

# 2015 Reviewed Annual Results

for the year to 30 September 2015

10 November 2015

# Agenda

 Highlights

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- Institutional
- Retail

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 Closing remarks



# Highlights



# Highlights

as at 30 September 2015

 Total AUM increased to R610bn (+3.7%)

 Total net outflows for the year of R15.3bn

 International AUM increased to R141bn (+11%)

- Net inflows of R14.5bn to international products/mandates

 Revenue decreased to R4.4bn (-7%)

 Diluted headline earnings per share of 516.0 cents (-9.7%)

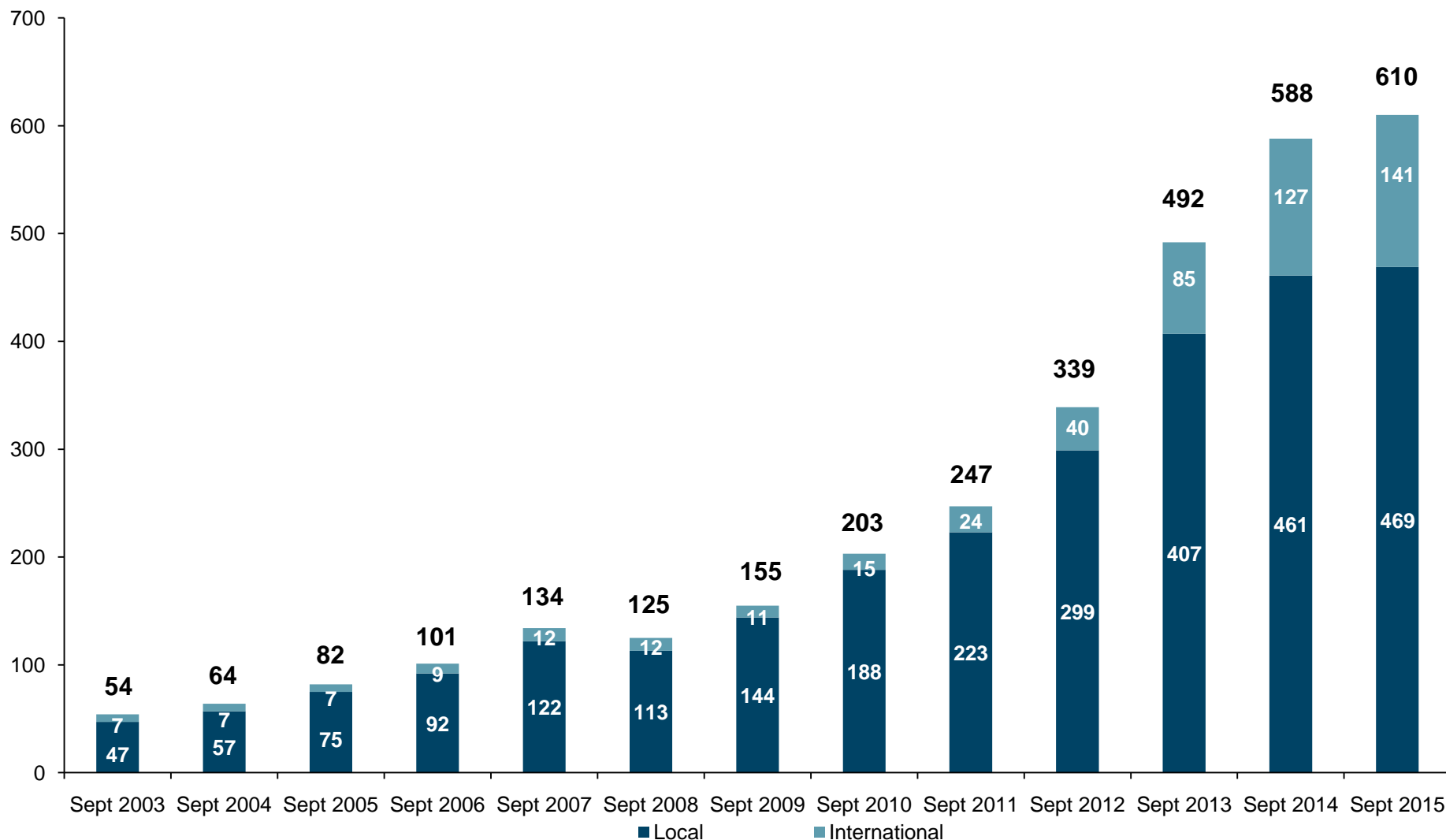
 Total gross dividend of 516.0 cents (-9.7%)

 Long-term performance across all core funds remain highly compelling

 Level 3 contributor in terms of the Financial Sector Code



# Assets under management (Rbn)



Local: Equity 50.7%; Fixed Interest and Cash 23.3%; Other 1.4%  
 Foreign: Equity 21.3%; Fixed Interest and Cash 3.1 %; Other 0.2%  
 As at 30 September 2015



# Business update



# Market movements

## as at 30 September 2015

Economic group	3 months to end Sept 2015 %	6 months to end Sept 2015 %	12 months to end Sept 2015 %
All Share (ZAR)	(2.13)	(2.32)	4.79
Resources	(17.88)	(21.89)	(37.07)
Small Cap	(3.85)	(2.45)	7.22
Industrials	0.80	2.46	15.76
Financials	(1.06)	(3.32)	19.11
USD/ZAR exchange	(11.96)	(12.22)	(18.40)
MSCI All Country World (USD)	(9.34)	(8.87)	(6.16)
MSCI Emerging Markets (USD)	(17.78)	(17.11)	(18.98)

Source: Deutsche Bank



# Institutional business highlights

 Institutional AUM of R387.2bn

 Total net outflows from institutional business of R21.8bn:

- Local client net outflows of R34.2 billion consistent with management expectations
- International client net inflows of R12.4 billion

 Augmented international product offering:

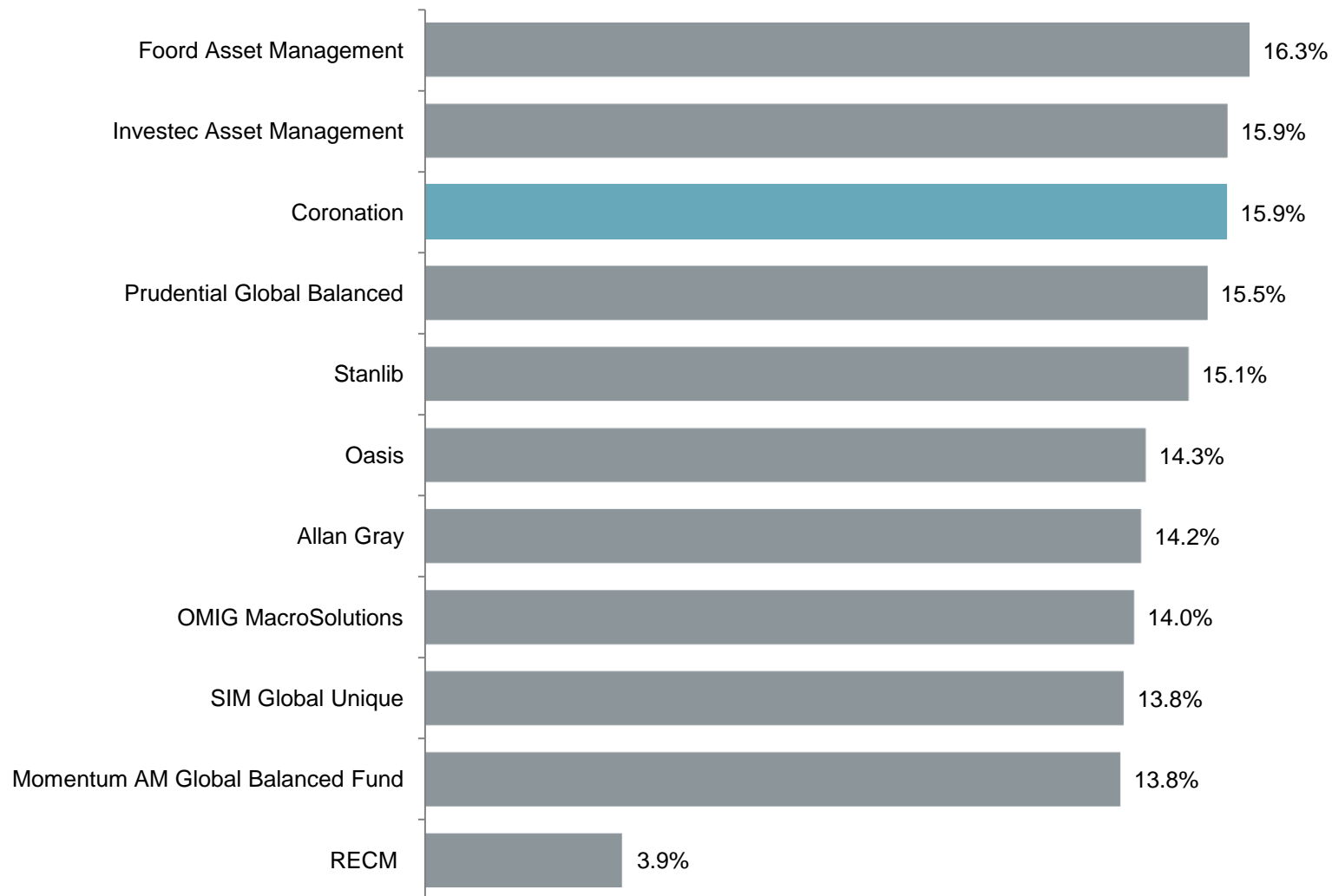
- Active Global Equity and Global Frontiers funds





# Performance

## Alexander Forbes Global Large Manager Watch™ 5-year period ending 30 September 2015



Source: Alexander Forbes Global Large Manager Watch™ survey to 30 September 2015



# Coronation Houseview Equity portfolio

## performance for periods ending 30 September 2015

	1 year %	5 years (p.a.) %	10 years (p.a.) %	20 years (p.a.) %	Since Inception* (p.a.) %
Houseview Equity	3.2	16.5	17.4	17.5	18.4
FTSE/JSE CAPI	4.9	14.8	15.1	14.4	15.5
Alpha	(1.7)	1.7	2.3	3.1	2.9

\* Since inception - October 1993

Source: Independent Retirement Fund Survey as at 30 September 2015



# Coronation Global Absolute portfolio

## performance for periods ending 30 September 2015

	5 Years (p.a.) %	10 Years (p.a.) %	Since Inception* (p.a.) %
Global Absolute	12.6	14.2	16.8
CPI + 6%	11.6	12.1	12.2
Alpha	1.0	2.1	4.6

\* Since inception – August 1999

Source: Independent Retirement Fund Survey as at 30 September 2015



# Coronation Strategic Bond portfolio

performance for periods ending 30 September 2015

	1 year %	5 years (p.a.) %	Since inception* (p.a.) %
Strategic Bond	7.8	9.2	10.3
JSE ASSA All Bond Index	7.0	7.7	8.7
Alpha	0.8	1.5	1.6

\* Since inception – January 2008

Source: Independent Retirement Fund Survey as at 30 September 2015



# Strong international track record

(US dollar returns)

Offshore USD Funds	Annual Alpha* %	Launch date	
Global Equity Fund of Funds	1.1	01-Jul-00	Net
Global Emerging Markets Strategy	4.1	14-Jul-08	Gross
Global Bond	1.8	01-Oct-09	Gross
Africa Frontiers Strategy	6.0	01-Oct-08	Gross
Global Capital Plus	5.5	01-Sep-09	Gross
Global Managed	1.2	01-Mar-10	Gross

\* Annualised alpha for institutional portfolios since launch to 30 September 2015

Source: Coronation Fund Managers



# Retail business highlights

- 👑 Retail assets under management of R222.4bn
- 👑 Net inflows of R6.5bn
- 👑 Coronation remains one of the foremost managers of long-term retail assets (14.6% market share)
- 👑 Raging Bull Management Company of the Year for the third consecutive year, and Morningstar Best Large Fund House for the fifth consecutive year
- 👑 Launch of tax-free investment offering & Global Equity Select (USD & ZAR)
- 👑 Fee and benchmark changes implemented



# Domestic Flagship Funds

Consistent top quartile returns  
as at 30 September 2015

	Fund	5-year ranking	10-year ranking	S.I. ranking
Long-term growth (equity only)	Top 20	2 <sup>nd</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	3 <sup>rd</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 30 September 2015



# International Flagship Funds

Building a solid track record  
as at 30 September 2015

	Fund	5-year ranking	S.I. ranking
Long-term growth (equity only)	Global Emerging Markets	2 <sup>nd</sup> Quartile	1 <sup>st</sup> Quartile
	Global Opportunities Equity [ZAR] Feeder	1 <sup>st</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	2 <sup>nd</sup> Quartile	1 <sup>st</sup> Quartile

Source: Morningstar; Bloomberg as at 30 September 2015





# Financial results

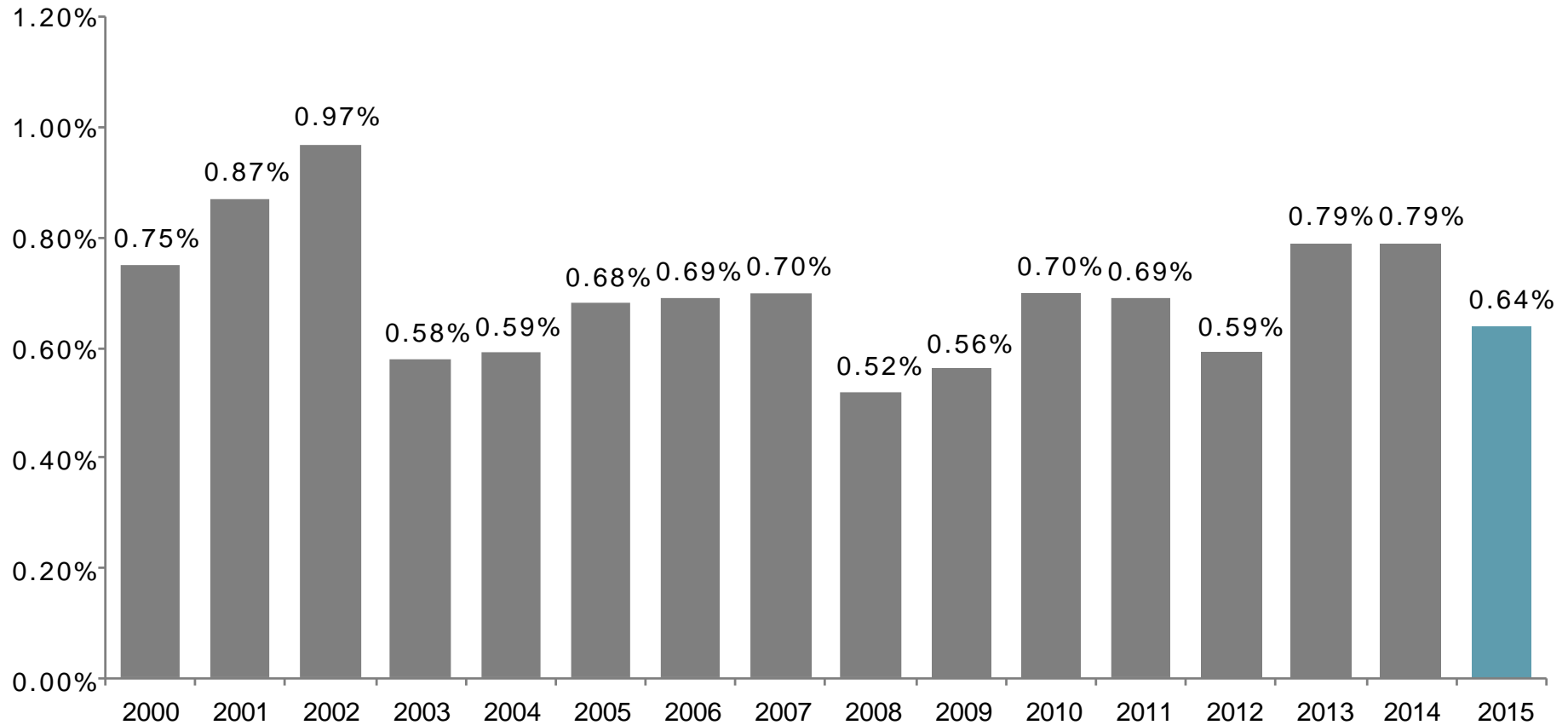


# Financial highlights

	2015 Rbn	% Change
Assets under Management	610	4
Revenue (from fund management)	4.44	(7)
Profit (from fund management)	2.41	(10)
Profit before tax	2.43	(10)
Profit for the year	1.81	(10)



# Total net fee (actual revenue) as at 30 September 2015



# Earnings and dividend

	% Change	Sept 2015	Sept 2014
Diluted HEPS (cents)	(10)	516.0	571.6
Interim dividend per share (cents)	(11)	246	275
Final dividend per share (cents)	(9)	270	296
Actual shares in issue – 30 Sept		349 799 102	349 799 102
Market capitalisation (R'000)		22 838 383	33 808 083
Share price at 30 Sept (rands)		65.29	96.65



# Cost comparison

	% Change	Sept 2015 Rm	Sept 2014 Rm
Cost to income	4	46.8	45.0
Fixed operational costs	13	473	418
Variable costs	(7)	1 632	1 757
Total operating expenses	(3)	2 105	2 175



# Fixed expenses

	% Change	Sept 2015 Rm	Sept 2014 Rm
<b>Fixed costs</b>	13	473	418
Major contributors:			
Staff costs	8	212	197
Information Systems	32	75	57
Professional fees	27	43	34
Marketing	(5)	61	64
<i>Staff numbers</i>		278	274



# Closing remarks



# Closing remarks

- 👑 Reminder that annual revenue stream of a fund manager is cyclical
- 👑 Revenue caution materialised in past 12 months - the base was abnormally high
- 👑 Financial markets continue to remain uncertain & volatile
- 👑 Long-term investment track records of all key funds remain highly compelling. Over our 22-year history we have endured periods of short-term underperformance given our long-term, valuation-driven investment approach
- 👑 Remain focused on producing long-term value for clients, ensuring sustainable benefits for all stakeholders





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Thank you

