

# 2014 Interim Results






for the six months ended 31 March 2014

20 May 2014

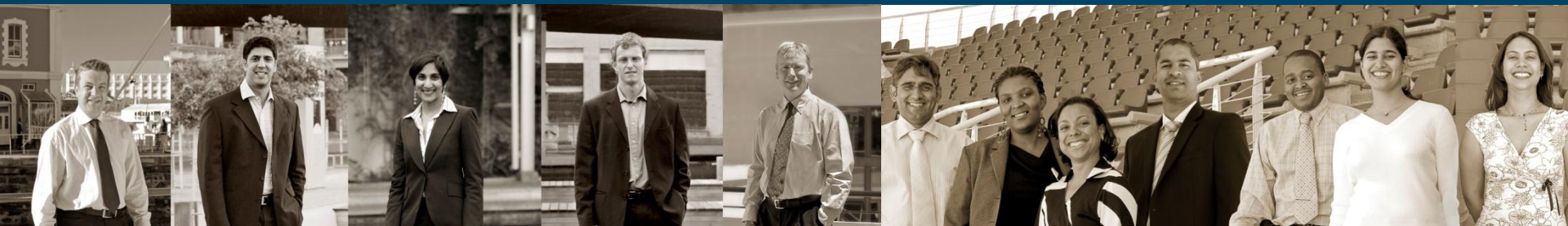
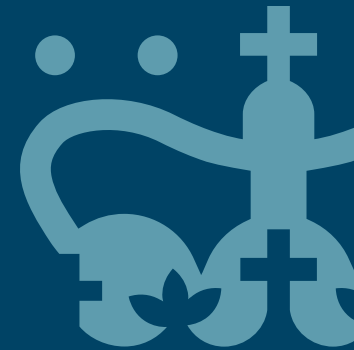


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# Agenda

-  Overview of company
-  Financial results
-  Business overview
-  Transformation
-  Conclusion

# Company overview



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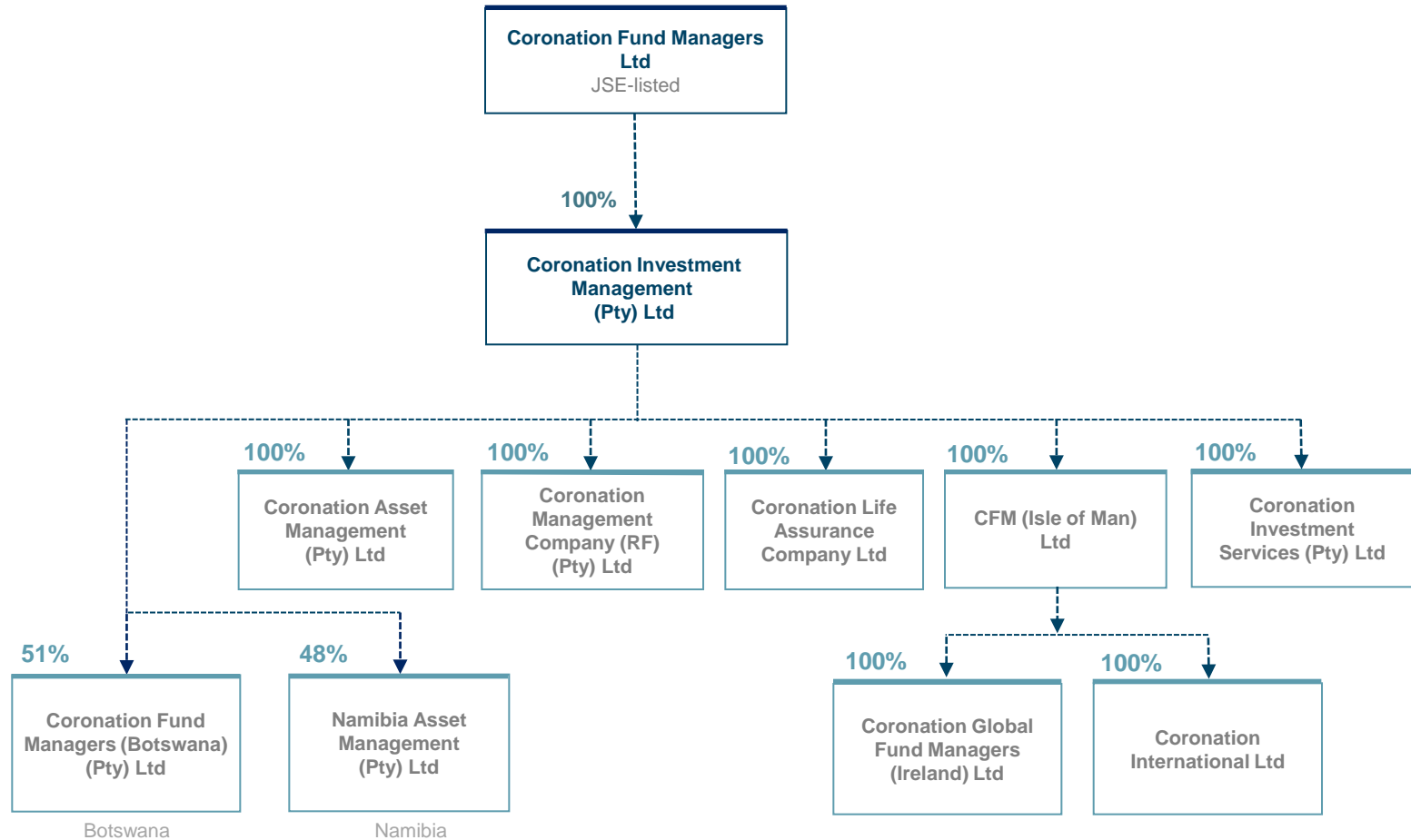
# Market movements

31 March 2014

Economic group	3 months Mar 2014 %	6 months Mar 2014 %	12 months Mar 2014 %
All Share (ZAR)	4.3	10.1	23.6
Resources	10.6	12.9	19.2
Small Cap	4.6	8.6	22.1
Industrials	0.8	7.5	28.0
Financials	6.1	13.4	19.3
USD/ ZAR exchange	-1.8	-4.8	-12.3
MSCI World (USD)	1.4	9.6	19.7
MSCI Emerging Markets (USD)	-0.4	1.5	-1.1

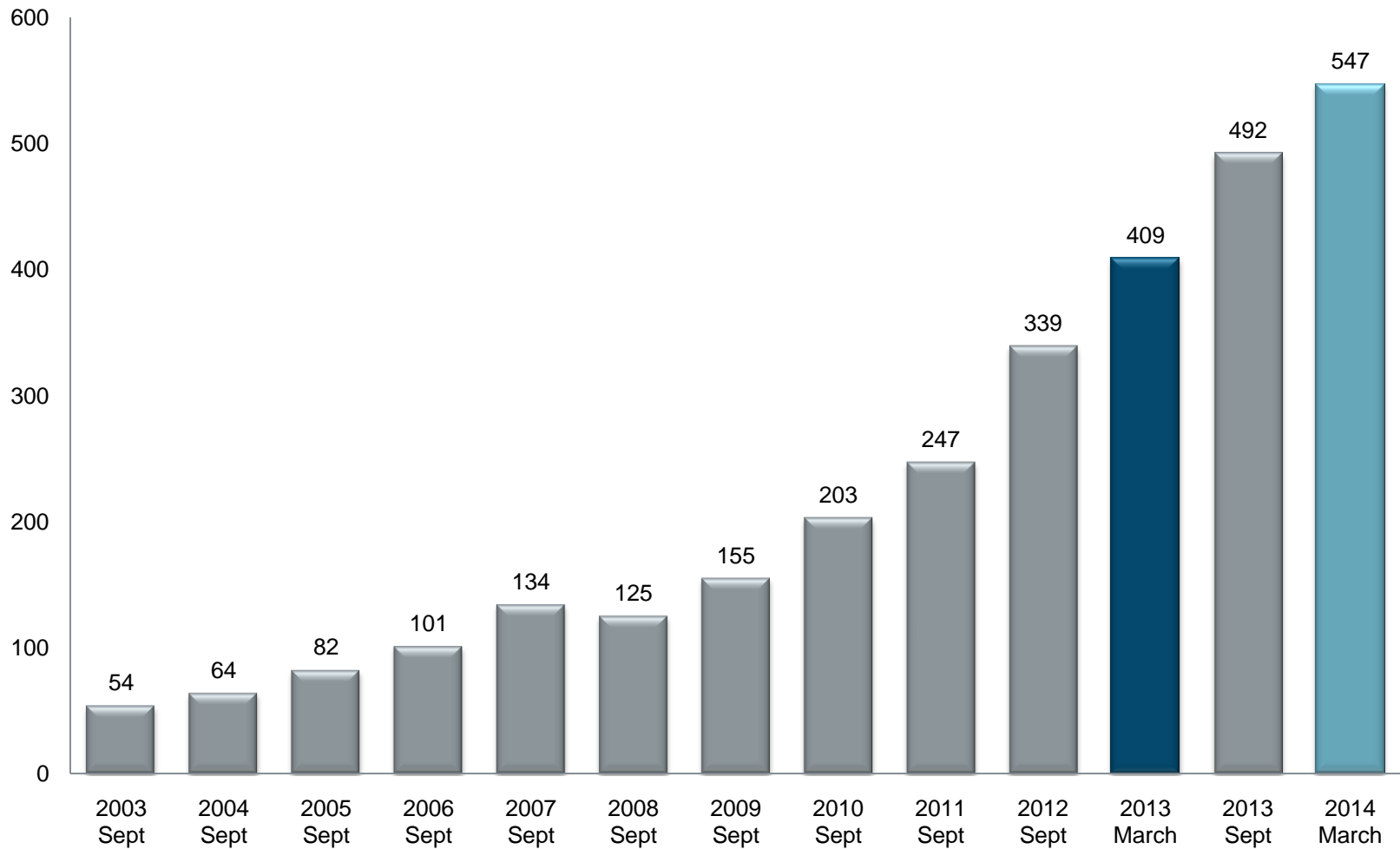
Source: Deutsche Bank

# Company structure at 31 March 2014



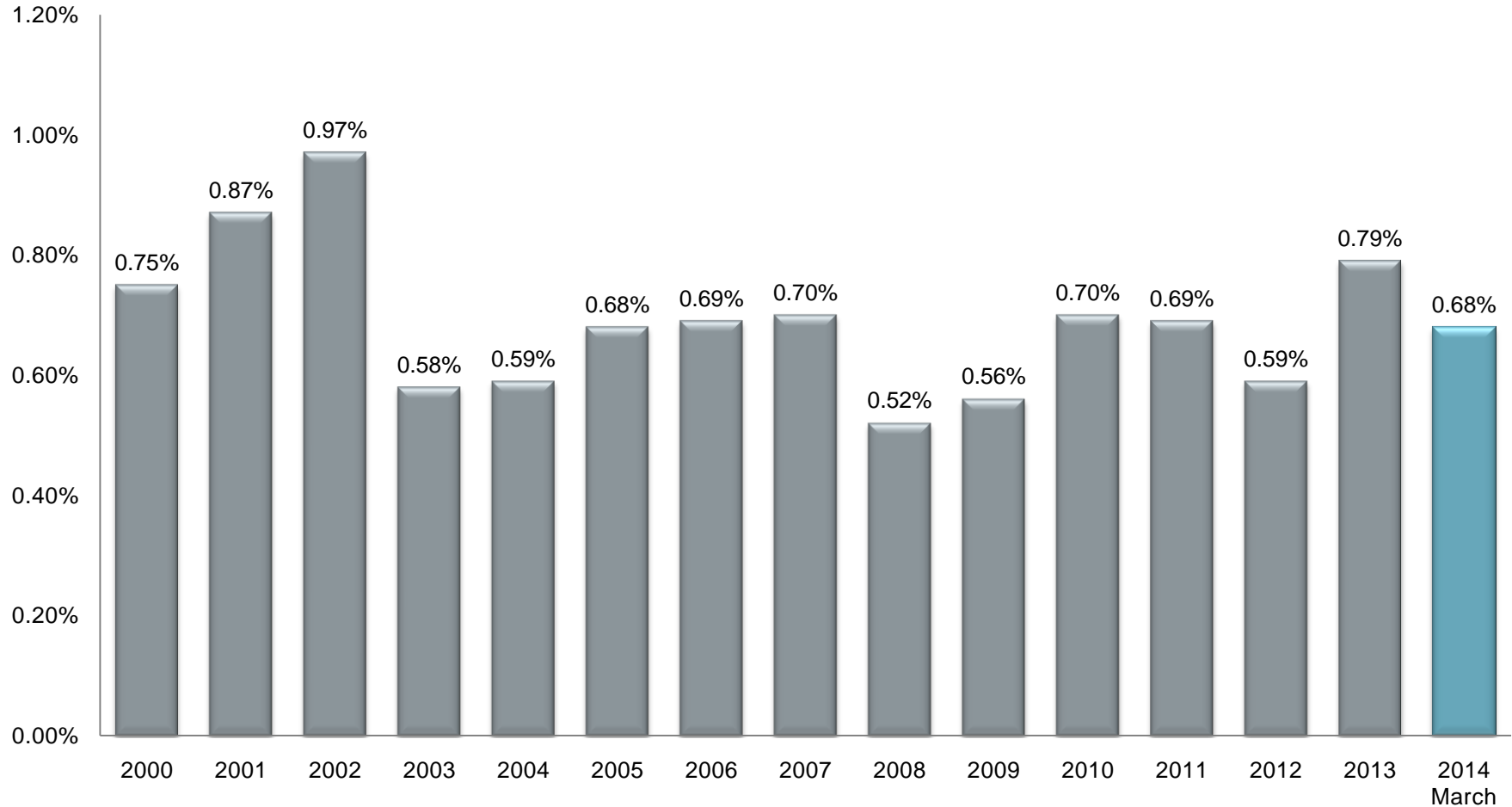
# Assets under management (Rbn)

2003 – 31 March 2014

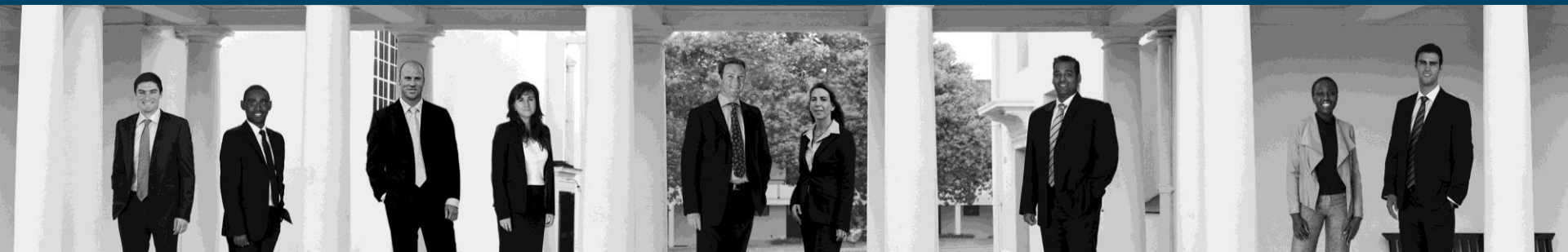
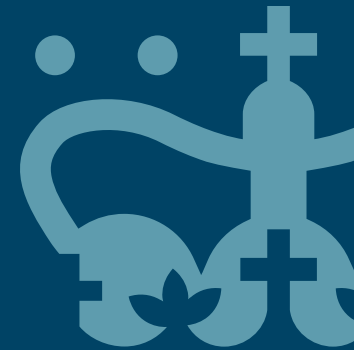


Local: Equity 52.9%; Fixed Interest and Cash 24.7%; Other 1.2%  
Foreign: Equity 18.4%; Fixed Interest and Cash 2%; Other 0.8%  
As at 31 March 2014

# Total net fee (actual revenue) as at 31 March 2014



# Financial results



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# Financial highlights

	March 2014	% Change
Assets under Management	R547bn	+11
Revenue (from fund management)	R2 308m	+56
Profit (from fund management)	R1 291m	+67
Profit before tax	R1 324m	+61
Headline earnings	R965m	+69

# Earnings

	% Change	March 2014	March 2013
HEPS (cents)	55	275.4	178.1
Diluted HEPS (cents )	69	275.4	163.4
Final dividend (cps)	69	275.0	163.0
Actual shares in issue	0	349 799 102	349 799 102
Weighted average shares in issue	9	349 799 102	320 777 309

# Earnings

	% Change	March 2014	March 2013
Cost to income	7.3	44.7	48.2
EBITDA (Rm)	66.7	1 297	778
Market capitalisation (Rm)	106.3	34 630	16 790
Share price (Rands)	106.3	99	48
Price earnings per share*	33.4	18.0	13.5

\* PE earnings – share price/annualised historic HEPS

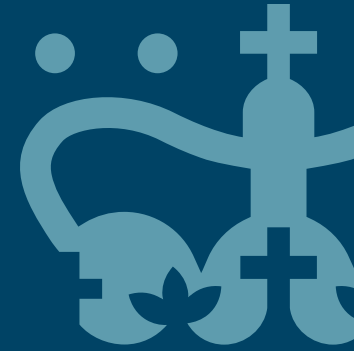
# Cost comparison

	% Change	March 2014 Rm	March 2013 Rm
Fixed operational costs	(19.9)	199	166
Variable costs	(53.2)	841	549
IFRS 2	(100.0)	2	1
<b>Operating expenses</b>	<b>(45.5)</b>	<b>1 042</b>	<b>716</b>

# Fixed expenses

	% Change	March 2014 Rm	March 2013 Rm
<b>Fixed costs</b>	(19.9)	<b>199</b>	<b>166</b>
<i>Major contributors:</i>			
Staff costs	(19.3)	99	83
Information technology	(43.8)	23	16
Professional fees	5.6	17	18
Marketing	(17.4)	27	23
<i>Staff numbers</i>		<b>262</b>	<b>230</b>

# Business overview



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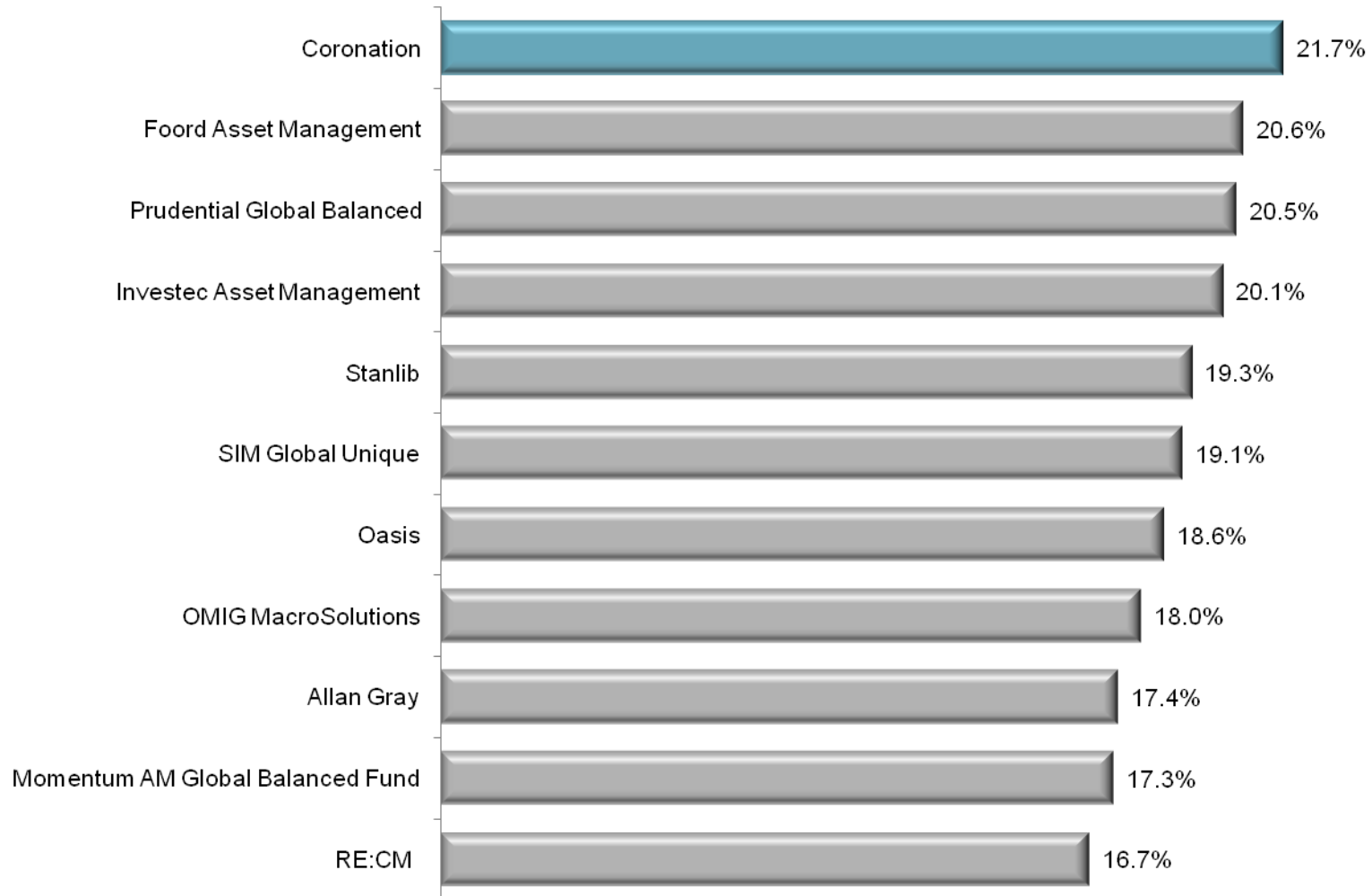
# AuM and flow summary

- 👑 Total AuM increased to R547bn (11%)
- 👑 Internationally registered funds: AuM up to \$8.5bn (Mar 2014) from \$7.5bn (Sept 2013)
- 👑 Namibian AuM up to NAM\$17.2bn (Mar 2014) from NAM\$15.3bn (Sept 2013)
- 👑 Botswana AuM up to BWP5.8bn (Mar 2014) from BWP5.3bn(Sept 2013)
- 👑 Total flow for half year R14.7bn (R8.9bn directly into international products/mandates)
- 👑 Institutional client net outflows: R2.3bn
- 👑 Retail client net inflows: R17bn
- 👑 Strong performance across all products

# Institutional business performance

Alexander Forbes Global Large Manager Watch™

5 years ending 31 March 2014

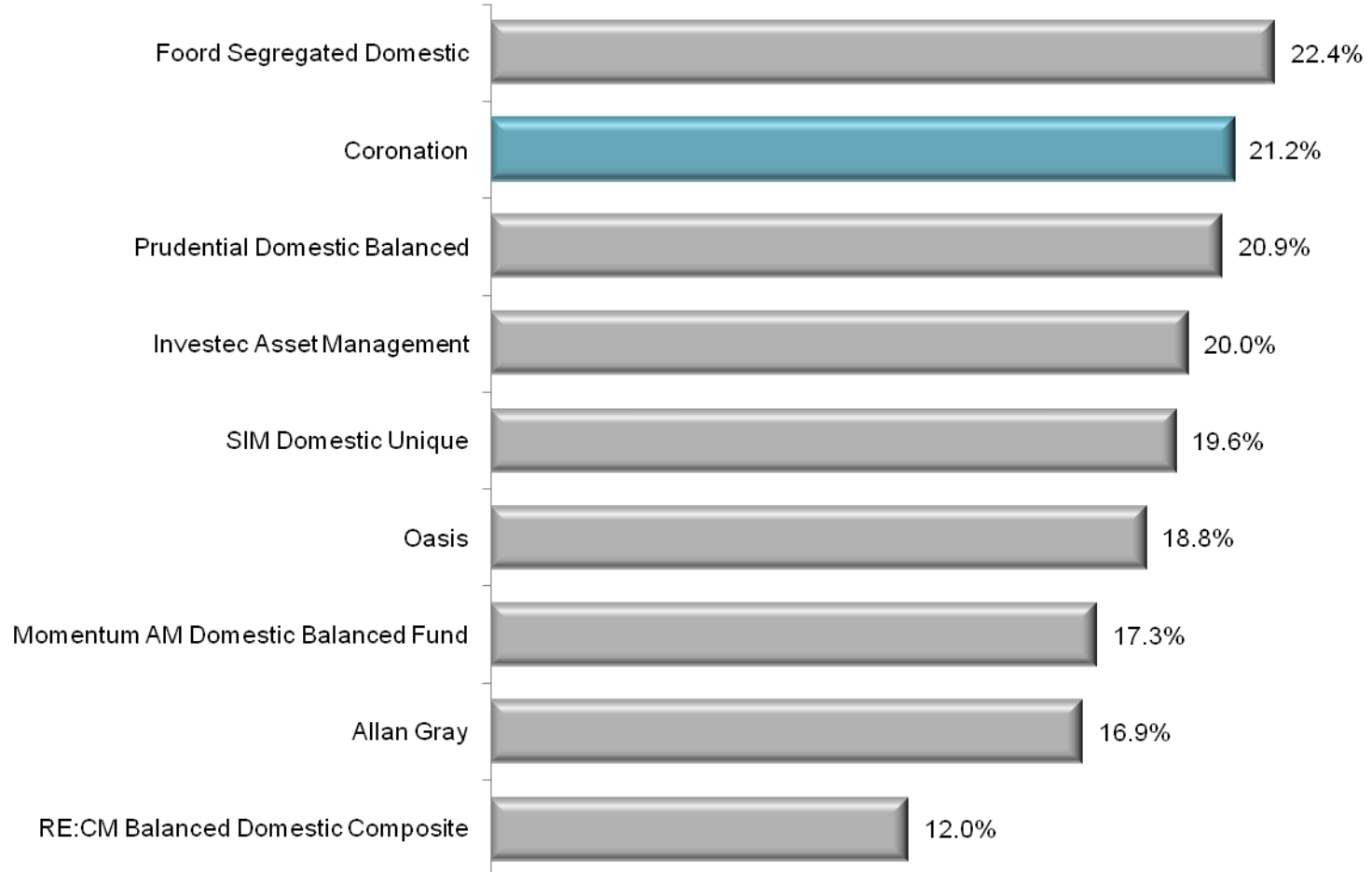




# Institutional business performance

Alexander Forbes SA Large Manager Watch™

5 years ending 31 March 2014



# Coronation Global Absolute

performance for periods ending 31 March 2014

	5 Years (p.a.) %	10 Years (p.a.) %	Since Inception* (p.a.) %
Coronation Global Absolute	17.5	17.7	17.8
CPI	5.4	6.0	6.4
CPI +6% (benchmark)	11.4	12.0	12.4
Outperformance of benchmark	6.1	5.7	5.4

\* Since inception – August 1999

Source: Independent Retirement Fund Survey

# Coronation Houseview Equity

as at 31 March 2014

	5 years (p.a.) %	10 years (p.a.) %	Since inception* (p.a.) %
Coronation Houseview Equity	26.8	23.9	19.5
FTSE/JSE Shareholder Weighted Index (benchmark)	22.9	20.1	16.0
Outperformance of benchmark	3.9	3.9	3.5

\* Since inception - October 1993

# Retail business performance 2014

League Table: Long-term funds  
as at 31 March 2014

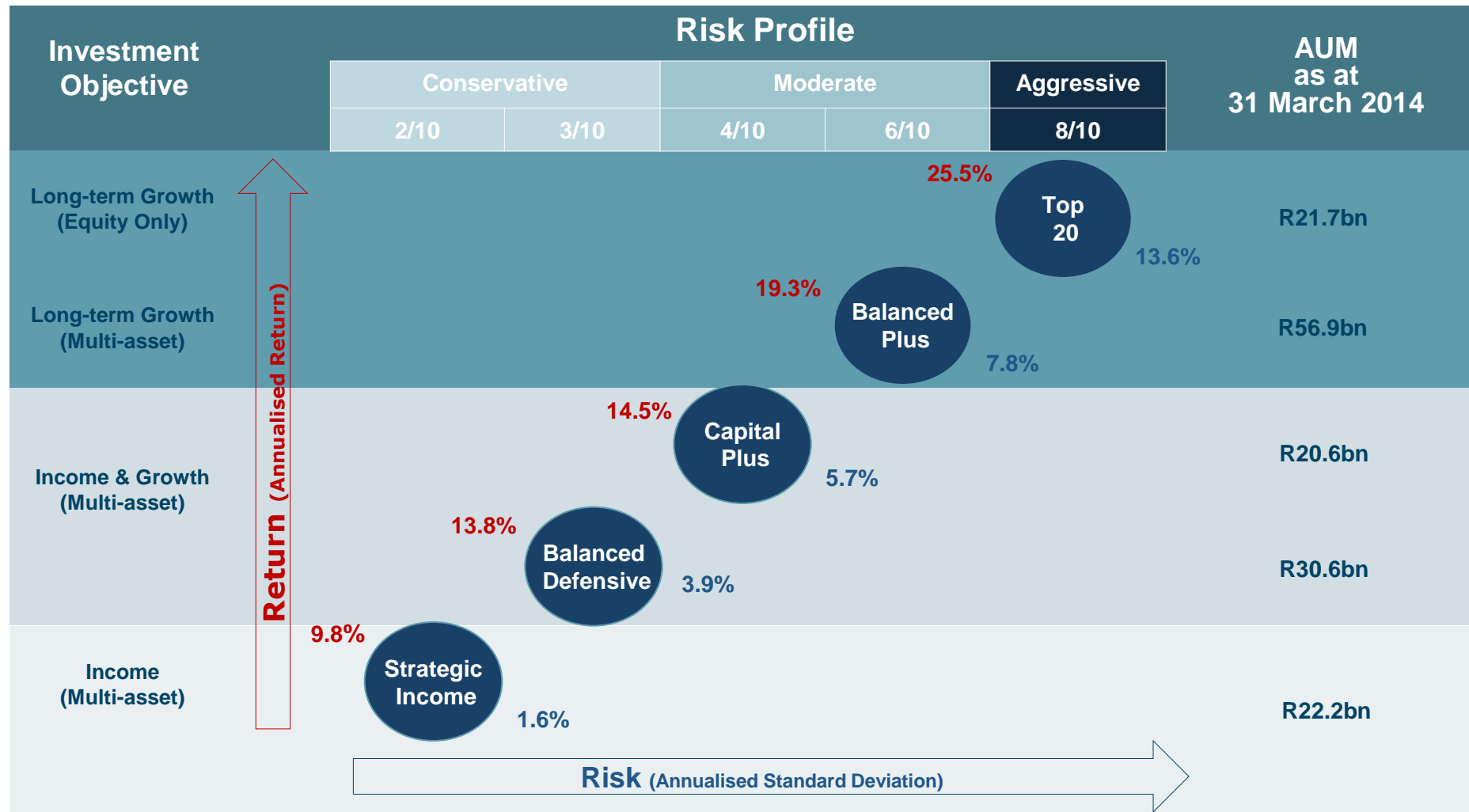
Manager	AUM (Rbn)		Flows (Rbn)	
	March 2014	FY 2013	March 2014	FY 2013
1.	191	168	7	5
2. Coronation (unchanged)	187	155	19	37
3.	100	97	1	18
4.	99	93	1	6
5.	76	67	2	5

Market share increased to 14.5% of long-term funds as at 31 March 2014 (Sept 2013:13.6%).

Source: Morningstar, using Coronation classification; based on retail single manager funds only.

# Domestic flagship funds

Meeting our clients' key investment needs  
as at 31 March 2014



5-Year Performance & Risk quoted from Morningstar as at 31 March 2014 for a lump sum investment with income distributions reinvested and all costs deducted.

# Domestic flagship funds

Consistent top-quartile returns  
as at 31 March 2014

	Fund	5-year ranking	10-year ranking	S.I. ranking
Long-term growth (equity only)	Top 20	1 <sup>st</sup> Quartile	1 <sup>st</sup> Quartile	1 <sup>st</sup> Quartile
Long-term growth (multi asset)	Balanced Plus	1 <sup>st</sup> Quartile	1 <sup>st</sup> Quartile	1 <sup>st</sup> Quartile
Income & growth	Capital Plus	2 <sup>nd</sup> Quartile	1 <sup>st</sup> Quartile	1 <sup>st</sup> Quartile
	Balanced Defensive	1 <sup>st</sup> Quartile	-	1 <sup>st</sup> Quartile
Income only	Strategic Income	1 <sup>st</sup> Quartile	1 <sup>st</sup> Quartile	1 <sup>st</sup> Quartile

Source: Morningstar as at 31 March 2014.

# International flagship funds (rand-denominated)

Building a solid track record  
as at 31 March 2014

	Fund	3-year ranking	5-year ranking	S.I. ranking
Long-term growth (equity only)	GEM Flexible [ZAR]	1 <sup>st</sup> Quartile	1 <sup>st</sup> Quartile	1 <sup>st</sup> Quartile
	Global Opportunities Equity [ZAR] Feeder	1 <sup>st</sup> Quartile	3 <sup>rd</sup> Quartile	1 <sup>st</sup> Quartile
Long-term growth (multi asset)	Global Managed [ZAR] Feeder	1 <sup>st</sup> Quartile	-	1 <sup>st</sup> Quartile
Preservation	Global Capital Plus [ZAR] Feeder	1 <sup>st</sup> Quartile	1 <sup>st</sup> Quartile	1 <sup>st</sup> Quartile

Source: Bloomberg, Morningstar as at 31 March 2014.

Note: As per the new ASISA Categories, effective 1 January 2013.

# Strong international track record (institutional funds)

## US dollar returns

Offshore USD funds	Annualised Alpha* %	Launch date	Fee
Global Equity Fund of Funds	1.57	01-Jul-00	Net
Global Emerging Markets	8.90	14-Jul-08	Gross
Global Bond	2.57	01-Oct-09	Gross
Africa Frontiers	11.89	01-Oct-08	Gross
Global Capital Plus	6.77	01-Sep-09	Gross
Global Managed	2.97	01-Mar-10	Gross

\* Annualised alpha for institutional portfolios since launch to 31 March 2014  
Source: Coronation Fund Managers



# Africa

## Africa fund offering delivering excellent performance

- Africa Frontiers Portfolio has delivered a 17.4% p.a. US dollar return (gross of fees) since launch in 2008 versus 5.5% p.a. for the benchmark (3-month USD Libor + 5%)
- The FTSE/JSE Africa Top 30 Ex-SA Index has returned -0.5% p.a. over the same period
- Total AUM R7.7bn

# Global Emerging Markets (GEM)

## Excellent relative performance since inception

- Global Emerging Markets Fund has delivered a 10.8% p.a. US dollar return (gross of fees) since launch in 2008 versus 1.9% p.a. for the MSCI Emerging Markets benchmark, resulting in alpha of 8.9% p.a. since inception
- Relative performance position versus GEM peers – 2nd out of a peer group of 64 GEM funds since inception (source: Bloomberg data net of fees)
- Total AUM R38.5bn

# Transformation



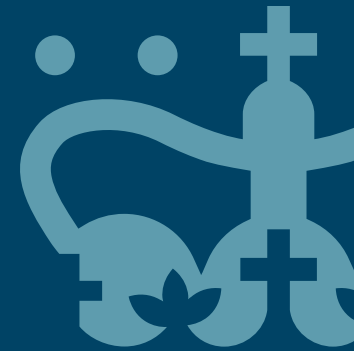
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# Transformation

 Level III contributor in terms of the dti Codes

 B-BBEE Codes of Good Practice released

# Conclusion



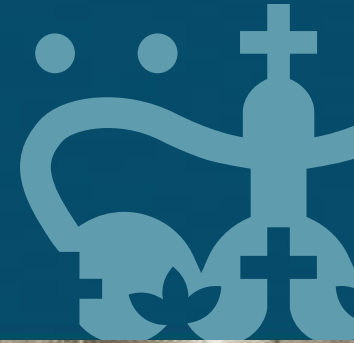
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# Closing remarks

- 👑 Regulatory environment evolving
- 👑 Absolute level of market returns not sustainable and require resetting of expectations
- 👑 Business cyclical and has had strong performance in recent periods
- 👑 Difficult investment environment with increased volatility
- 👑 Remain focused on creating long-term value through the cycle



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# Disclaimer

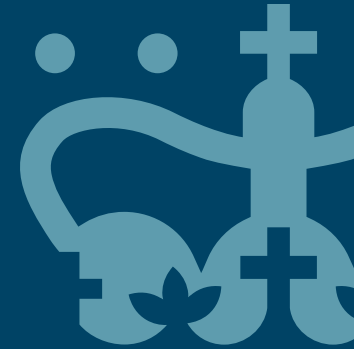
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Thank you!



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