

2016 Reviewed Annual Results

for the year ended 30 September 2016

Anton Pillay: Chief Executive Officer
John Snalam: Chief Financial Officer

15 November 2016



Highlights



Coronation delivered results in line with management's expectations in a challenging market environment

Financial highlights

 Revenue decreased to R4bn (-9%)

 Diluted headline earnings per share of 447.6c (-13%)

 Final dividend of 218c

AUM and performance highlights

 Total AUM decreased to R599bn (-2%)

 Total net outflows for the period of R79bn

 Long-term performance across all core funds highly compelling:

- 100% of our institutional portfolios outperformed their benchmarks over past 15 years

- 95% of our retail portfolios outperformed their benchmarks over past 15 years



Business update



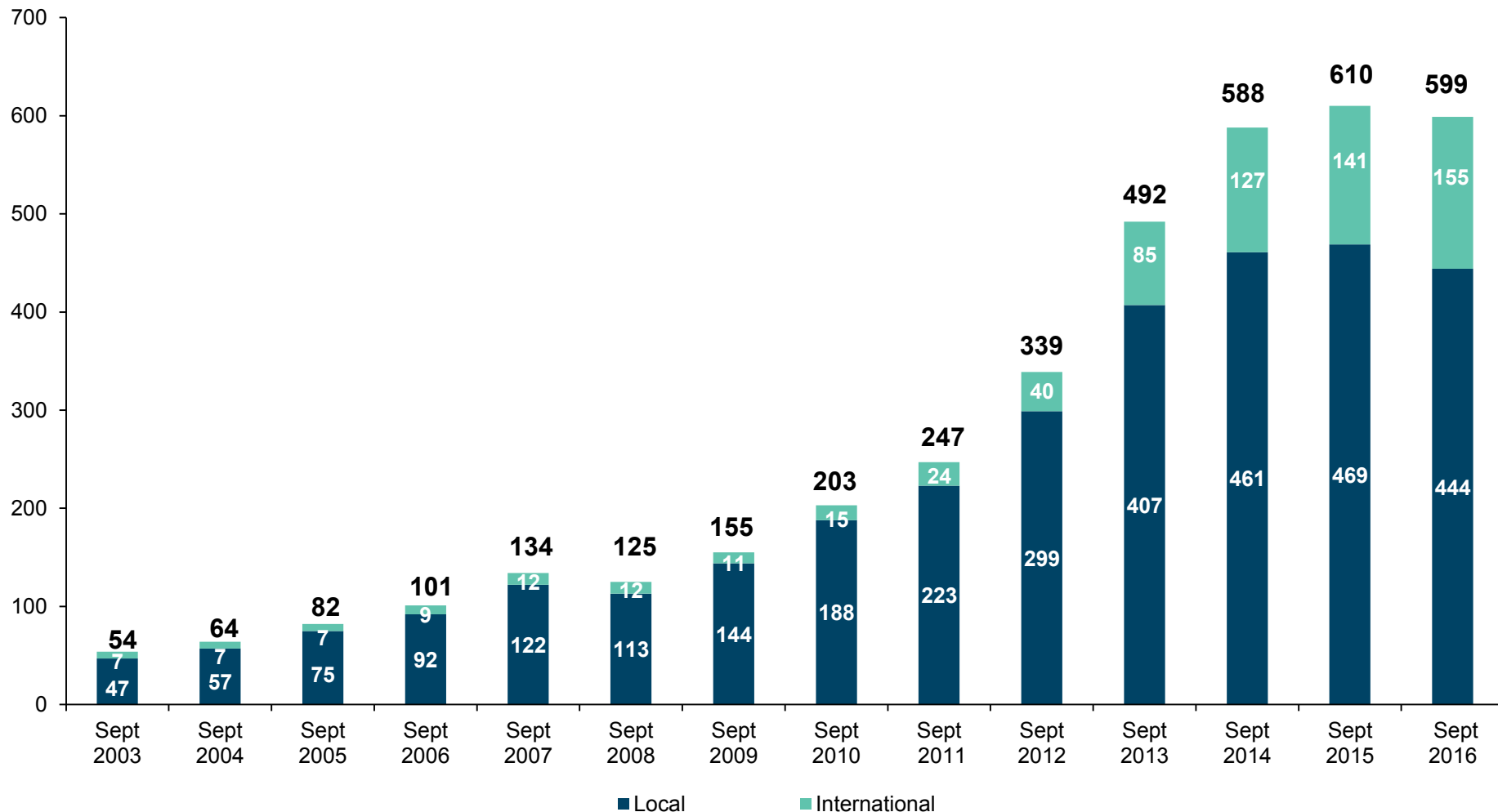
A year of heightened market volatility and uncertainty

Economic group	3 months Sept 2016 %	6 months Sept 2016 %	12 months Sept 2016 %
All Share (ZAR)	0.48	0.92	6.59
Resources	8.07	15.03	9.77
Small Cap	5.52	7.92	14.78
Industrials	(2.05)	(1.55)	4.49
Financials	0.85	(3.53)	(0.91)
USD/ ZAR exchange rate	7.18	6.84	0.79
MSCI ACWI (USD)	5.30	6.34	11.96
MSCI Emerging Markets (USD)	9.03	9.75	16.78

Source: JSE, MSCI, INET, 30 September 2016



Assets under management (Rbn) supported by strong capital appreciation in current year



Asset Allocation as at 30 September 2016

Local: Equity 51%; Fixed Income and Cash 23%

Foreign: Equity 23%; Fixed Income and Cash 3%



Coronation remains a significant manager of institutional assets in SA

 Institutional AUM of R374bn (local and international clients)

 Expect to continue to experience outflows from SA portfolios:


- We operate in a net outflow market within the SA retirement space
- We remain closed to new institutional investors in our biggest SA product categories

 Local client net outflows for the period affected by:

- We operate in a net outflow market within the SA retirement space
- We remain closed to new institutional investors in our biggest SA product categories
- Rebalancing of portfolios – Coronation has held a disproportionately large market share over a number of years

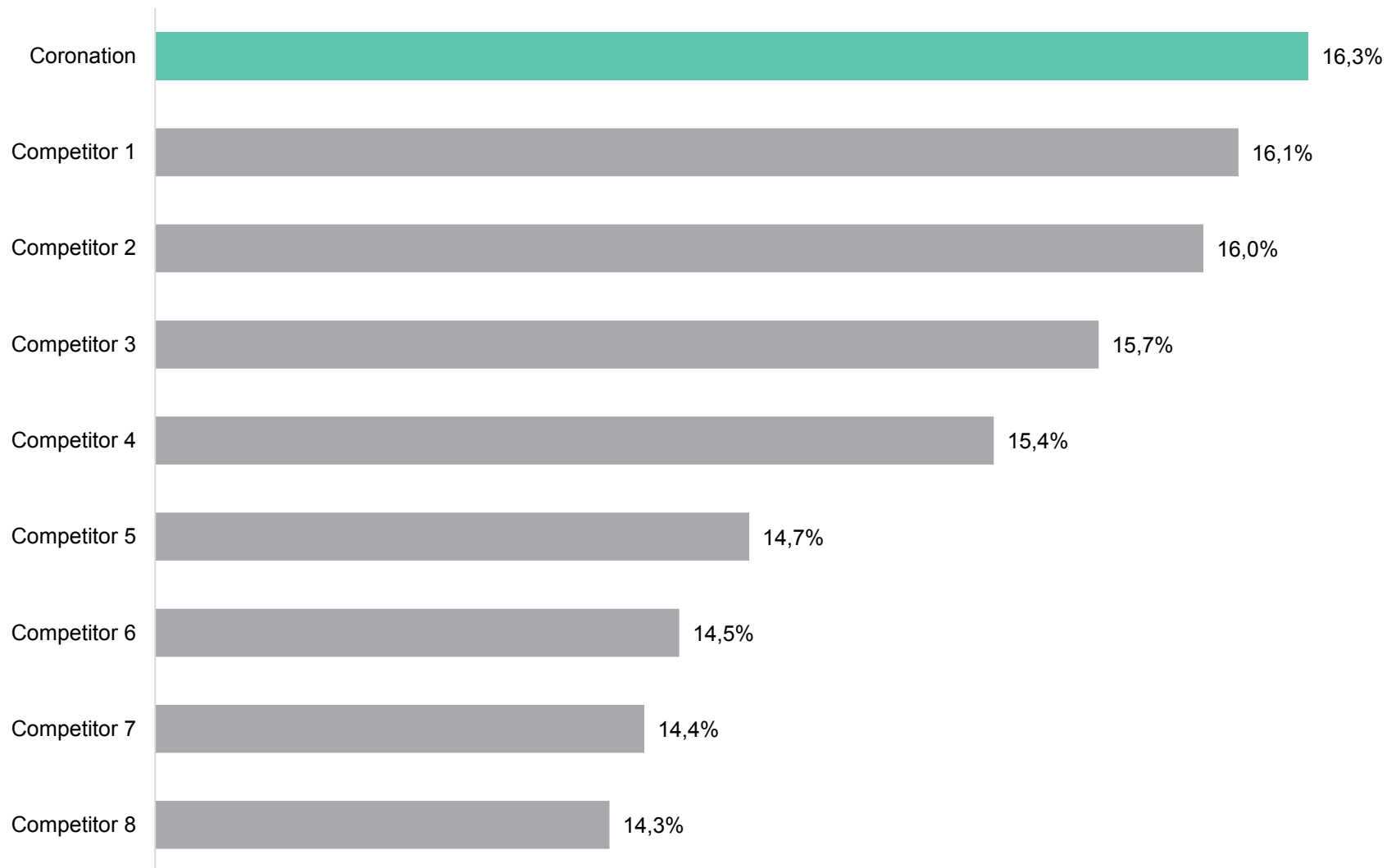
 Coronation has attracted cumulative flows over the last 5 years which were higher than anticipated

 Total net outflows from institutional business of R61bn

 Continue to build on the track records of our Global Equity and Global Frontiers strategies, while the Global Emerging Markets strategy continues to attract the attention of global asset allocators.



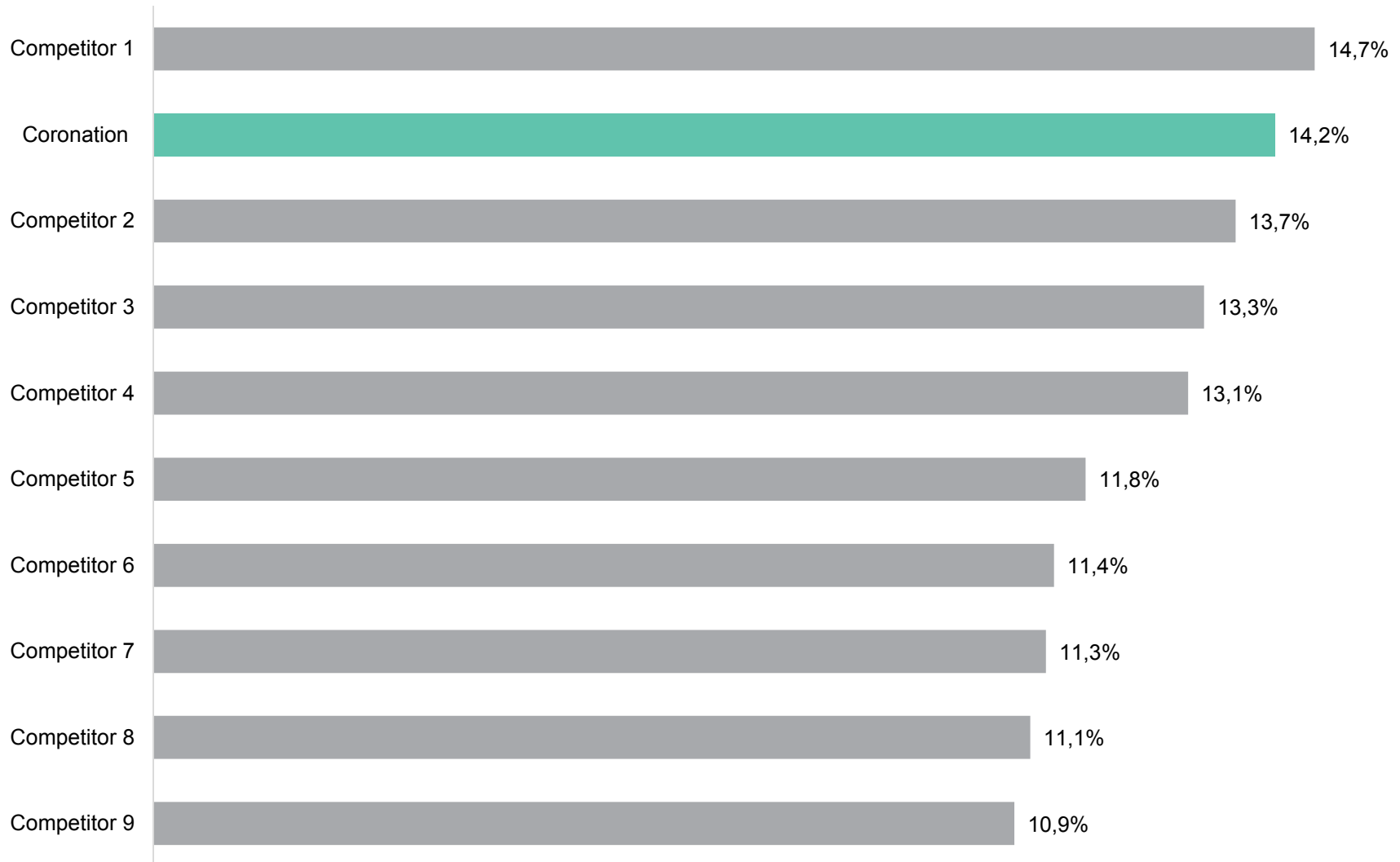
Global Balanced: Long-term performance continues to be compelling – 5 years



Source: Alexander Forbes Global Large Manager Watch™ survey to 30 September 2016



Global Balanced: Long-term performance continues to be compelling – 10 years



Source: Alexander Forbes Global Large Manager Watch™ survey to 30 September 2016



Houseview Equity: Compelling active return over 23 years

	1 Year %	5 Years (p.a.) %	10 years (p.a.) %	*Since inception (p.a.) %
Houseview Equity	9.9	17.5	15.7	18.0
CAPI	7.2	15.5	12.5	15.1
Active return	2.7	2.1	3.2	3.0

* Since inception - October 1993

Source: Independent Retirement Fund Survey as at 30 September 2016



Coronation Global Absolute portfolio

	1 Year %	5 Years (p.a.) %	10 years (p.a.) %	*Since inception (p.a.) %
Global Absolute	10.1	13.1	12.9	16.4
CPI	6.3	5.6	6.2	6.2

* Since inception – August 1999

Source: Independent Retirement Fund Survey as at 30 September 2016



GEM Equity Strategy

	1 Year %	5 Years (p.a.) %	*Since inception (p.a.) %
Global Emerging Markets Equity Strategy	32.1	7.5	6.2
Benchmark	16.8	3.3	1.0
Active Return	15.3	4.2	5.2

Source: Independent Retirement Fund Survey as at 30 September 2016



Strong international track record (US dollar returns since their respective launch dates)

Offshore USD Funds	Active return* %	Launch date
Global Equity Fund of Funds	2.2	01-Jul-00
Global Emerging Markets Equity Strategy	5.2	14-Jul-08
Global Bond	1.9	01-Oct-09
Africa Frontiers Strategy	7.8	01-Oct-08
Global Capital Plus	7.3	01-Sep-09
Global Managed	1.6	01-Mar-10

* Annualised active return for institutional portfolios (gross of fees) since launch to 30 September 2016

Source: Coronation Fund Managers

Coronation remains one of the foremost managers of long-term retail assets

 Retail AUM of R225bn

 Market share of 13.1% of long-term retail assets in CIS industry

 Net outflows of R18bn for the year

- This follows a sustained period of rapid growth and disproportionate allocation of industry flows

 Long-term track record compelling

 Meaningful fee changes now implemented

- preferential fee applied during for 12-month transition period



Domestic flagship funds consistently remain in the top quartile

	Fund	5-year ranking	10-year ranking	20-year ranking	Since inception ranking
Long-term growth (equity only)	Top 20	2 nd Quartile	1 st Quartile	-	1 st Quartile
Long-term growth (multi asset)	Balanced Plus	1 st Quartile	1 st Quartile	1 st Quartile	1 st Quartile
Income & growth	Capital Plus	3 rd Quartile	1 st Quartile	-	1 st Quartile
	Balanced Defensive	1 st Quartile	-	-	1 st Quartile
Income only	Strategic Income	1 st Quartile	1 st Quartile	-	1 st Quartile

Source: Morningstar as at 30 September 2016



International flagship funds: maintaining a solid track record

	Fund	5-year ranking	Since inception ranking
Long-term growth (equity only)	Global Emerging Markets Flex	1 st Quartile	1 st Quartile
	Global Opportunities Equity [ZAR] Feeder	1 st Quartile	1 st Quartile
Long-term growth (multi asset)	Global Managed [ZAR] Feeder	1 st Quartile	1 st Quartile
Preservation	Global Capital Plus [ZAR] Feeder	1 st Quartile	1 st Quartile

Source: Morningstar; Bloomberg as at 30 September 2016



Financial results

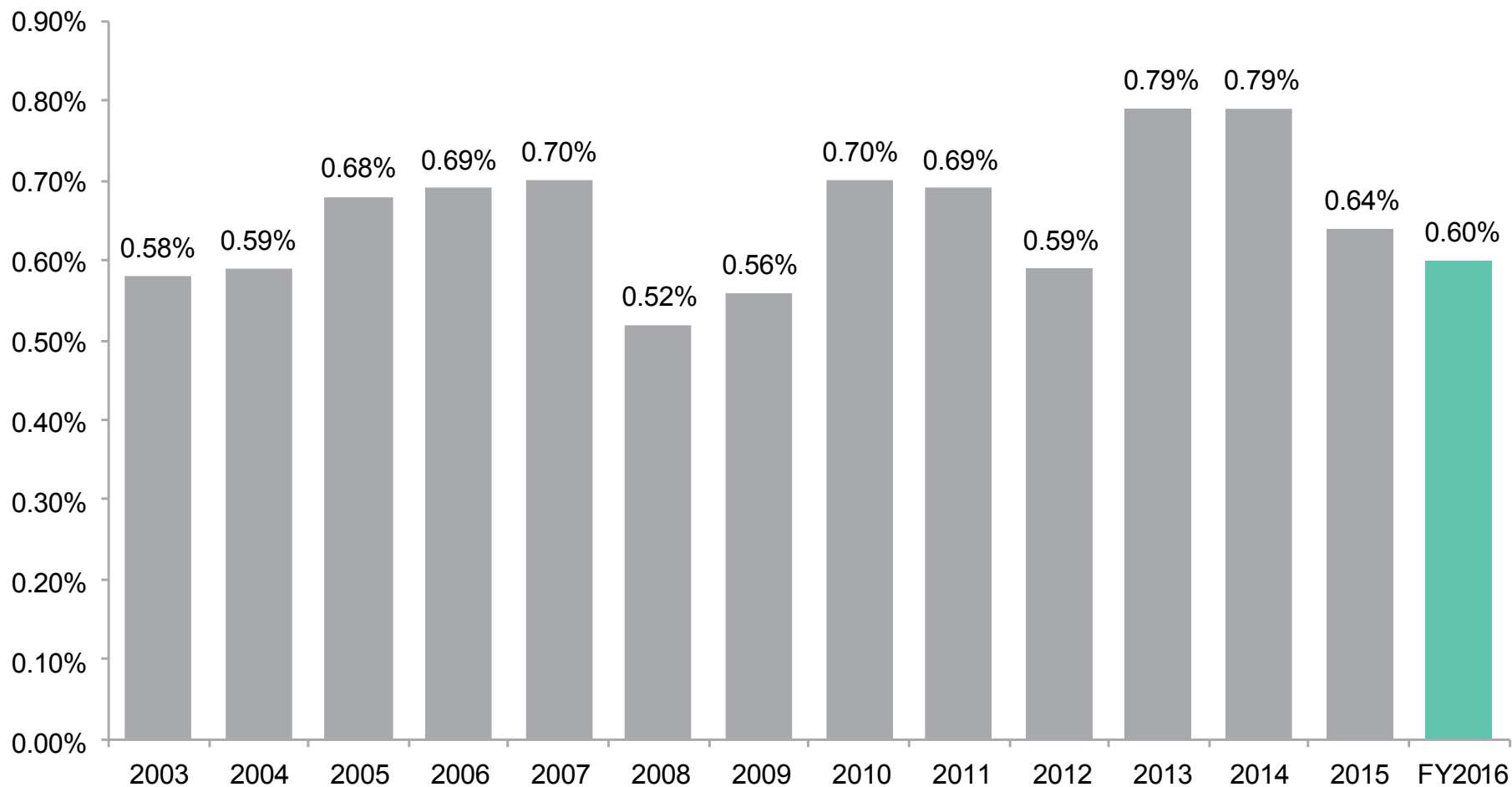


Robust revenue in tough environment

	2016	Change
Revenue (from fund management)	R4 046m	(9%)
Profit (from fund management)	R2 069m	(14%)
Profit after tax	R1 574m	(13%)
Cost to income ratio	49.5%	(6%)



Net fee margin reflective of cyclical business



Total net fee margin (actual revenue as at 30 September 2016)



Shareholders again receive 100% of cash earnings

	Change	September 2016	September 2015
Diluted HEPS (cents)	(13%)	447.6	516.0
Interim dividend per share (cents)	(7%)	229	246
Final dividend per share (cents)	(19%)	218	270
Actual shares in issue – 30 September		349 799 102	349 799 102



Variable cost model continues to contribute to effective management of total costs

	Change	September 2016 R'm	September 2015 R'm
Fixed operational costs	(22%)	578	473
Variable costs	10%	1 463	1 632
Total operating expenses	3%	2 041	2 105



Fixed costs increased due to continued investment in business

	Change	September 2016 R'm	September 2015 R'm
Fixed costs	(22%)	578	473
Major contributors:			
- Employee costs	(19%)	253	212
- Information technology	(9%)	82	75
- Professional fees	5%	41	43
-Marketing	(44%)	88	61
<i>Employee complement</i>		290	277



Closing comments



We remain deeply committed to SA and transformation...

 Transformation is a key strategic focus

 Level 3 contributor in terms of FSC scorecard

 We have achieved meaningful and sustainable transformation

- >20% black owned (as measured by the FSC)
 - First staff-only deal in the country – now ungeared
- More than half our total employee complement in SA are black, of which more than 60% are female
- More than 50% of our employees are female
- 57% of the board of directors are black
- 75% of our executive committee are black
- SA-focused investment team has transformed materially over past decade
 - 43% of senior portfolio managers in the team are black
 - 3 out of 4 leadership roles are black (Head of Fixed Income, Head of SA Equity Research, Head of SA Equity)

 Business development

- Black stockbroker initiative started 10 years ago
- Founded African Harvest & Kagiso Asset Management
- Sponsor and funder of Asisa's IFA Development Programme, providing business support to black IFAs



Our business is well established in the SA market with promising international growth prospects

- 👑 Local & international financial markets continue to remain volatile and uncertain
- 👑 Volatility creates opportunities for the long-term active manager to take positions that will deliver compelling returns over meaningful periods
- 👑 We remain committed to our long-term investment approach and the recent performance of our funds is encouraging
- 👑 Our international business continues to attract the attention of global asset allocators and we are confident we can build on these well established relationships in the years ahead
- 👑 We will continue to remain singularly focused on the delivery of active returns and excellent service to all our clients over meaningful periods



Questions



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About Coronation Fund Managers

- 👑 Founded in Cape Town, South Africa, in 1993 with zero assets under management
- 👑 Listed in 2003
- 👑 25% employee-owned
- 👑 An independent fund manager with no safety-net of in-house assets
- 👑 Singular focus on asset management, outsourcing non-core components of business
- 👑 An active manager with a long-term valuation-driven investment approach
- 👑 A single global investment team and process
- 👑 SA-based business with offices in Cape Town, Johannesburg, Pretoria as well as London and Dublin



Thank you



CORONATION

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