



# 2010 Results Reviewed

09 November 2010

# Agenda



- Financial highlights
- Overview of company
- Financial results
- Business review
  - ❖ Retail
  - ❖ Institutional
  - ❖ International
  - ❖ Transformation
- Conclusion



# Market movements

30 September 2010



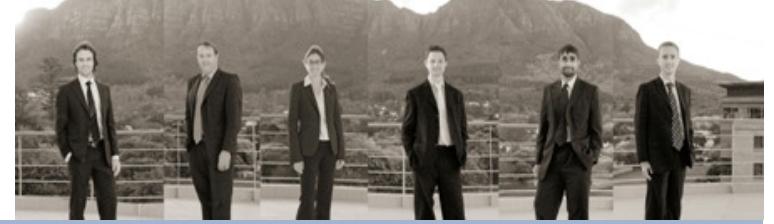
<b>Economic group</b>	<b>3 months</b> %	<b>6 months</b> %	<b>12 months</b> %
All Share	13.29	4.03	21.13
All Share (Capital Return)	12.18	2.46	18.25
All Share (Dividend Return)	0.99	1.53	2.44
Resource 20	7.12	-5.60	12.45
Small Cap	10.14	6.17	19.36
Industrials	15.88	7.74	14.82
Financials	15.15	6.19	24.29





# Financial highlights

# Financial highlights



➤ AUM	R198 bn	+28%
➤ Headline earnings	138.9 cps	+109%
➤ Headline earnings (diluted)	128.0 cps	+112%
➤ Dividend		
❖ Total	127.0 cps	+154%
❖ Final	76.0 cps	+105%



# Financial highlights (Rm)



➤ Revenue (from fund management)	1,352	+61%
➤ Profit (from fund management)	651	+100%
➤ PAT	440	+109%
➤ Cashflow	758	+103%

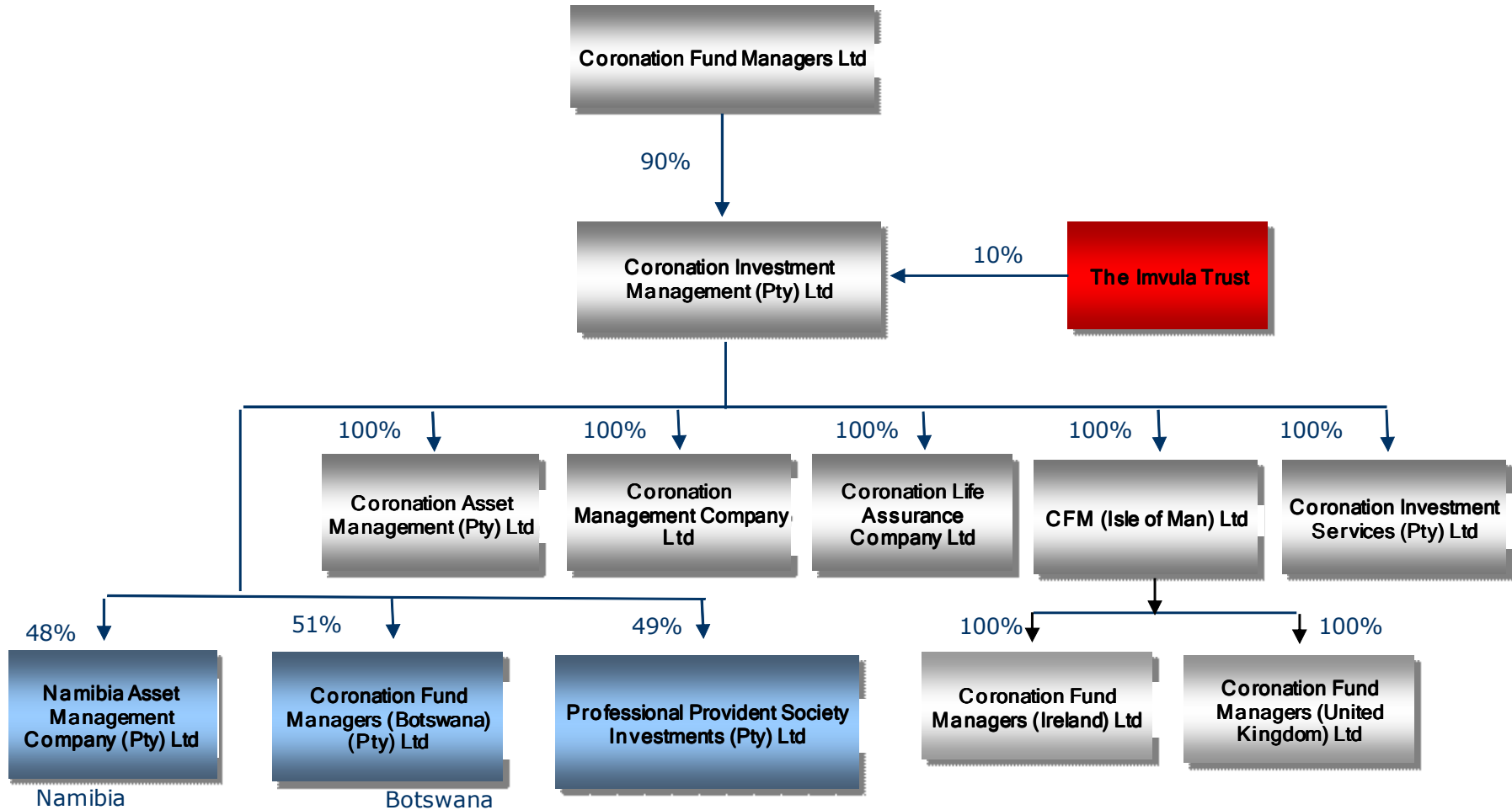




# Company overview

# Company structure

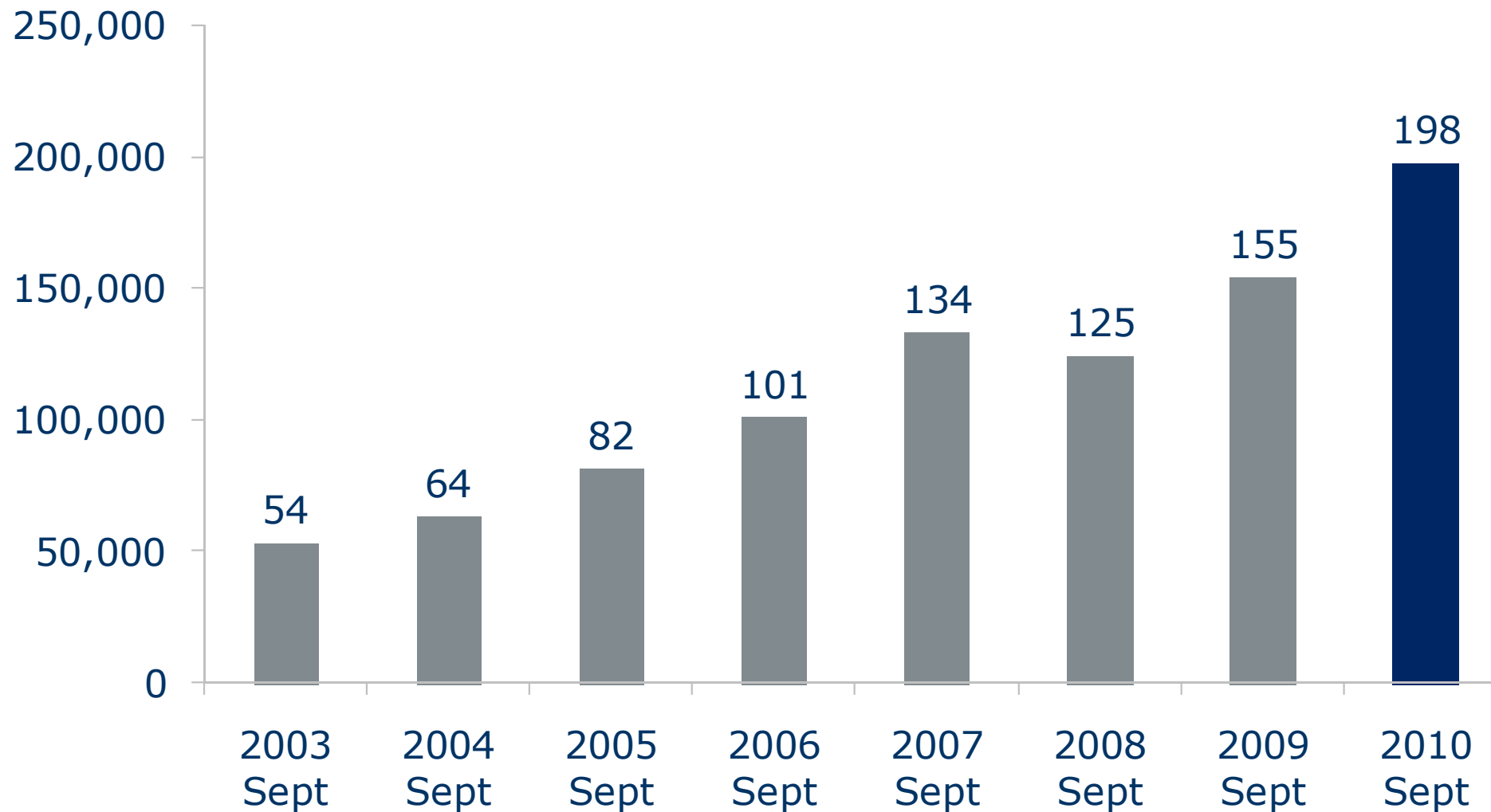
at 1 October 2010





# Assets under management (Rbn)

2003 – 30 September 2010





# Financial results

# Earnings as at 30 September 2010



	% Change	Sept 2010	Sept 2009
Attributable earnings (R'000)	111	437,108	207,379
Earnings per share (cents)	111	138.9	65.8
Headline earnings (R'000)	109	437,208	209,080
Headline earnings per share (cents)	109	138.9	66.4
Diluted headline earnings per share (cents)	112	128.0	60.5
Weighted average shares in issue - 30 Sept	(0.1)	314,733,128	315,099,676
Actual shares in issue - 30 Sept	0.1	314,819,192	314,565,858
<i>Proposed final dividend per share</i>	<i>105</i>	<i>76</i>	<i>37</i>



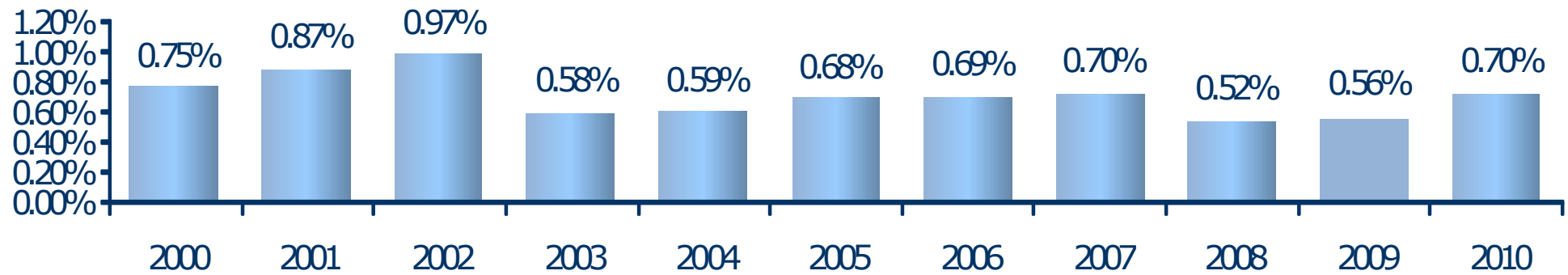
# Earnings as at 30 September 2010



	% Change	Sept 2010	Sept 2009
Cost to income	(14.7)	52.7	61.8
EBITDA (Rm's)	88.4	661,986	351,373
Market capitalisation (Rm's)	92.2	4,656,176	2,422,157
Share price @ 30 September (Rands)	92.1	14.79	7.70
Price earnings per share*	(8.3)	10.6	11.6



# Total net fee as at 30 September 2010



# Cost Comparison



	<b>% Change</b>	<b>Sept 2010 R'000</b>	<b>Sept 2009 R'000</b>
Fixed costs	<b>(17.6)</b>	242,560	206,244
Variable costs	<b>(67.0)</b>	461,027	276,132
IFRS 2	<b>34.4</b>	14,059	21,442
<b>TOTAL OPERATIONAL COSTS</b>	<b>(42.4)</b>	<b>717,646</b>	<b>503,818</b>
<b>Interest expense</b>	<b>60.7</b>	<b>8,851</b>	<b>22,513</b>
	<b>(38.0)</b>	<b>726,497</b>	<b>526,331</b>
<b><i>Interest cover</i></b>		<b><i>74.5 times</i></b>	<b><i>15.4 times</i></b>



# CFM expenses



	Change %	September	
		2010 R'000	2009 R'000
<b>Fixed costs</b>	<b>(17.6)</b>	<b>242,560</b>	<b>206,244</b>
<i>Major contributors:</i>			
Staff costs	<b>(8.1)</b>	122,528	113,384
Marketing	<b>(106.4)</b>	39,476	19,125
Information technology	<b>(4.9)</b>	20,913	19,934
Rental	<b>(20.2)</b>	16,027	13,338
<i>Staff numbers</i>		<b>198</b>	<b>188</b>
<b>Variable costs</b>	<b>(67.0)</b>	<b>461,027</b>	<b>276,132</b>



# IFRS2 effect



	<b>Forecast 2011</b>	<b>2010</b>	<b>2009</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Invula transaction	4,121	11,881	11,931
CIT transactions	-	2,290	9,382
Namibia	-	-112	129
<b>Total</b>	<b>4,121</b>	<b>14,059</b>	<b>21,442</b>





# Earnings summary - 2<sup>nd</sup> vs 1<sup>st</sup> half



		Apr-Sept-10	Oct-Mar-10
	% Change	R'000	R'000
<b>Revenue</b>	<b>5.5</b>	<b>707,064</b>	<b>670,209</b>
<b>Expenses</b>	<b>11.6</b>	<b>383,241</b>	<b>343,256</b>
Operating expenses	8.6	298,356	274,635
Distribution payments	36.2	80,414	59,033
IFRS2*	(53.4)	4,471	9,588
<b>PBT</b>	<b>(1.0)</b>	<b>323,823</b>	<b>326,953</b>
Tax	9.5	109,977	100,423
<b>PAT</b>	<b>(5.6)</b>	<b>213,846</b>	<b>226,530</b>

\*Reduction in 2<sup>nd</sup> half is due to year-end adjustment made by actuaries to the valuation of the Invula scheme.

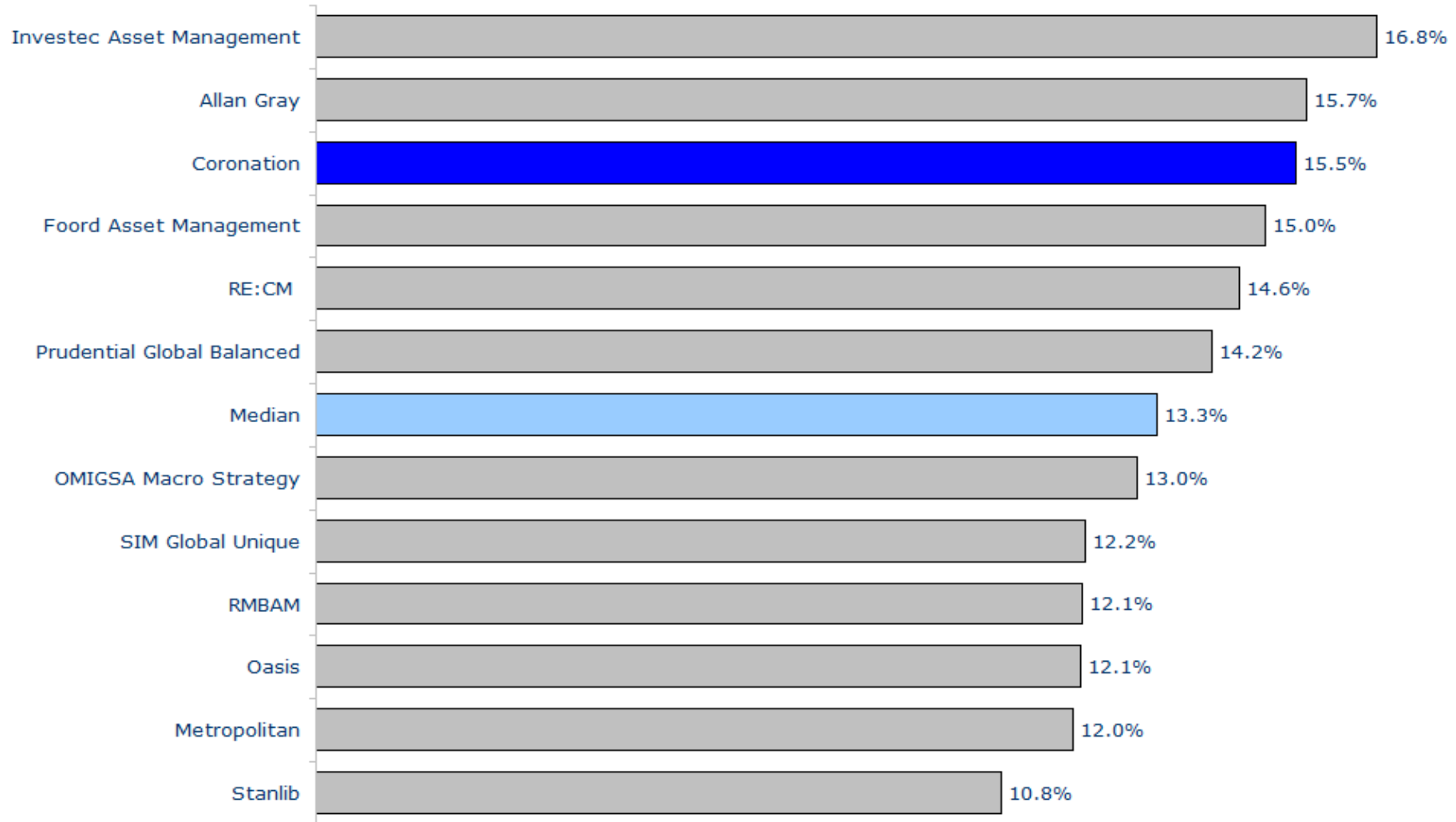




# **Business overview Institutional**

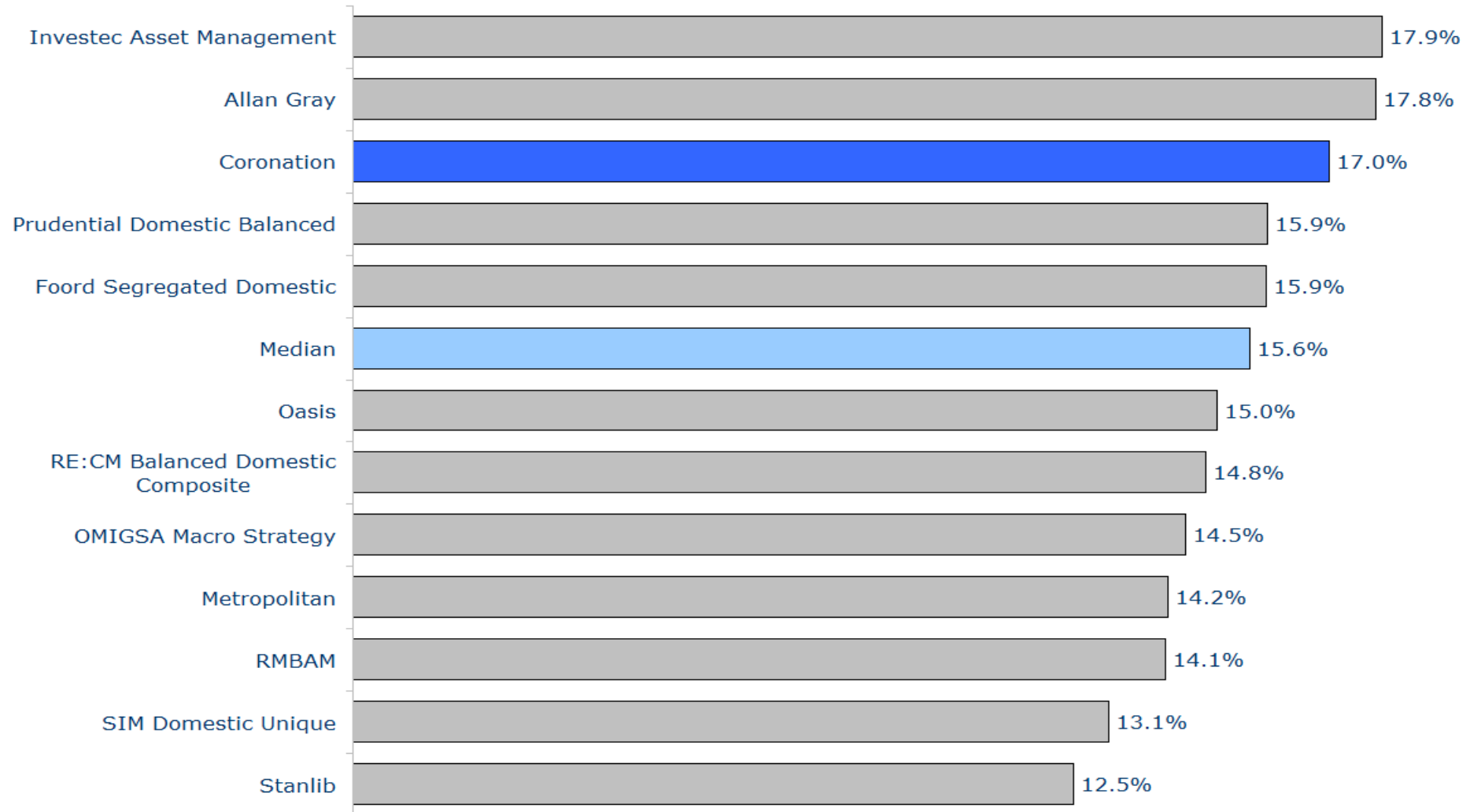
# Performance

Alexander Forbes Global Large Manager Watch™  
5 years ending 30 September 2010



# Performance

Alexander Forbes SA Large Manager Watch™  
5 years ending 30 September 2010



# Performance

Absolute Return product

Periods ending 30 September 2010



	1 Year	3 Years	5 Years	10 Years	Since inception*
Absolute	18.0%	10.4%	15.8%	18.0%	18.7%
CPI	3.4%	7.2%	6.7%	6.4%	6.5%
CPI +7%	10.4%	14.2%	13.7%	13.4%	13.5%

\*Since inception – August 1999



# Performance

Coronation Core Equity  
periods ending 30 September 2010



	1 Year	3 Years	5 Years	Since inception*
Fund	25.1%	9.5%	18.6%	23.9%
Benchmark	21.8%	4.3%	15.2%	20.5%

\* Since inception – January 2004

† SWIX





# **Business overview**

## **Retail**

# Business Performance 2010

## League table: long-term funds



Manager	AUM		Flows	
1.	R103bn	R89bn	R11bn [2 <sup>nd</sup> ]	R18bn
2.	R45bn	R40bn	R5bn [3 <sup>rd</sup> ]	R3bn
3. Coronation (↑↑↑)	R41bn	R24bn	R12bn [1 <sup>st</sup> ]	R2bn
4.	R35bn	R29bn	R4bn [5 <sup>th</sup> ]	R5bn
5.	R32bn	R30bn	R1bn [22 <sup>nd</sup> ]	R2bn

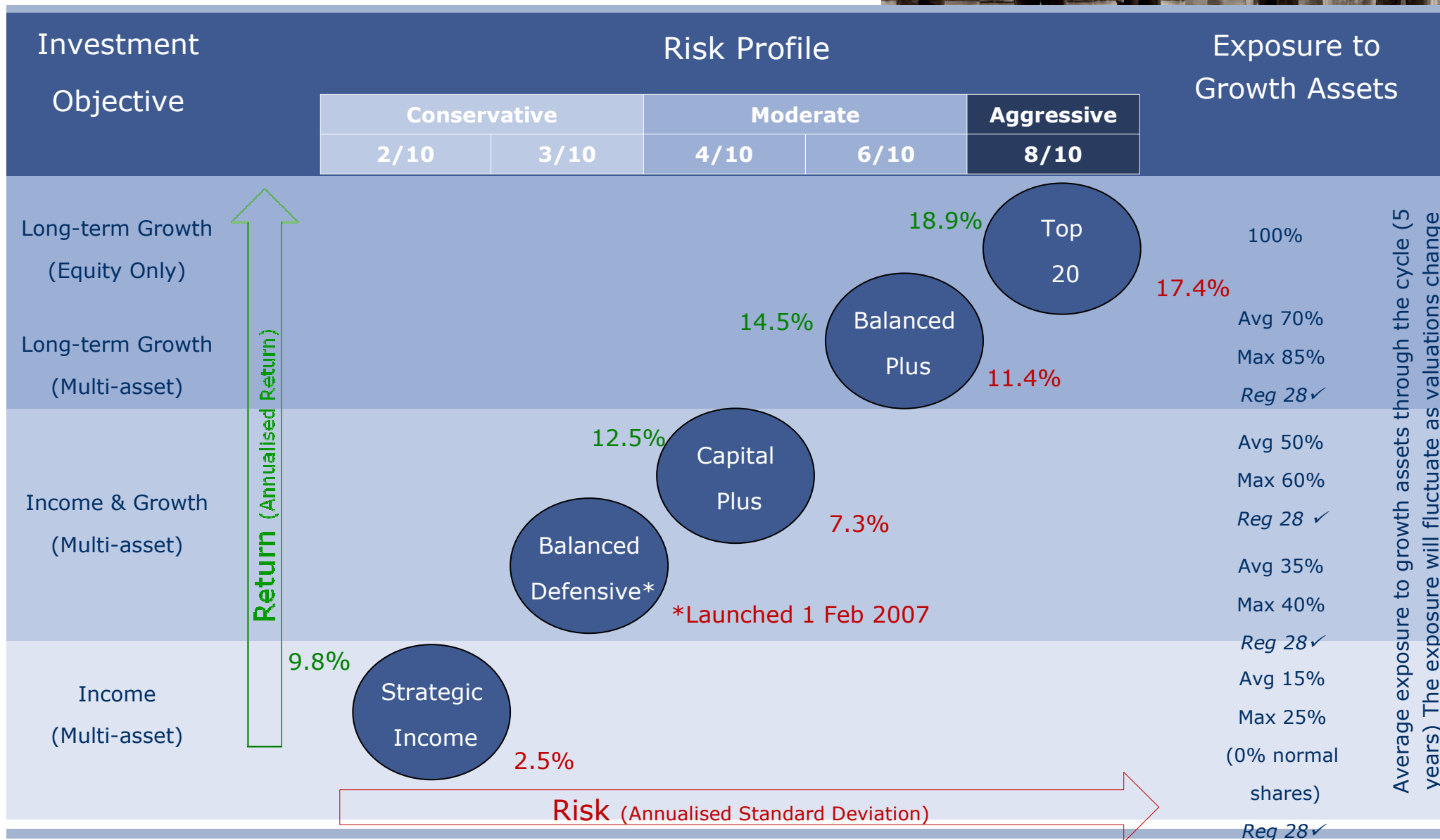
Source: ASISA statistics/ Morningstar, Coronation classification.





# Domestic flagship funds

## Meeting our clients key investment needs...



5 Year performance & risk quoted from Morningstar as at 30 September 2010 for a lump sum investment with income distributions reinvested. Growth Assets are defined as local/foreign equities (excl. pref shares) and listed property.



# Domestic flagship funds

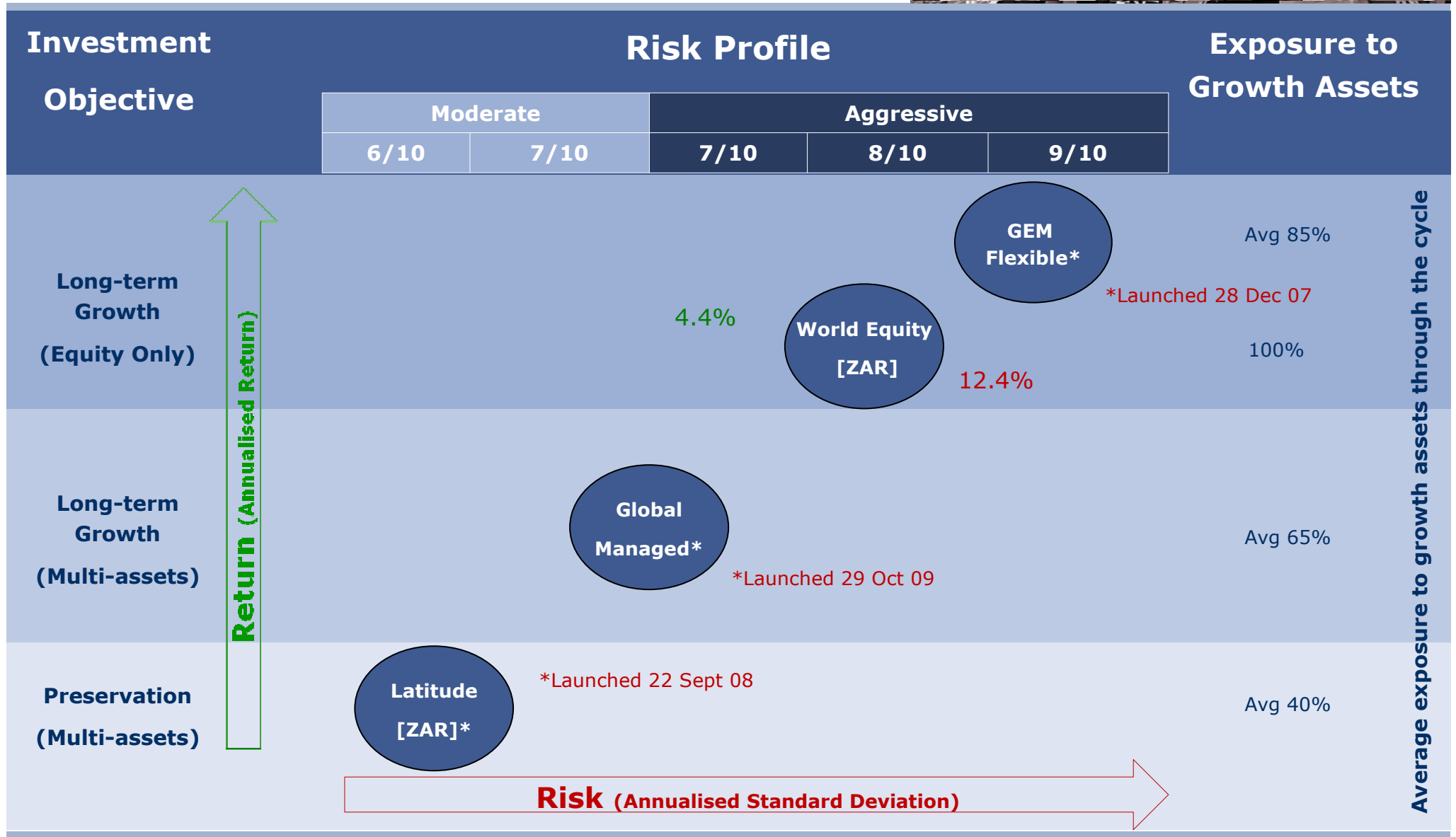
Consistent performance



	Fund	5 year ranking	S.I. ranking
LT Growth (equity only)	Top 20	1 <sup>st</sup> Quartile	1 <sup>st</sup> Quartile
LT Growth (multi asset)	Balanced Plus	1 <sup>st</sup> Quartile	1 <sup>st</sup> Quartile
Income & Growth	Capital Plus	1 <sup>st</sup> Quartile	1 <sup>st</sup> Quartile
	Balanced Defensive	N/A	1 <sup>st</sup> Quartile
Income only	Strategic Income	1 <sup>st</sup> Quartile	1 <sup>st</sup> Quartile



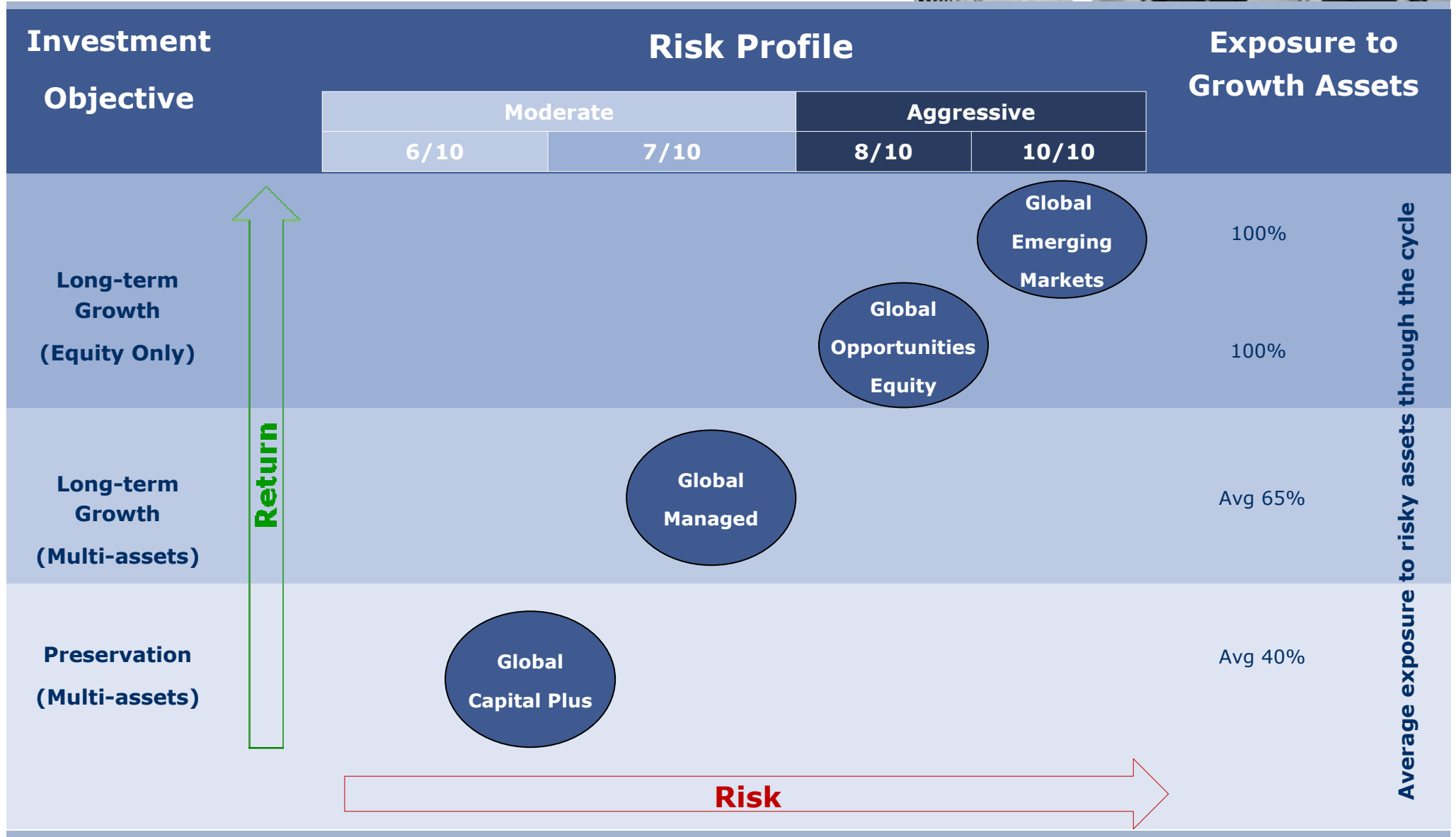
# International fund range (rand-denominated)



5 year performance & risk quoted from Morningstar as at 30 September 2010 for a lump sum investment with income distributions reinvested. Growth assets are defined as local and foreign equities, properties and commodities.



# International fund range (dollar-denominated UCITS)



New funds, therefore no Return/Risk data. Growth assets are defined as local and foreign equities, properties and commodities.





# International

# Strong international track record (dollar returns)



Fund	Annual Alpha	Launch date
Global Equity Alternative Strategy Fund of Funds	4.4%	1 August 1996
Global Equity Fund of Funds	2.1%	1 July 2000
Global Emerging Markets	6.11%	14 July 2008
Global Bond	1.1%*	1 November 2009
Africa Frontiers	32.1%	1 October 2008
Global Capital Plus	10.7%	1 November 2009
Global Managed	2.8%*	1 November 2009

\* Alpha since inception, not annualised. Institutional portfolios used where longer track record exists.



# UK and Ireland



- AUM up from \$1.33bn (Sept 09) to \$1.97bn (Sept 10)
- Investment performance remains strong with all funds ahead of benchmarks
  - ❖ Global Equity Alternative Strategy Fund of Funds: 9.02% annualised dollar return since inception versus 4.66% for MSCI World Index
  - ❖ Global Equity Fund of Funds: 2.52% annualised dollar return since inception versus 0.39% for MSCI World Index



# Africa

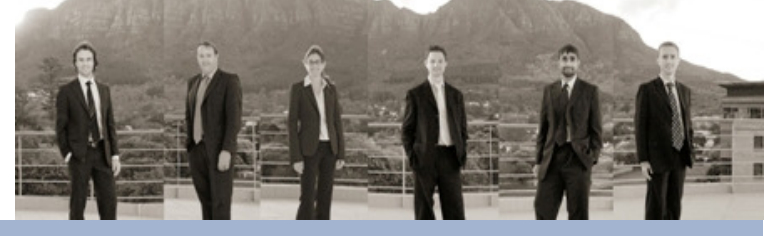


- Africa fund offering delivering excellent relative performance
  - ❖ Africa Frontiers Fund: 32.14% p.a. dollar return since inception ahead of FTSE/JSE Africa Top 30 Index
  - ❖ 'Best Africa Manager of the Year' – 2010 Africa investor Index Series Awards
- Namibian AUM up by 9% from NAM\$8.1bn (Sept 09) to NAM\$8.8bn (Sept 10)
  - ❖ Good relative performance
- Botswana AUM at BWP2.2bn
  - ❖ Excellent relative performance





# Global Emerging Markets (GEM)



- Excellent relative performance since inception
  - ❖ GEM Fund: 6.1% ahead of MSCI Emerging Markets Index
  - ❖ Relative performance position vs. GEM peers – 2<sup>nd</sup> out of 35 since inception





# Transformation

# Transformation



- Level IV contributor in terms of DTI codes
- Staff ownership scheme (Imvula)
  - ❖ Outstanding debt reduced by 57% since inception
  - ❖ Positive equity
- Enterprise development
  - ❖ Providing business support to BEE stockbrokers
  - ❖ Currently providing support to 6 companies





# Conclusion

# Local market indicators

periods ending 30 September 2010



	Q3 '10	YTD	1 year	3 years	5 years	10 years
All Share	13.3%	8.7%	21.1%	2.3%	14.9%	17.2%
All Bond	8.0%	14.1%	15.3%	10.1%	8.8%	12.3%
SA Listed Property	13.7%	25.7%	30.8%	10.9%	19.9%	26.1%
AF Money Market	1.7%	5.3%	7.2%	9.8%	9.3%	9.8%
MSCI (ZAR)	3.3%	-3.2%	-0.6%	-7.3%	3.8%	0.9%
CPI	1.0%	3.2%	3.4%	7.1%	6.7%	5.8%

**Note: healthy returns over longer time periods across most asset classes!**





**Thank you**