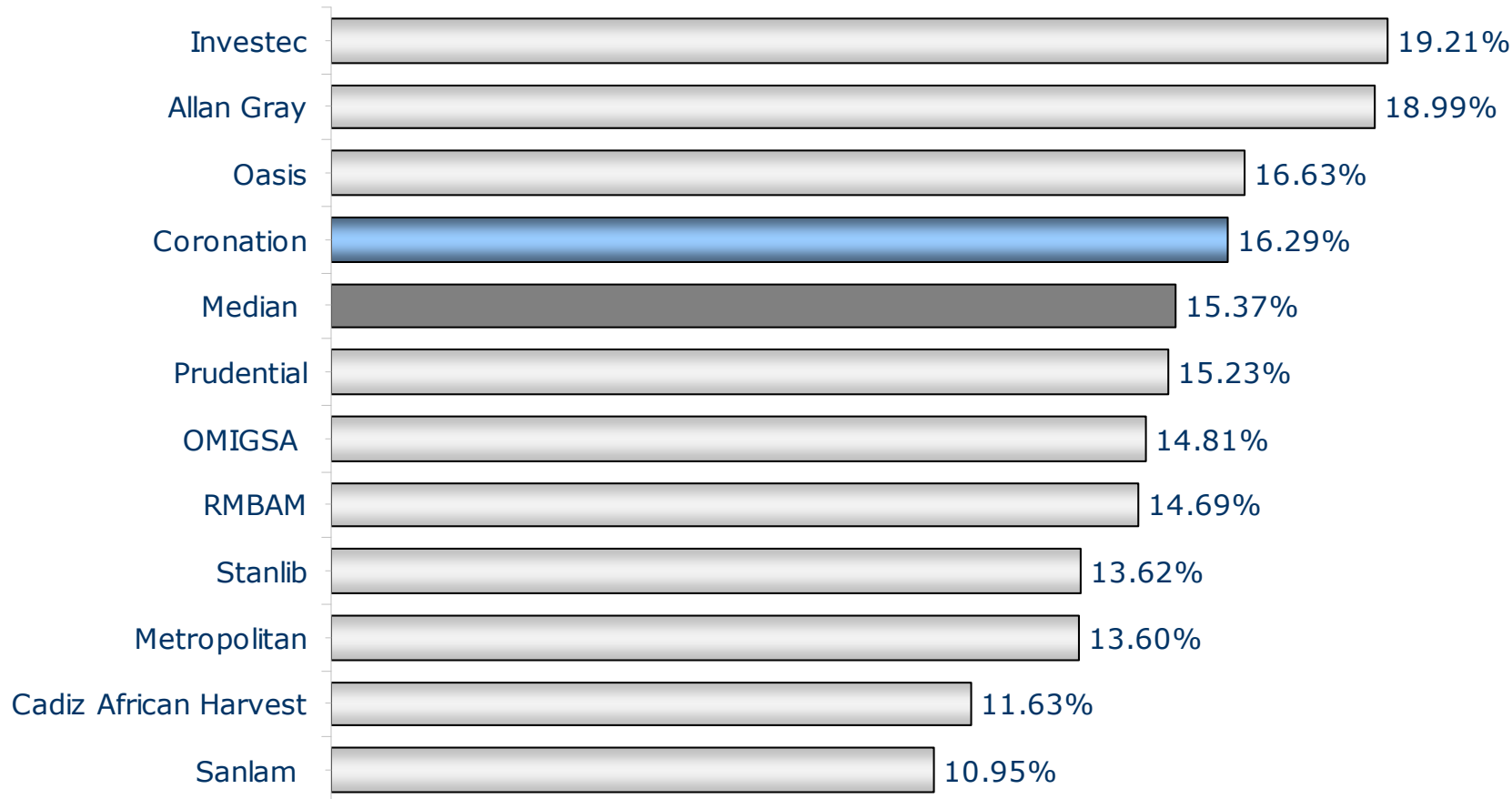
Performance

Global Large Manager Watch
5 years ending 30 September 2008



Performance

SA Large Manager Watch
3 years ending 30 September 2008



Source: Alexander Forbes



Performance

Absolute Return product

Periods ending 30 September 2008



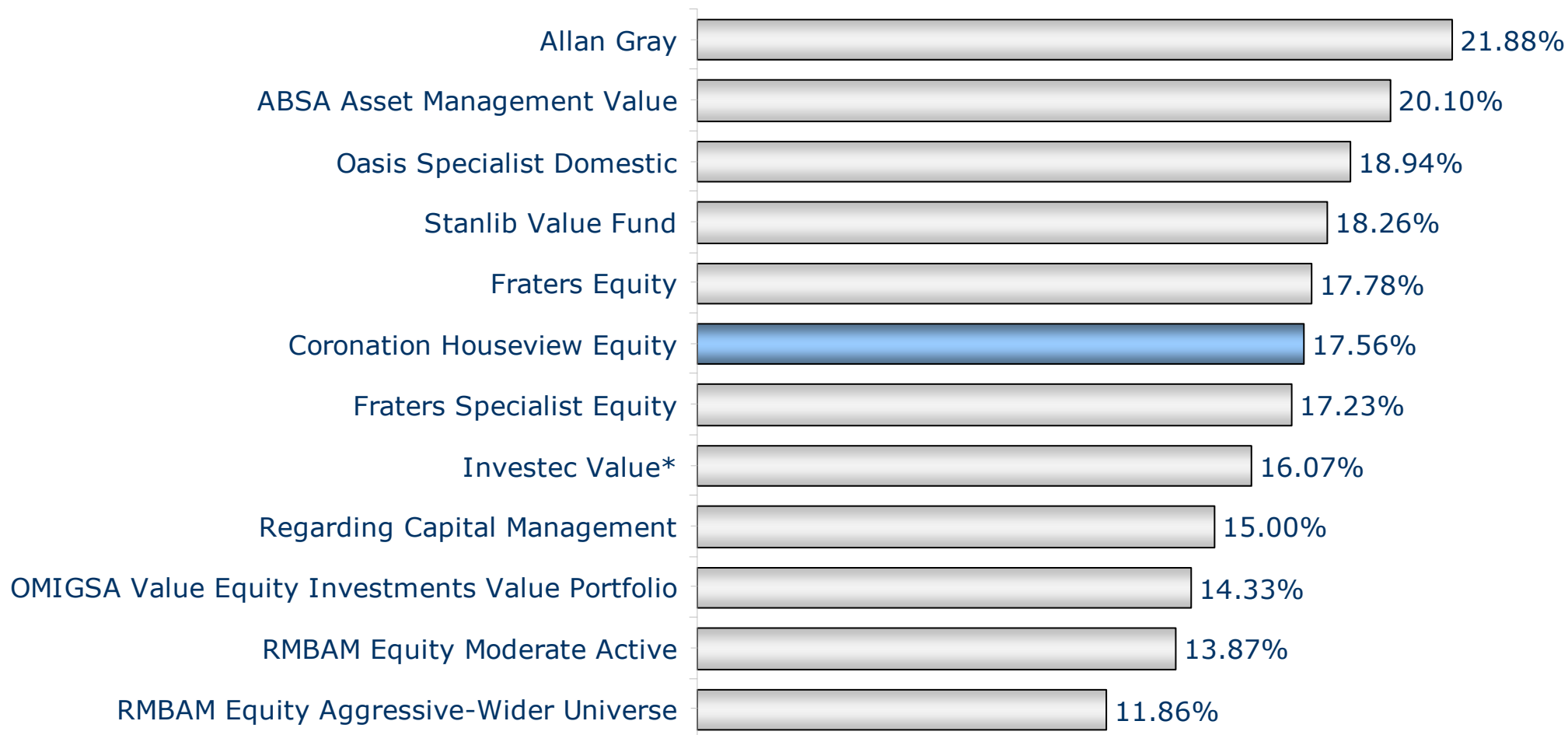
	1 Year	3 Years	Since inception*
Absolute	-2.8%	14.6%	19.0%
CPIX	13.2%	8.3%	7.0%
CPIX +7%	20.2%	15.3%	14.0%

*Since inception – August 1999



Performance

Coronation Houseview Equity
3 years ending 30 September 2008



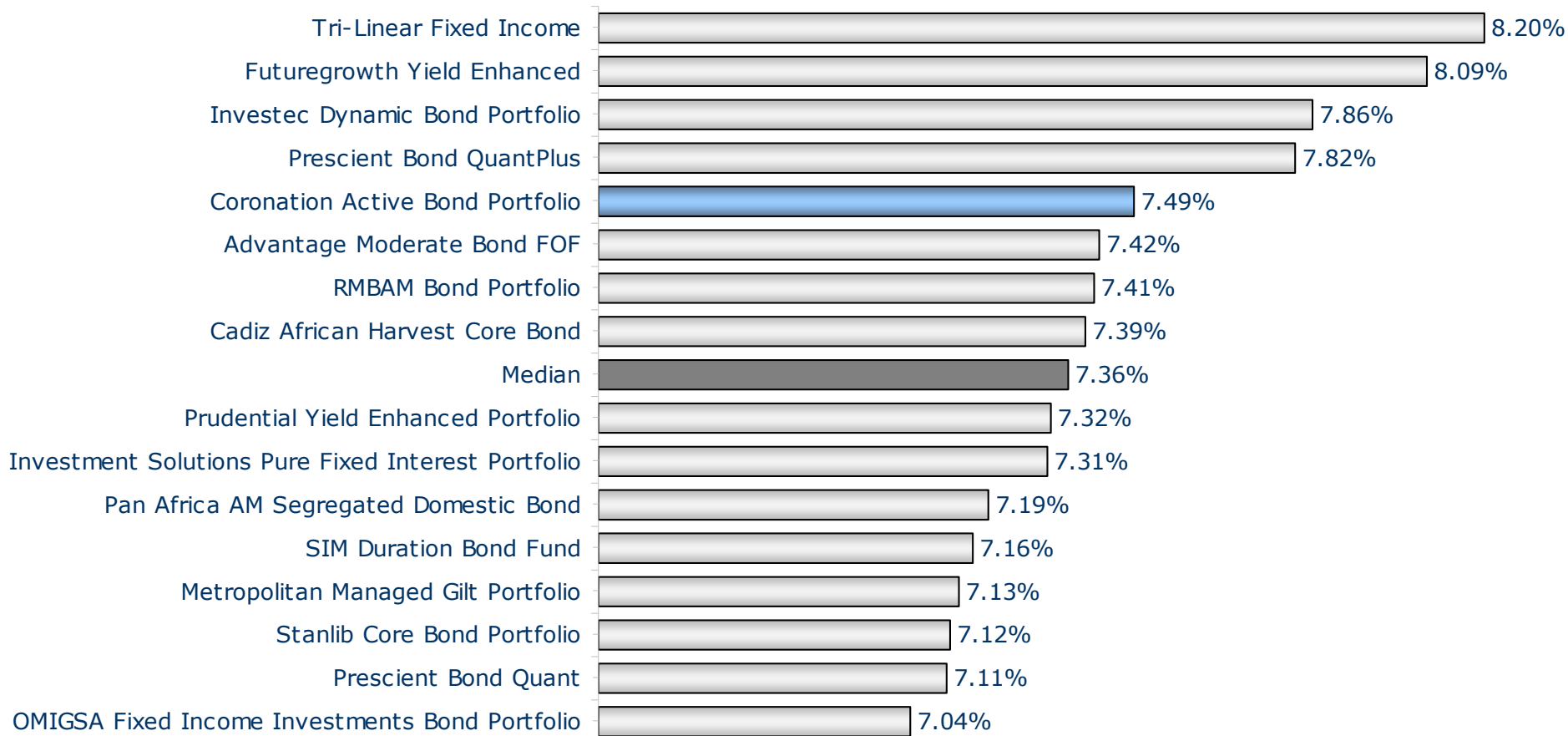
Source: Alexander Forbes



Performance

SA Bond Manager Watch

3 years ending 30 September 2008





Retail Performance and New Business

Coronation Personal Investments

Business performance in 2008



- Industry assets remained flat, but in our niche market declined by 11% to R296bn
- We lost 0.85% market share, to 7.1% as a result of asset losses in
 - ❖ Strategic Income Fund (clients de-risking to cash, relative underperformance)
 - ❖ Thematic equity funds (structural changes at multi-manager clients)
 - ❖ Flexible funds (major client de-risking; underperformance of Absolute Fund)
- Significant switch in assets within retirement funding range to Balanced Plus
- Low but stable market share in domestic and international equity
- Potential (relative) growth areas: managed funds, domestic equity, international
- Balanced and Equity relative performance exceptional over short and long term
- Conditions will remain extremely tough until fear leaves the markets



CIS industry

Distribution of assets by niche market



Assets Under Management	Sept 08	Sept 07
Long-term single manager net flows	294,834	330,616
Fund of Funds	66,553	67,455
Institutional Multi-Managers	36,983	34,885
Institutional Single Managers	107,198	108,352
Money market & Enhanced cash	171,870	147,509
Dividend income funds	37,299	27,561
Total:	714,737	716,378

Source: ACI Quarterly Statistics, Sep.08/Sep.07



CIS industry

Market share: Long-term single managers only
 Ranking excl. cash and dividend income funds

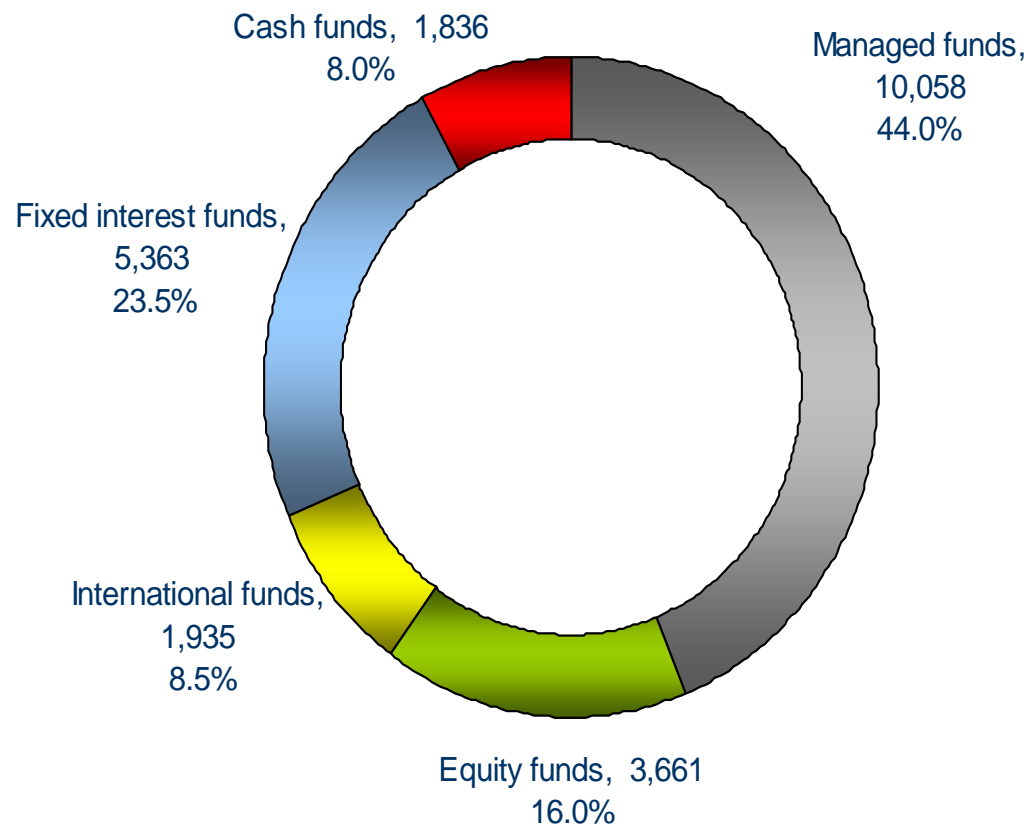


			% Movement	Market share	Sept 08	Sept 07
1	↔	Allan Gray	1.02%	23.0%	67,936	72,796
2	↔	Investec	(0.02)%	12.7%	37,494	42,117
3	↔	Old Mutual	(1.29)%	9.3%	27,395	34,976
4	↑	Nedgroup	(0.13)%	8.3%	24,414	27,806
5	↓	Stanlib	(1.24)%	8.2%	24,264	31,319
6	↔	Coronation	(0.85)%	7.1%	20,969	26,310
7	↔	RMB	1.04%	6.3%	18,553	17,356
8	↔	Sanlam	(0.23)%	4.7%	13,937	16,400
9	↑	Metropolitan	0.24%	2.5%	7,297	7,389
10	↓	Oasis Crescent	0.09%	2.3%	6,901	7,425
11	↔	Satrix	0.13%	2.3%	6,862	7,252
12	↔	Prudential	0.30%	2.1%	6,050	5,777
13	↑	Absa	0.28%	1.4%	4,090	3,671
		CIS Industry			294,834	330,616



Unit trust assets

R22.8bn as at 30 September 2008



Net Flows:

12 months to September 2008:

Strategic Income: -R1.5 billion

Capital Plus/Absolute: -R1.1 billion

Financial: -R627 million

Balanced Plus &

Balanced Defensive: R900 million





Prospects

Dramatic recent developments



- Global financial crisis escalated to a global run on the banks
- Paralyse banking system was in need of desperate rescue measures
- Several large financial firms have gone bankrupt
- Markets sold-off aggressively
- Co-ordinated global efforts to provide liquidity to banking system and confidence to financial markets



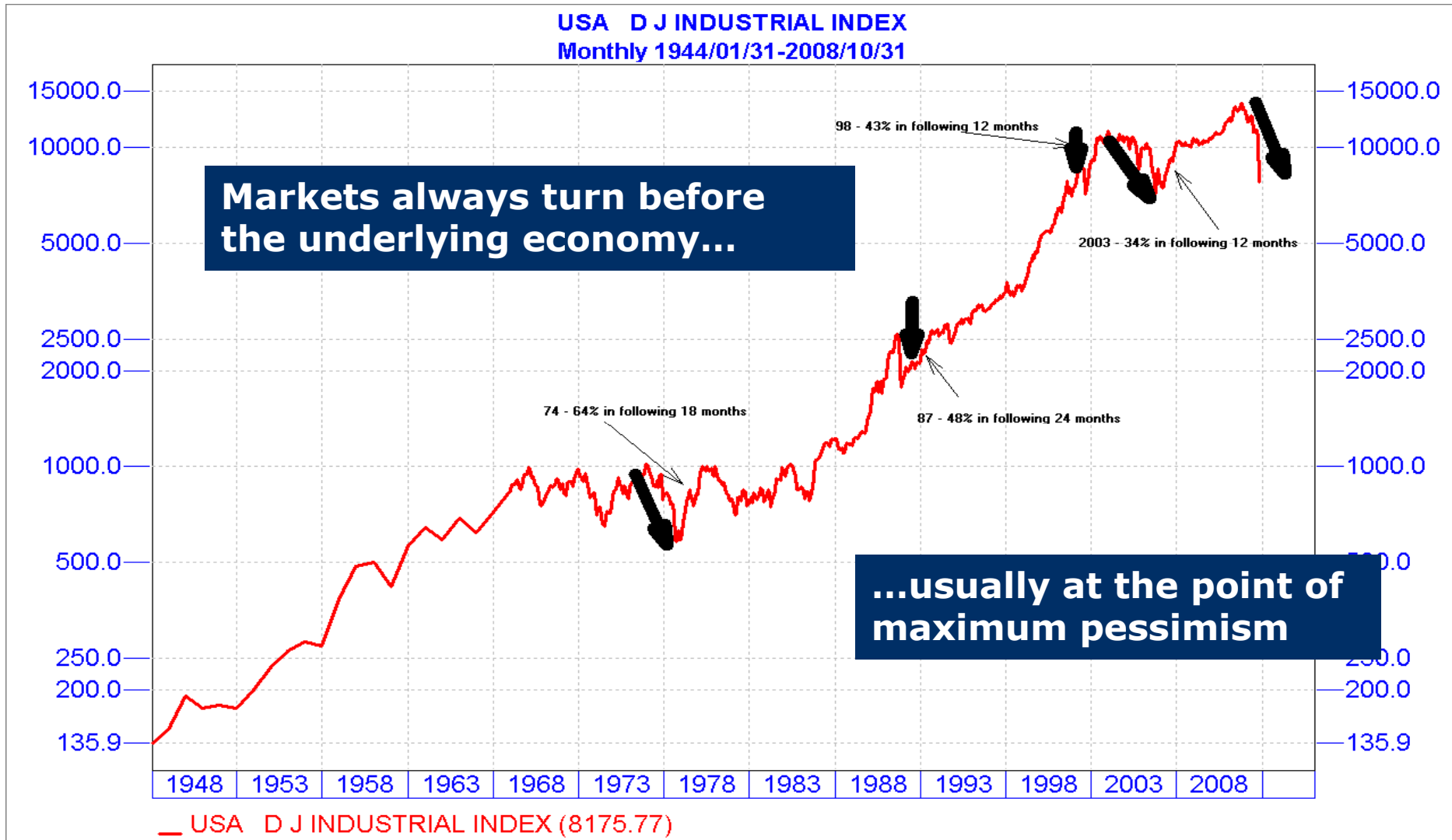
Global stock markets in US\$



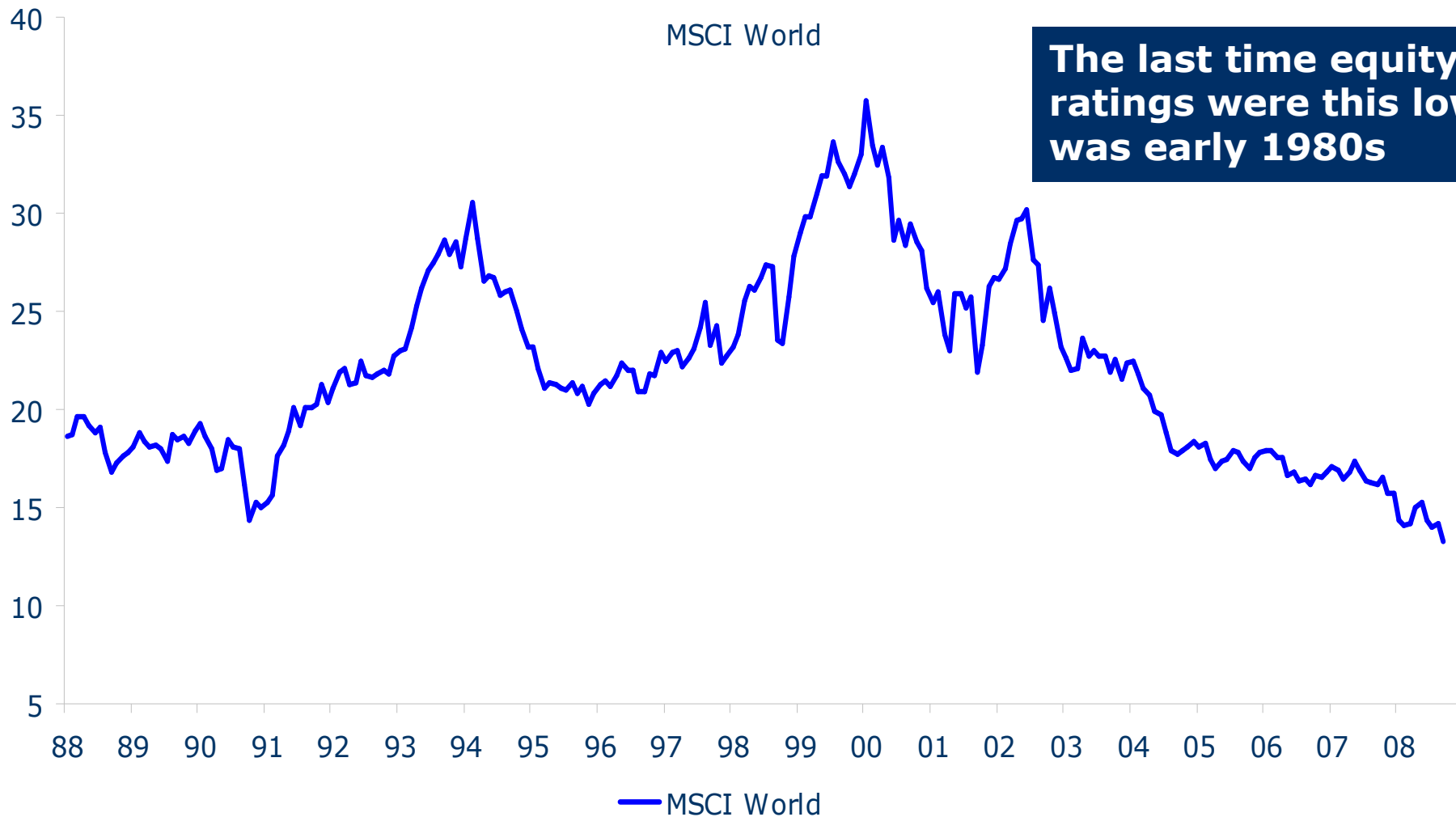
	Decline from peak	3 year CAGR
US S&P	-42.7%	-8.1%
UK FTSE 100	-54.1%	-9.1%
Nikkei	-45.5%	-9.5%
German Dax	-54.1%	-2.5%
Russia	-77.9%	-14.9%
China	-70.3%	+5.2%
India	-66.8%	+1.1%
South Africa (ALSI)	-60.8%	-8.9%
MSCI World	-46.8%	-7.3%
MSCI EM	-63.7%	-6.1%



Don't let yourself get too negative after a big sell-off...



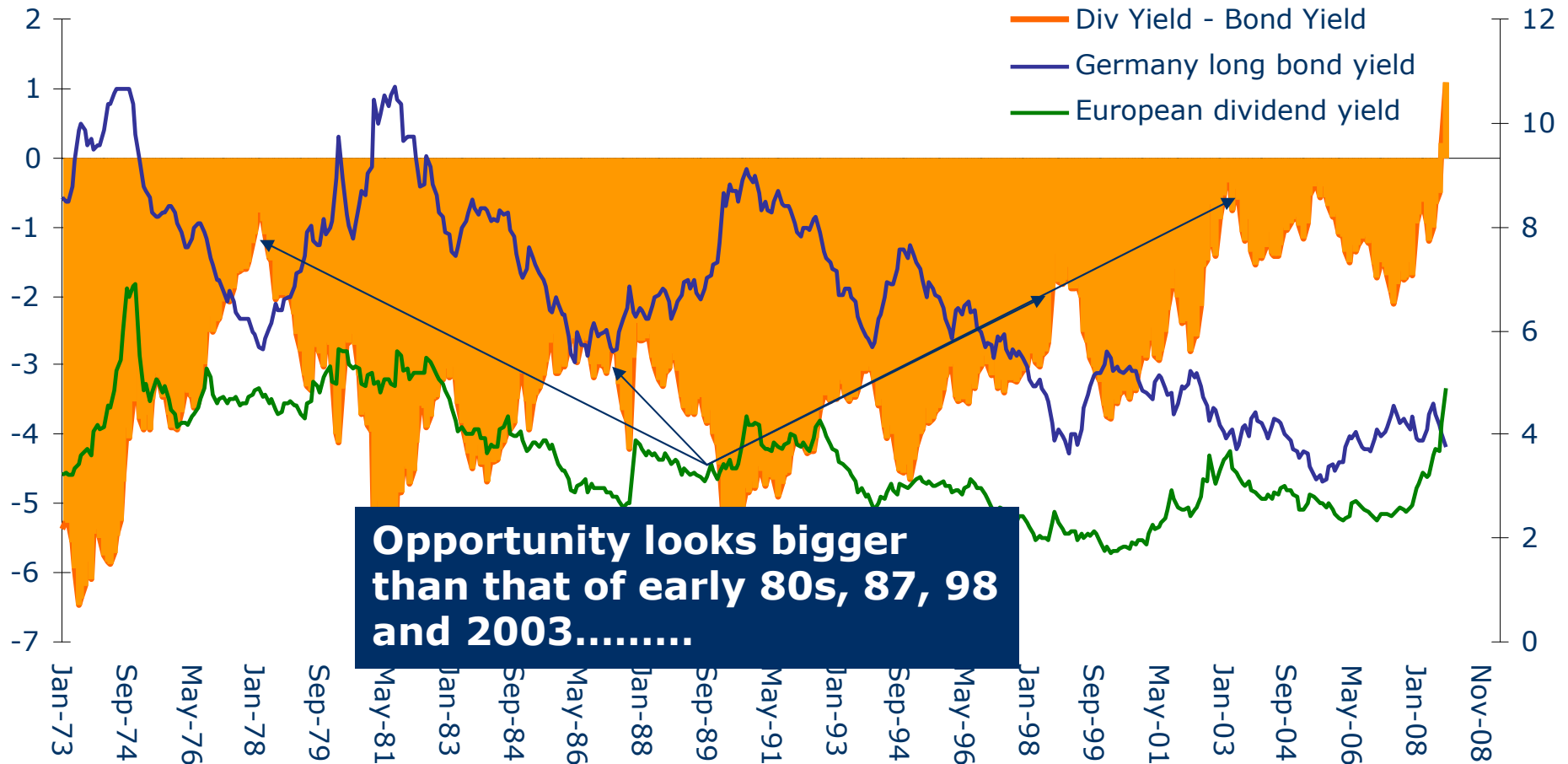
Global equities



Dividend yields now higher than bond yields in Europe



European Valuations



Opportunity looks bigger than that of early 80s, 87, 98 and 2003.....



Business implications



- Rationale for active management self-evident
- Significant opportunities to deliver good returns for clients
- Ideal opportunity to build track records in new products
- Lead times on new initiatives extended
- Period of consolidation





Thank you