

CORONATION



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2019 Reviewed *Annual* Results

FOR THE YEAR ENDED 30 SEPTEMBER 2019

19 November 2019

Anton Pillay, CEO

Mary-Anne Musekiwa, CFO



Agenda

- + Operating environment
- + Highlights
- + Business update
- + Financial results
- + Closing comments
- + Questions
- + Annexure A: Performance



Operating environment



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UNCERTAINTY CREATING CHALLENGING TIMES & OPPORTUNITIES

+ Economics

- Across global economies, growth has decelerated since late 2018
- Inflation not seen as an issue in the developed world
- Persistent trade war talks and strong US dollar negative for emerging economies
- Resurgence of aggressive monetary easing with negative interest rates in developed markets
- Expect global growth to stabilise at weaker levels

+ Politics

- Political signalling driving asset markets and economic policy: populism, protectionism, nationalism
- US President Trump and UK Prime Minister Johnson are two maverick leaders under pressure
 - makes for even less predictability than normal
- Middle East tensions once again escalated by attack on Saudi oil facility
- Hong Kong protests a very serious issue for China and the local equity market



TRANSITIONING TOWARDS PAINFUL STABILISATION

- + Political landscape in transition: need to deliver sustainable policies that are necessary to improve domestic growth & confidence
- + Weak growth in 2019 provides little hope of improvement in economy or fiscal metrics
 - achieving stronger growth & arresting spending will provide the necessary opportunities
- + Company results & management engagement reflect dire state of economy
- + Challenges are well known and documented, though starting position less positive than we thought; implementation has been slow following euphoria at end of 2017
- + Environment remains tough though stabilising, but window for action is shortening
- + Progress has been made but strong and focused leadership required; SA business leaders have weighed in



REMAIN VOLATILE & SENSITIVE TO SHORT-TERM NEWS FLOW

Economic group	3 months %	6 months %	12 months %
All Share (ZAR)	-4.57	-0.83	1.86
CAPI	-5.14	-1.31	0.27
Resources	-6.40	-4.14	7.85
All Property	-4.18	-2.76	-7.66
Industrials	-2.54	1.37	1.83
Financials	-6.76	-1.69	-4.17
USD/ZAR	-6.85	-4.24	-6.49
Cash*	1.75	3.58	7.32
CPI	0.89	2.16	4.13
MSCI Emerging Markets (USD)	-4.25	-3.66	-2.02
MSCI All Country World (USD)	-0.03	3.59	1.38
FTSE/JSE Africa ex-SA (USD)	0.17	1.72	2.76
MSCI Frontiers Markets (USD)	-1.09	3.54	5.87

*Alexander Forbes Money Market
Returns as at end September 2019



Overview & financial results



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Singular focus on clients



THROUGH ACTIVE ASSET MANAGEMENT

INVESTMENT PERFORMANCE

Very encouraging **outperformance** by our clients' portfolios in 2019, supporting continued long-term outperformance

NET OUTFLOWS

7.5%

Of our opening AUM balance in line with market experience

COSTS

6.9%

Decline in total operating costs

HEADLINE EARNINGS PER SHARE

341.9_c

Diluted HEPS

TOTAL AUM

R571_{bn}

TOTAL DIVIDEND PER SHARE

341.0_c



Financial results



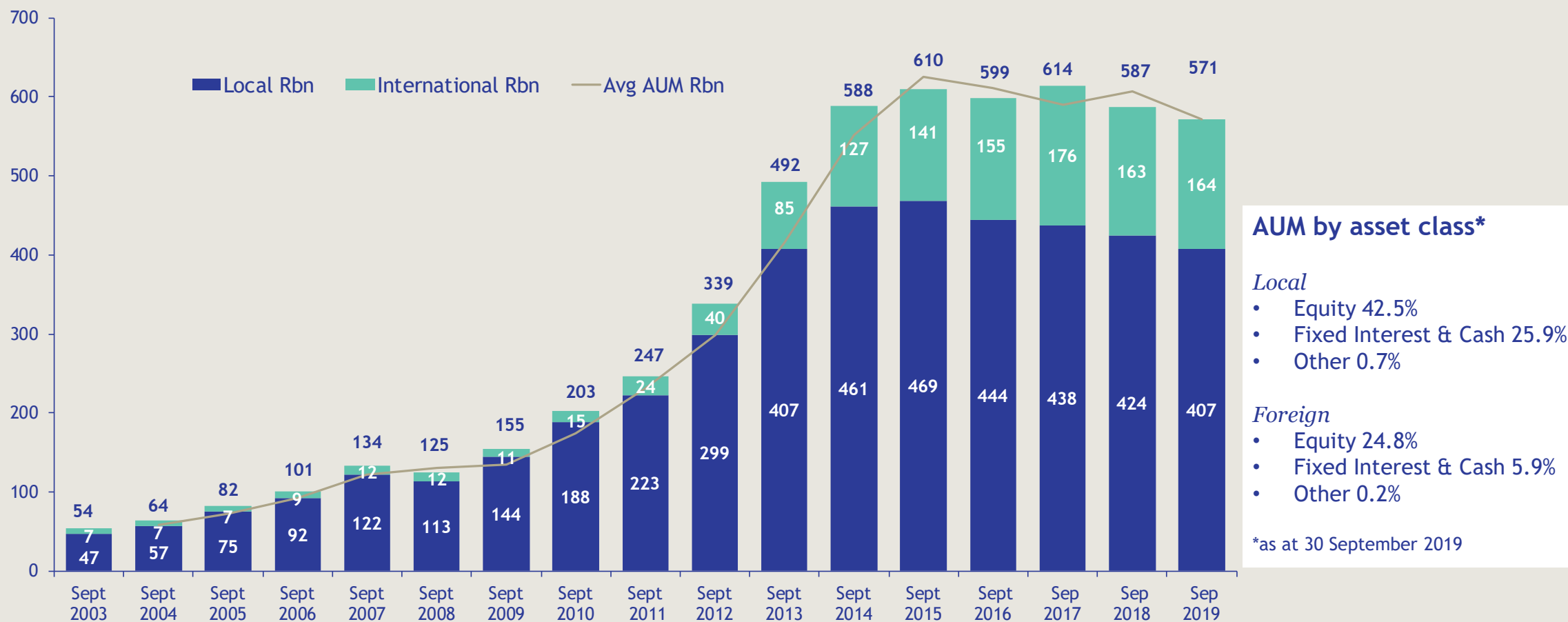
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Assets Under Management (Rbn)



DECLINE IN AVERAGE AUM IMPACTED BY SUSTAINED WEAK MARKETS

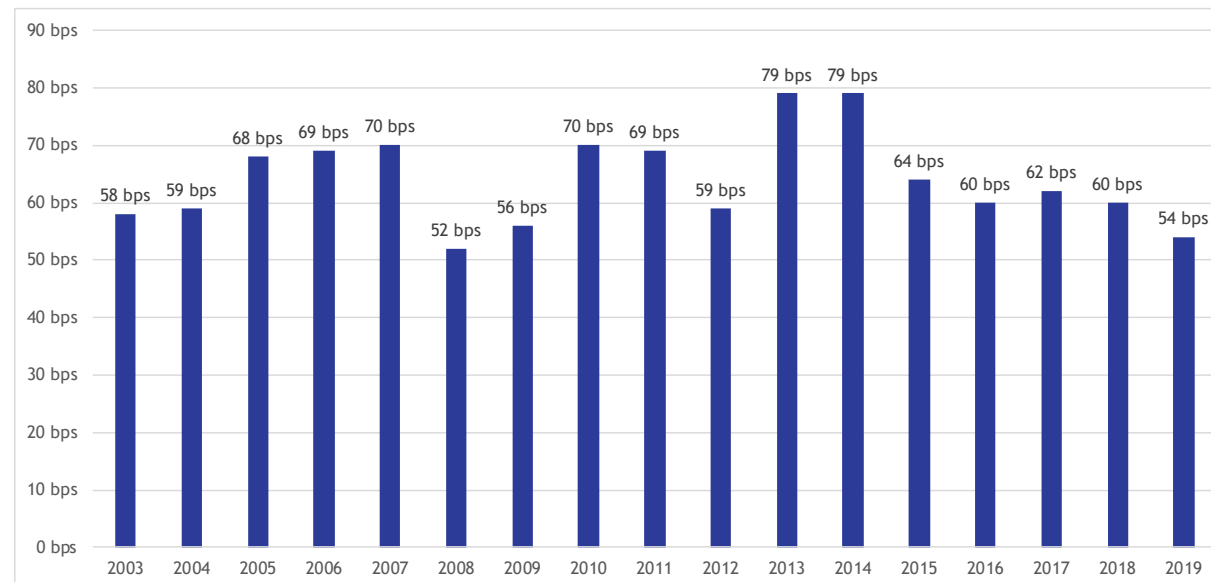




LOWER AVERAGE AUM LEADING TO REDUCTION IN REVENUE

	Change	Sept 2019	Sept 2018
Revenue (from fund management)	(14%)	R3 291m	R3 848m
Profit (from fund management)	(22%)	R1 535m	R1 955m
Profit after tax	(19%)	R1 196m	R1 471m
Cost-to-income ratio		54.3%	50.1%

NET FEE MARGIN

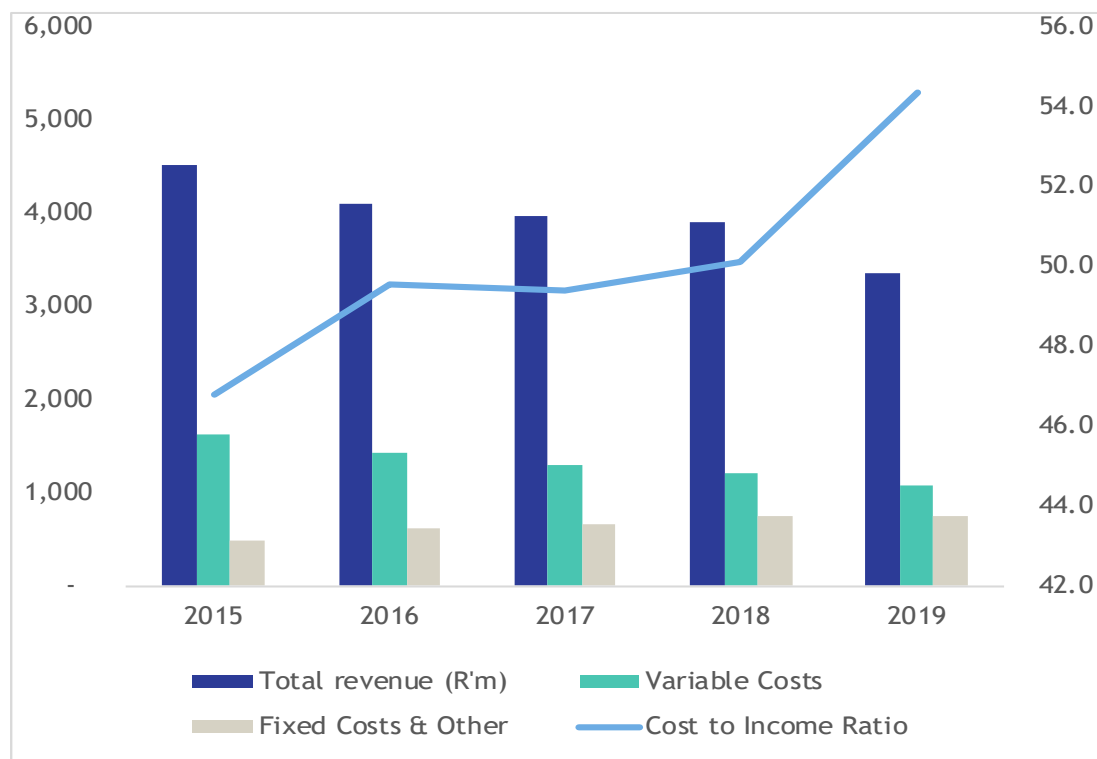




VARIABLE COST MODEL CONTINUES TO PROVES ITS STRENGTH IN PERIODS OF DECLINING REVENUE

	Change	Sept 2019	Sept 2018
Fixed costs	(2%)	R720m	R703m
Variable costs*	12%	R1 069m	R1 211m
Operating costs	7%	R1 789m	R1 914m
Other costs**	58%	R8m	R19m

REVENUE AND COSTS



Fixed costs



CONSOLIDATION OF FIXED COSTS IN CURRENT YEAR DELIVERED MEANINGFUL RESULTS

	Change	Sept 2019	Sept 2018
Total fixed costs	(2%)	R720m	R703m
- Employee costs	(12%)	R346m	R309m
- Information systems	4%	R136m	R141m
- Professional fees*	2%	R64m	R65m
- Marketing	13%	R82m	R95m
Employee complement		337	331

*Includes MiFD Research Costs

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Dividend declared reflects cash earnings



100% OF DHEPS DECLARED

	Change	Sept 2019	Sept 2018
Diluted HEPS (cents)	(19%)	341.9c	420.7c
Interim dividend per share (cents)	(26%)	165.0c	223.0c
Final dividend per share (cents)	(11%)	176.0c	197.0c
Actual shares in issue		349 799 102	349 799 102



Business update



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26 YEARS OF INTEGRATED STEWARDSHIP OF CLIENT ASSETS

An active manager with a singular focus on long-term investing

We put our clients first	Long-term performance our true measure of success	Active engagement with stakeholders	Creating a sustainable global business
<ul style="list-style-type: none"> + We focus on growing the value of client assets over the long term rather than growing the pool of assets under our management 	<ul style="list-style-type: none"> + Long-term investment performance remains compelling across our entire fund range 	<ul style="list-style-type: none"> + Ongoing engagement with large shareholders and global voting advisers 	<ul style="list-style-type: none"> + Cyclical nature of business means we need to manage business for the long term
<ul style="list-style-type: none"> + Closed institutional strategies for five years 	<ul style="list-style-type: none"> + Investment approach unchanged - encouraged by 2019 excellent outperformance 	<ul style="list-style-type: none"> + Engaged with industry participants on various issues 	<ul style="list-style-type: none"> + Extracting efficiencies following implementation of major administration & systems changes
<ul style="list-style-type: none"> + Strong symmetry & value for money: fees aligned with client outcomes 	<ul style="list-style-type: none"> + 97.5% of institutional client assets¹ have outperformed their benchmarks since inception 	<ul style="list-style-type: none"> + Continue to ensure clients are kept abreast of company and investment strategy developments 	<ul style="list-style-type: none"> + Implement good corporate citizenship to ensure inclusive society and financial services sector
	<ul style="list-style-type: none"> + 90% of our retail assets² rank 1st or 2nd in their respective Morningstar categories since inception 	<ul style="list-style-type: none"> + Active participants of CEO Initiative and BLSA, SA SME Fund & YES Internship Programme 	<ul style="list-style-type: none"> + Employ and retain the best people
	<ul style="list-style-type: none"> + ESG analysis integrated into our investment process to allow for collaboration and engagement 	<ul style="list-style-type: none"> + Engagement with investee company management teams 	

¹Asset-weighted, mandates with >10-year history

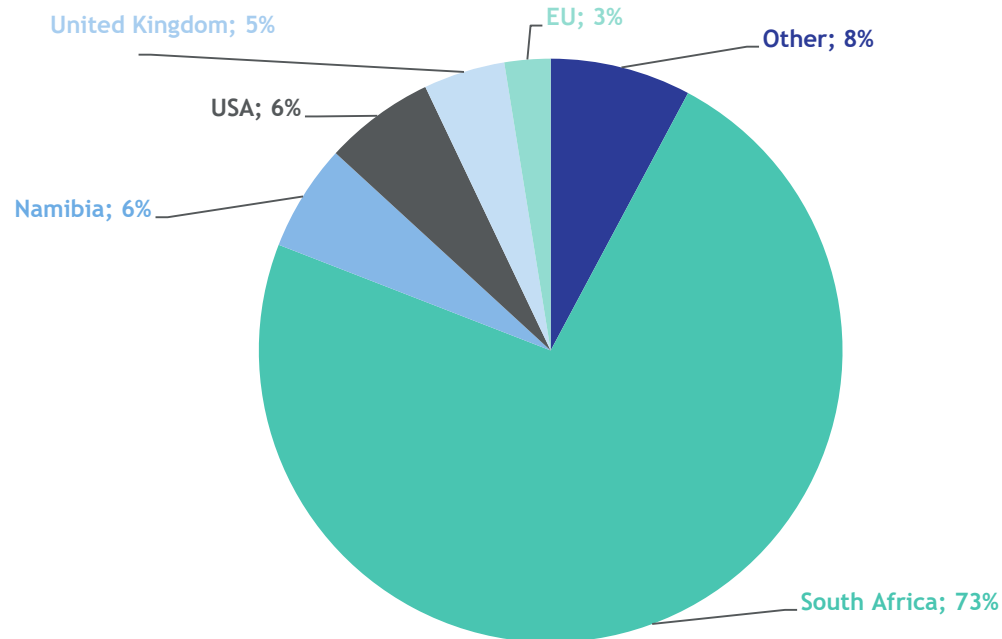
²Assets invested in our domestic and global flagship unit trust funds

Institutional business



A SIGNIFICANT MANAGER OF INSTITUTIONAL ASSETS IN SA AND ON BEHALF OF A GROWING NUMBER OF GLOBAL CLIENTS

AUM BY CLIENT LOCATION - INSTITUTIONAL



TOTAL CLIENT AUM

R331bn

LOCAL CLIENT AUM*

R265bn

*Including Namibia

GLOBAL CLIENT AUM

R66bn



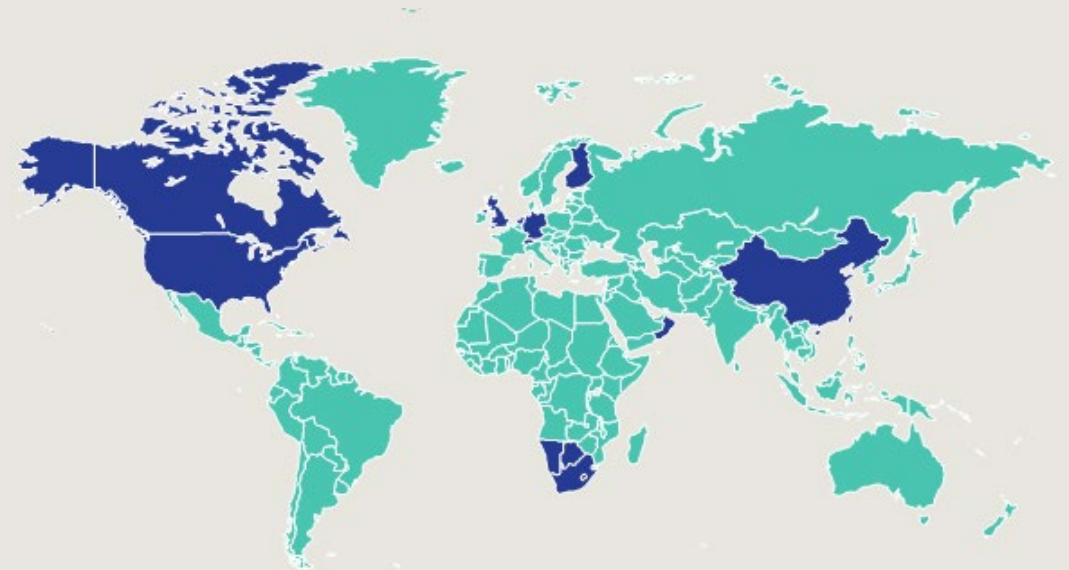
- + Local formal institutional savings market continues to see material outflows as economic conditions continue to impact on growth and employment
- + Total client outflows totalling R23.9bn for the year in line with prior year flows; we expect to see continued outflows
- + Future focus:
 - Maintaining our world-class client service: in-person meetings, thought leadership, systems
 - Continued focus on enhancing ESG application
 - Build out relationships with key allocators & look to maintain existing clients

Global institutional business



CONTINUE TO BUILD ON OUR INTERNATIONAL STRATEGIES' INVESTMENT TRACK RECORDS

- + Global flows reflect ongoing shifts in industry, including from active to passive strategies
- + Total client outflows totalling R7.0bn for the year
- + Future focus:
 - Remain confident in the long-term outlook for our global strategies as well as our value proposition to clients through active management
 - Continued focus on enhancing ESG application
 - Build out relationships with key allocators



Investment performance - Institutional



LOCAL AND GLOBAL STRATEGIES ANNUALISED ALPHA (STRATEGIES WITH A 10-YEAR+ TRACK RECORD)

Local Strategies	Annualised active return (gross of fees)	
	10 years	Since inception
Multi-Asset (Global)	1.0%	1.3%
Specialist Equity	0.9%	2.1%
Absolute	5.8%	8.8%
Fixed Income (Bond)	1.1%	0.9%

Global Strategies (USD)	Annualised active return (gross of fees)	
	10 years	Since inception
GEM	2.8%	4.2%
Africa Frontiers	4.3%	6.4%

Source: Coronation



CORONATION REMAINS ONE OF SA'S FOREMOST MANAGERS OF RETAIL SAVINGS AT R240BN AUM

- + Industry remains under pressure due to tough economic conditions and muted medium term returns
 - R56bn net outflows from longer-term funds, mostly from lower-risk multi-asset funds
 - Offset by R38bn net inflows to fixed income and R41bn to cash funds
 - We expect industry inflows to remain under pressure for the foreseeable future
- + Coronation unit trust net outflows equated to 3.9% of opening CIS AUM
 - Coronation net flow mix similar to industry experience
- + We remain focused on client outcomes
 - Long-term performance remains excellent
 - Medium-term performance mixed across mandates
 - As a result, some funds discounted fees in FY19
 - Strong recovery in 2019 across local, global developed and global emerging market funds
 - Transition of administration to Intembeko (independent transfer agency) successfully bedded down
 - Continuing to invest in client service infrastructure



Investment performance - Retail

KEY FUNDS: 2019 YTD VS 2018 & LONG-TERM VS PEER GROUPS

	2019 YTD	2018	10 years		Since Inception	
LOCAL FUNDS			Fund	Category quartile	Fund	Category rank
Top 20	13.9%	-12.2%	11.0%	1 st	16.9%	2 nd
Balanced Plus	11.2%	-6.3%	10.5%	1 st	14.1%	1 st
Capital Plus	9.0%	-2.5%	8.5%	2 nd	11.6%	1 st
Balanced Defensive	9.2%	2.0%	9.6%	1 st	9.4%	1 st
Strategic Income	7.8%	7.3%	9.0%	1 st	10.2%	1 st
GLOBAL FUNDS						
Global Opportunities Equity	21.8%	0.4%	14.6%	2 nd	12.3%	1 st
Optimum Growth	26.4%	-1.2%	14.8%	1 st	14.3%	1 st
Global Managed	21.5%	0.3%	-	-	13.4%	1 st
Global Capital Plus	14.3%	9.8%	10.7%	1 st	10.6%	1 st

23 Source: A-class return in ZAR from Morningstar as at 30 September 2019 for longer-term comparisons. YTD performance as at 15 November 2019. Global Managed did not have a 10-year track record as at 30 September.

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Transforming our business and industry



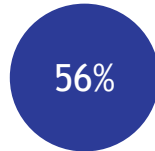
A HOMEGROWN SOUTH AFRICAN BUSINESS COMMITTED TO TRANSFORMING FROM WITHIN & THE BROADER INDUSTRY

Transforming our business from within

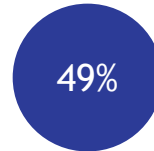
We are a proud South African business

Level 2 B-BBEE contributor*

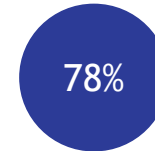
Successfully recruited, trained and retained exceptional black and female talent across our business since 1993.



black employees



female employees



of our board members are black

>R225bn¹

of total AUM managed by black investment professionals

¹As at 30 September 2019

Advancing transformation in our industry

Pre-dating BEE legislation in South Africa, we pioneered corporate initiatives that have contributed to meaningful transformation and the development of skills in the financial services industry

Established 3 independent black businesses

African Harvest Fund Managers

Kagiso Asset Management

Intembeko Investment Administrators

Since 2006, we have allocated

>R300m

in brokerage to black stockbrokers through the Coronation Business Support programme

Over the past decade, we have funded and trained



black IFA practices through the ASISA IFA Development Programme



analysts through the Vunani Securities Training Academy

* As measured by the revised Financial Sector Code
All figures are as at 30 September 2019, unless otherwise stated.



ONGOING FOCUS AND COMMITMENT TO INVESTMENT EXCELLENCE FOR OUR CLIENTS GLOBALLY

- + Financial performance reflects continuing weaker economic conditions, affecting both market returns and the formal savings sector
- + Net outflows reflective of the broader industry - expect this to continue in the near term
- + Manage the business with clients at the centre
 - Operationally, we continue to extract efficiencies following the implementation of major administration and systems changes in the prior and current financial years
 - This bodes well for both our clients and other stakeholders in the long term
- + Good corporate citizenship
 - Transformation and corporate social investment continue to be key integrated focus areas of our business
 - We will play our role as a business to support much-needed economic growth & inclusivity
 - Active engagement with stakeholders



Closing comments (continued)

ONGOING FOCUS AND COMMITMENT TO INVESTMENT EXCELLENCE FOR OUR CLIENTS GLOBALLY

- + Although encouraged by 2019 outperformance across our range of portfolios, it is our long-term performance that remains the true measure of our ultimate success on behalf of our clients and stakeholders
 - Enviably long-term alpha delivered by funds and mandates with >10-year track records
 - Build track record of global funds
- + We are optimistic about the opportunities that key markets present and believe that clients should see better returns in the next five years
- + While markets and economies continue to be uncertain, as a business, we will continue to focus on clients, to ensure the long-term sustainability of the business



Questions

About Coronation Fund Managers



- + Founded in Cape Town, South Africa, in 1993 with zero assets under management
- + Listed in 2003
- + 24.7% 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, Durban, Pretoria, London and Dublin



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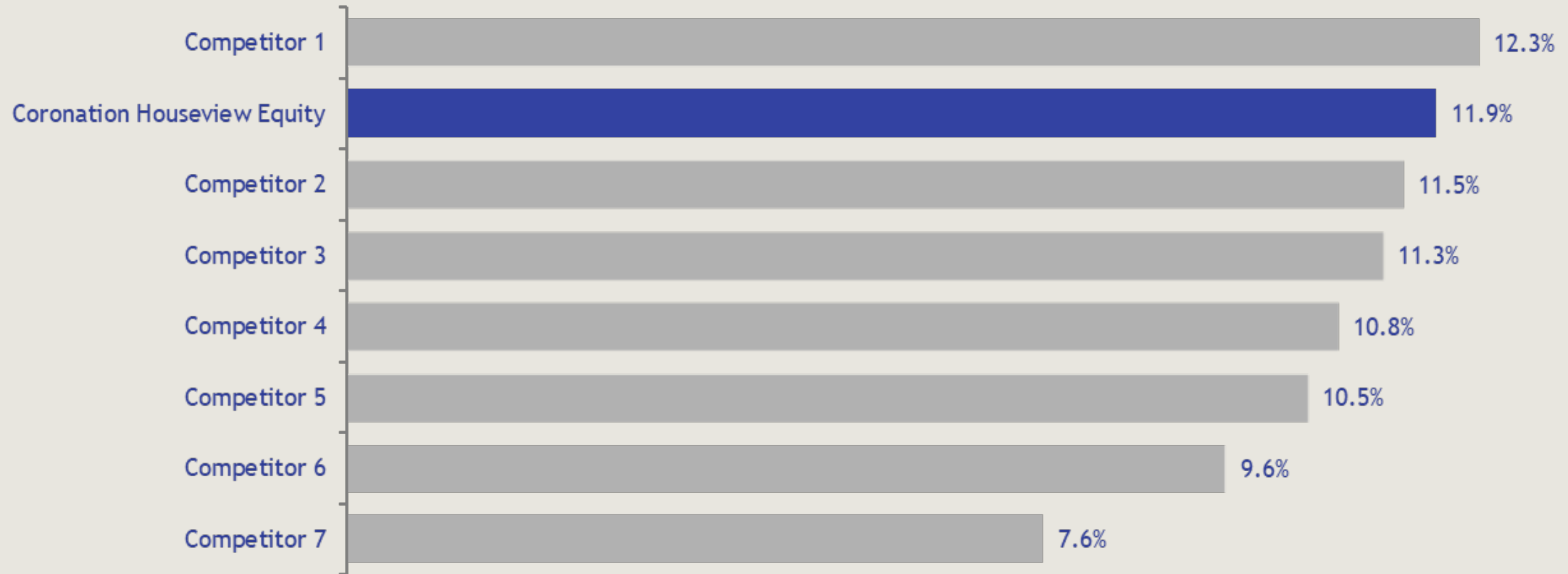
Annexure A:

SELECTED STRATEGY PERFORMANCE

Houseview Equity Strategy

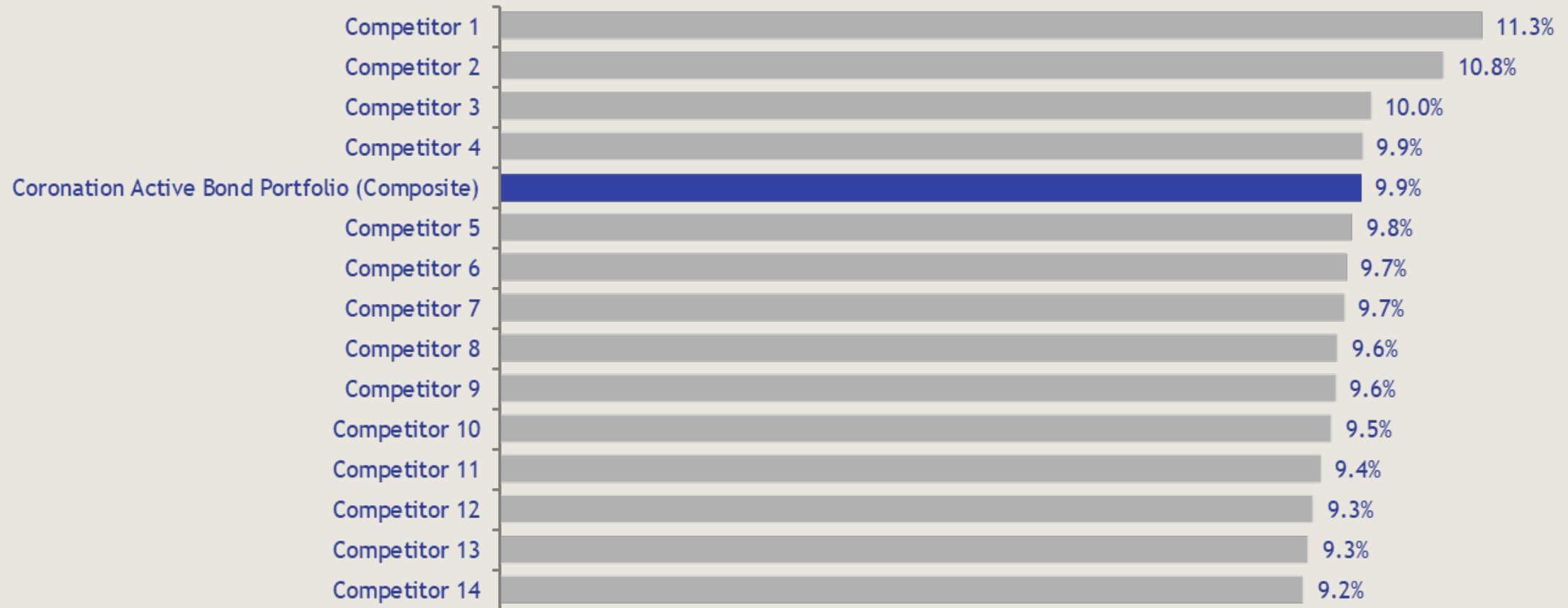


COMPELLING LONG-TERM PERFORMANCE (10 YEARS)





COMPELLING LONG-TERM PERFORMANCE (10 YEARS)



Houseview Equity Strategy



EXCEPTIONAL LONG-TERM ACTIVE RETURNS (ALPHA) OVER 25 YEARS

	5 years (p.a.)	10 years (p.a.)	*Since inception (p.a.)
Houseview Equity	3.2%	11.9%	16.0%
FTSE/JSE Capped SWIX	3.6%	11.0%	13.9%
Active return	(0.4%)	0.8%	2.0%



CONSISTENT DELIVERY OF REAL RETURNS OVER SIGNIFICANT PERIODS

	5 years (p.a.)	10 years (p.a.)	*Since inception (p.a.)
Global Absolute	6.6%	10.9%	14.8%
CPI	5.0%	5.1%	5.6%

Global Emerging Markets Equity (USD)



A HIGHLY COMPELLING TRACK RECORD OF ALPHA GENERATION

	10 years (p.a.)	*Since inception (p.a.)
Global Emerging Markets Equity Strategy	6.4%	6.5%
MSCI Daily TR Net Emerging Markets USD	3.6%	2.3%
Active Return	2.8%	4.2%

*Since Inception - 14 July 2008
Returns quoted in USD

Coronation Africa Frontiers Portfolio



PERFORMANCE IN USD - PERIODS ENDING 30 SEPTEMBER 2019

	10 years (p.a.)	*Since inception (p.a.)
Coronation Africa Frontiers Portfolio	5.1%	7.3%
JSE Africa Index - ex SA 30	1.9%	(1.0%)
Outperformance	3.3%	8.3%
USD Libor + 5%	5.8%	5.9%

*Since Inception - November 2008 (Composite)
 Source: Micropal & Bloomberg
 Gross Returns Annualised

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Strong international track record



US DOLLAR RETURNS SINCE THEIR RESPECTIVE LAUNCH DATES

Offshore USD Funds	*Active return	Launch date
Global Equity Fund of Funds	1.6%	01-Jul-00
Global Emerging Markets Equity Strategy	4.2%	14-Jul-08
Coronation Africa Frontiers Strategy	6.4%	01-Oct-08
Global Capital Plus	6.0%	01-Sep-09
Coronation Global Managed Strategy	1.1%	01-Nov-09

*Annualised active return for Institutional portfolios (gross of fees) since launch to 30 September 2019

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Thank you

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