

# 2015 Reviewed Interim Results

for the six months ended 31 March 2015

19 May 2015



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# Agenda

 Highlights

 Business update

- Institutional
- Retail

 Financial results

 Closing remarks

# Highlights



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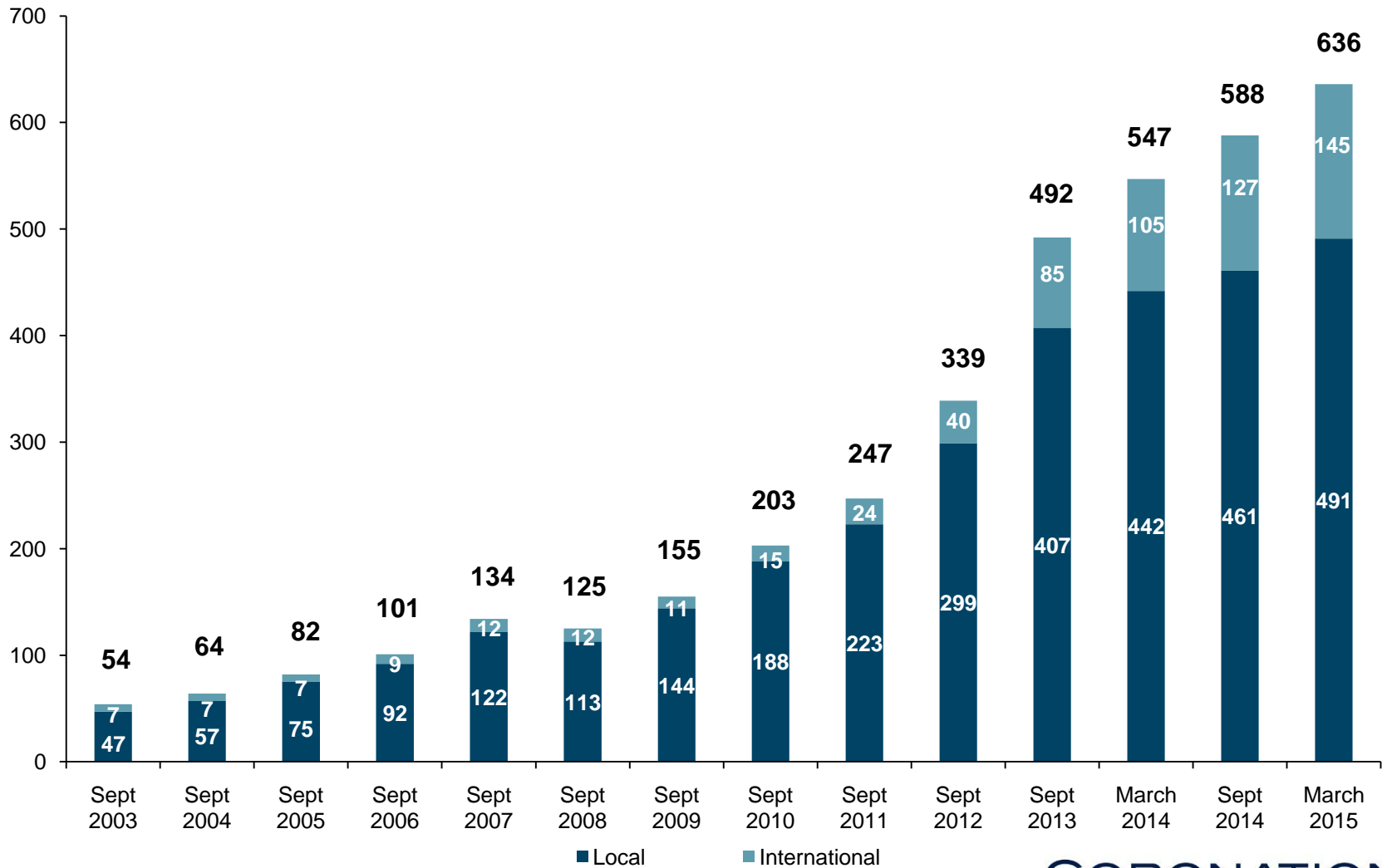
# Highlights

## as at 31 March 2015

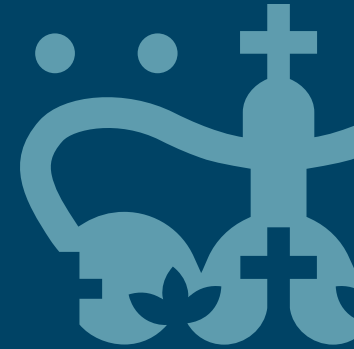
- 👑 Total AUM increased to R636bn (+8%)
- 👑 Total net inflows for the half year R7.5bn
- 👑 International AUM increased to R145bn (+14%)
  - Net inflows of R11bn into international products/mandates
- 👑 Revenue decreased to R2.2bn (-6%)
- 👑 Diluted headline earnings per share of 246.7 cents (-10%)
- 👑 Total gross interim dividend of 246.0 cents (-11%)
- 👑 Exceptional long-term performance across all products
- 👑 Level 3 contributor in terms of the Financial Sector Code

# Assets under management (Rbn)

2003 – 31 March 2015



# Business update



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# Market movements

## as at 31 March 2015

Economic group	3 months Mar 2015 %	6 months Mar 2015 %	12 months Mar 2015 %
All Share (ZAR)	5.8	7.3	12.5
Resources	(0.2)	(19.4)	(23.0)
Small Cap	3.2	9.9	19.0
Industrials	5.6	13.0	22.3
Financials	11.2	23.2	33.4
USD/ ZAR exchange	(5.6)	(7.0)	(13.2)
MSCI World (USD)	2.5	3.6	6.6
MSCI Emerging Markets (USD)	2.3	(2.3)	0.8

Source: Deutsche Bank

# Institutional business highlights

 Institutional AUM of R410bn

 Net outflows from institutional business of R0.56bn:

- Local client outflows as a result of soft close to new clients
- Offset by international client inflows (specifically into GEM product)

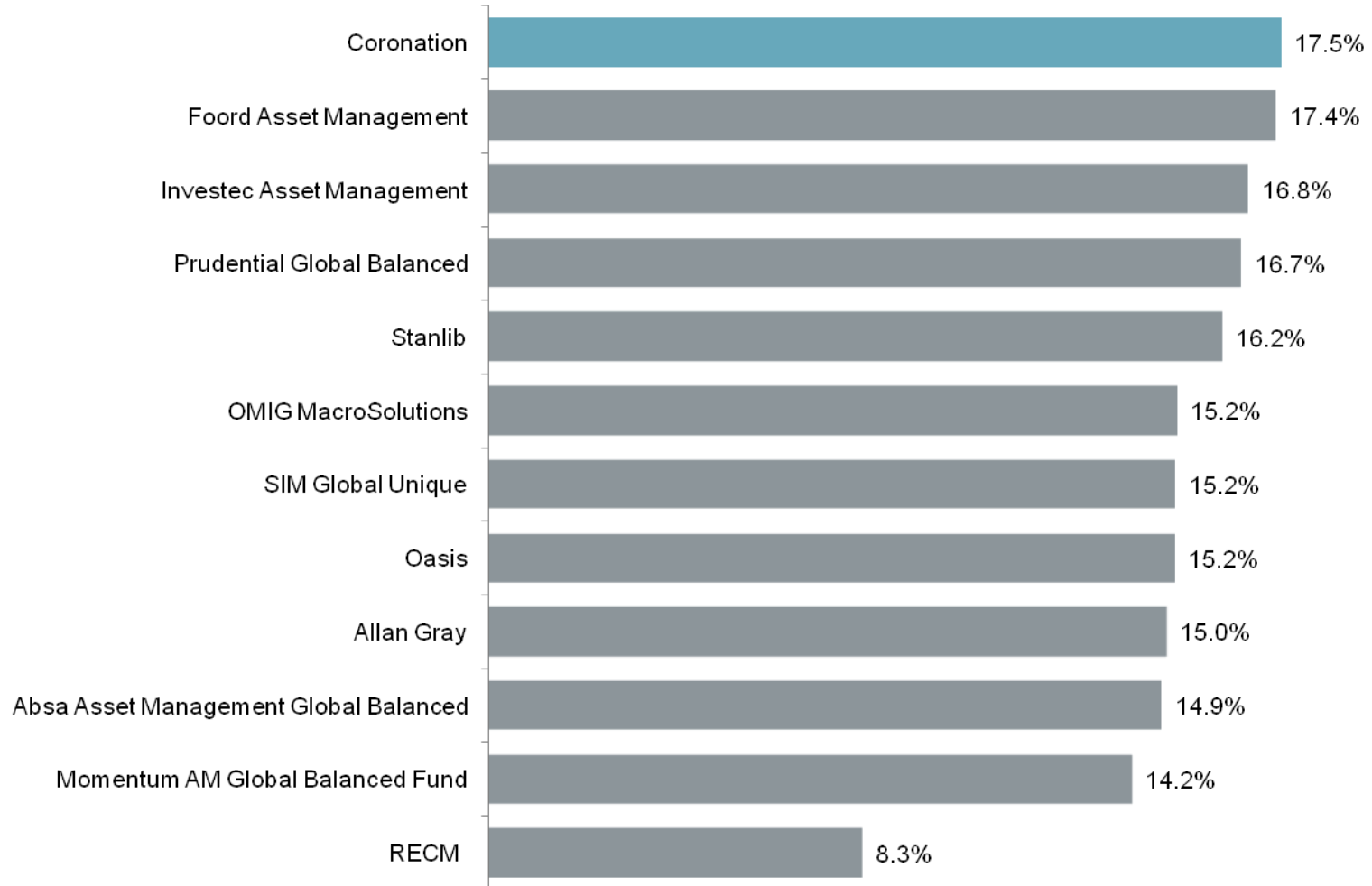
 Expanded international product offering:

- Active Global Equity and Global Frontiers Funds



# Performance

Alexander Forbes Global Large Manager Watch™  
5-year period ending 31 March 2015



Source: Alexander Forbes Global Large Manager Watch™ survey to 31 March 2015

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# Coronation Houseview Equity portfolio

performance for periods ending 31 March 2015

	1 year	3 years (p.a.)	5 years (p.a.)	10 years (p.a.)	20 years (p.a.)	Since inception* (p.a.)
Coronation Houseview Equity	11.7%	22.8%	19.3%	21.1%	18.2%	19.2%
Benchmark **	17.7%	21.4%	18.2%	18.9%	15.2%	16.1%
Alpha	(6.0%)	1.4%	1.1%	2.2%	3.0%	3.0%

\* Since inception - October 1993

\*\* Benchmark – FTSE/JSE Shareholder Weighted Index

Source: Independent Retirement Fund Survey as at 31 March 2015

# Coronation Global Absolute portfolio

performance for periods ending 31 March 2015

	1 year	3 years (p.a.)	5 years (p.a.)	10 years (p.a.)	Since inception (p.a.)
Coronation Global Absolute	12.0%	15.9%	14.4%	16.1%	17.4%
CPI + 6%	-	11.3%	11.2%	12.0%	12.2%
Alpha	-	4.6%	3.2%	4.1%	5.2%

\* Since inception – August 1999

Source: Independent Retirement Fund Survey as at 31 March 2015

# Coronation Strategic Bond portfolio

performance for periods ending 31 March 2015

	1 year	3 years (p.a.)	5 years (p.a.)	Since inception* (p.a.)
Coronation Strategic Bond	13.6%	10.9%	11.4%	11.1%
BEASSA All Bond Index	12.4%	9.0%	9.7%	9.4%
Alpha	1.2%	1.9%	1.7%	1.7%

\* Since inception – January 2008

Source: Independent Retirement Fund Survey as at 31 March 2015

# Strong international track record

(US dollar returns)

Offshore USD Funds	Annualised Alpha *	Launch date	
Global Equity Fund of Funds	1.4%	01-Jul-00	Net
Global Emerging Markets	5.5%	14-Jul-08	Gross
Global Bond	2.3%	01-Oct-09	Gross
Africa Frontiers	8.8%	01-Oct-08	Gross
Global Capital Plus	7.4%	01-Sep-09	Gross
Global Managed	2.9%	01-Mar-10	Gross

\* Annualised alpha for institutional portfolios since launch to 31 March 2015

Source: Coronation Fund Managers

# Global Emerging Markets (GEM)

## Excellent performance since inception

- Global Emerging Markets Strategy has delivered a 7.2% p.a. US dollar return (gross of fees) since launch in July 2008 versus 1.7% p.a. for the MSCI Emerging Markets benchmark, resulting in alpha of 5.5% p.a. since inception
- Have now passed a 6-year track record (launch 14 July 2008)
- Relative performance position versus GEM peers – 2nd out of a peer group of 66 GEM funds since inception (source: Coronation analysis of Bloomberg data net of fees)

# Retail business highlights

 Retail assets under management of R226bn

 Net inflows of R8bn

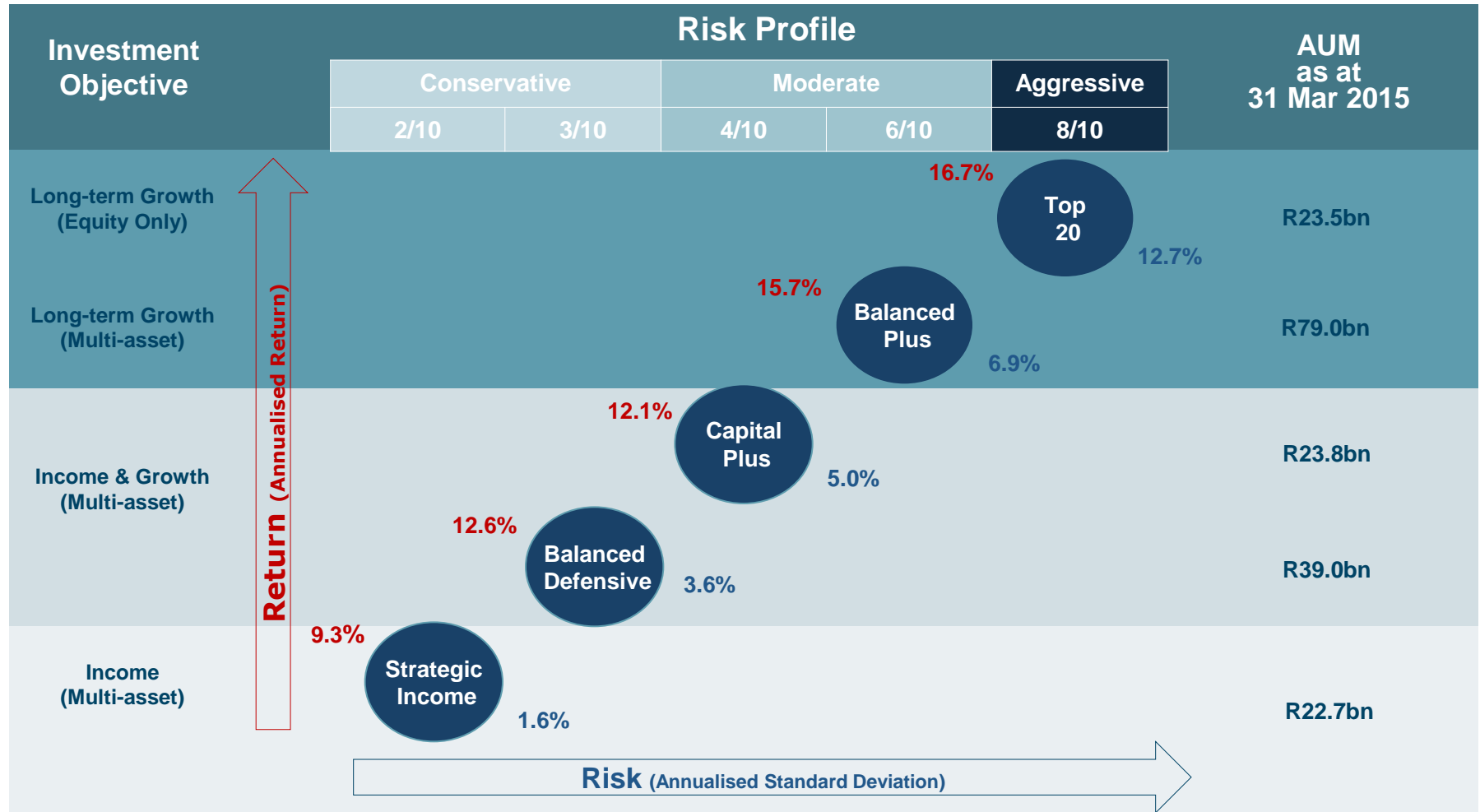
 Coronation remains the largest manager of long-term retail assets (15.2% market share)

 Raging Bull Management Company of the Year for the third consecutive year, and

Morningstar Best Large Fund House for the fifth consecutive year

# Domestic flagship funds

Meeting our clients' key investment needs  
as at 31 March 2015



5-Year Performance & Risk quoted from Morningstar as at 31 March 2015 for a lump sum investment with income distributions reinvested and all costs deducted.



# Domestic flagship funds

Consistent top quartile returns  
as at 31 March 2015

	Fund	5-year ranking	10-year ranking	Since inception 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 2015

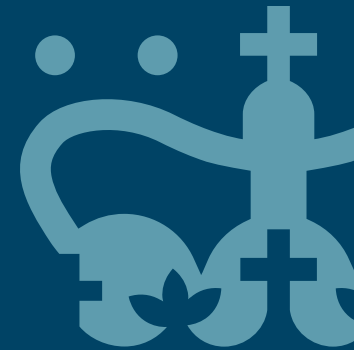
# International feeder funds - ZAR

Building a solid track record  
as at 31 March 2015

	Fund	5-year ranking	Since inception ranking
Long-term growth (equity only)	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	1 <sup>st</sup> Quartile	1 <sup>st</sup> Quartile

Source: Morningstar as at 31 March 2015

# Financial results



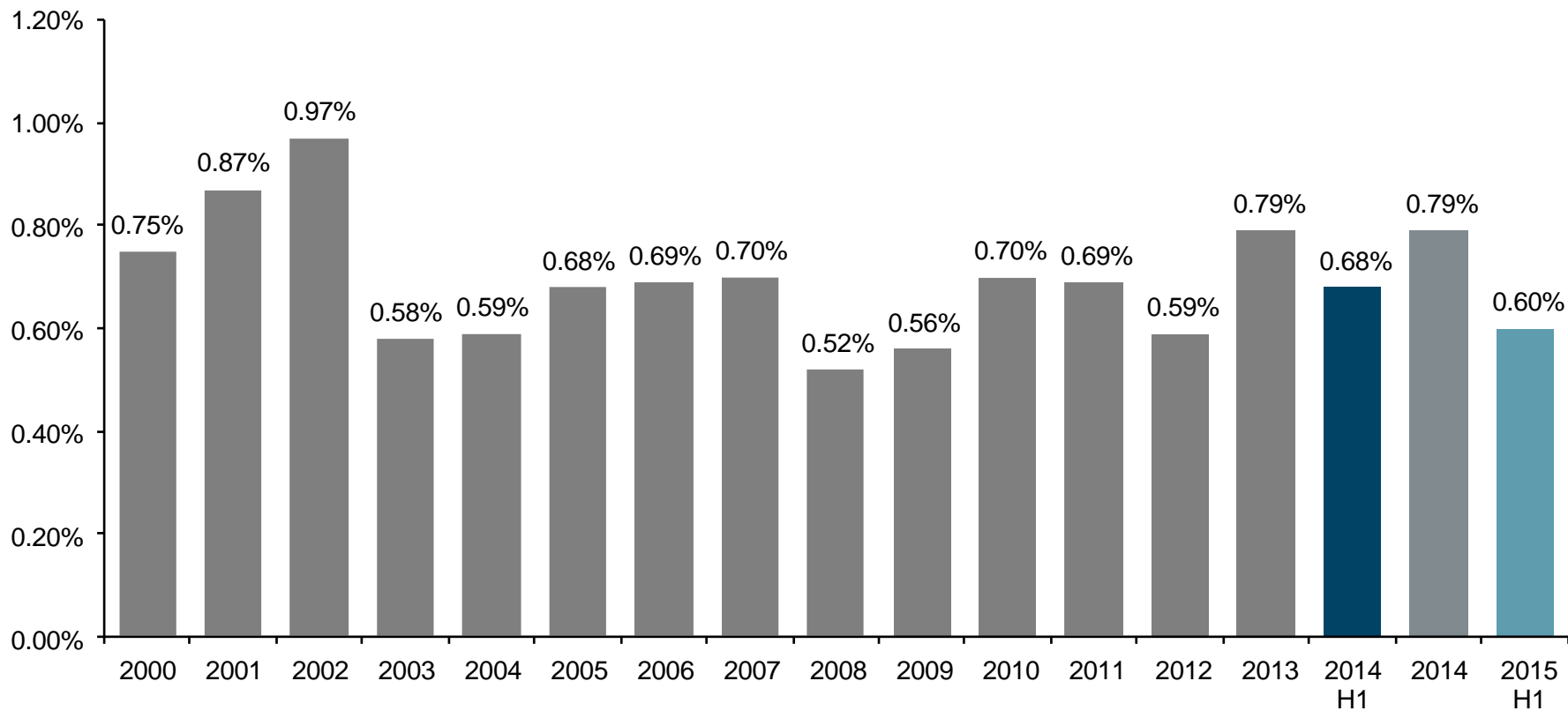
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# Financial highlights

as at 31 March 2015

	March 2015	% Change
Assets under Management	R636bn	8
Revenue (from fund management)	R2 167m	(6)
Profit (from fund management)	R1 152m	(11)
Profit before tax	R1 167m	(12)
Profit for the year	R861m	(11)

# Total net fee (actual revenue) as at 31 March 2015

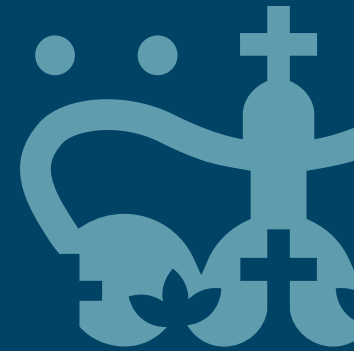


# Cost comparison

as at 31 March 2015

	% Change	March 2015 R'm	March 2014 R'm
Cost to income	(6)	47.5	44.7
Fixed operational costs	(13)	228	201
Variable costs	4	807	841
Operating expenses	1	1 035	1 042

# Closing remarks



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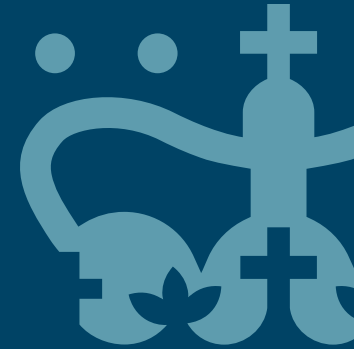
- 👑 Reminder that earnings stream of a fund manager is cyclical and volatile
- 👑 Performance fee caution materialised in past 6 months - the base was abnormally high
- 👑 Financial markets continue to remain uncertain & volatile
- 👑 Remain focused on producing long-term value for clients, ensuring sustainable benefits for all stakeholders



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Thank you



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