



# 2021 Reviewed Interim Results

FOR THE SIX MONTHS ENDED 31 March 2021

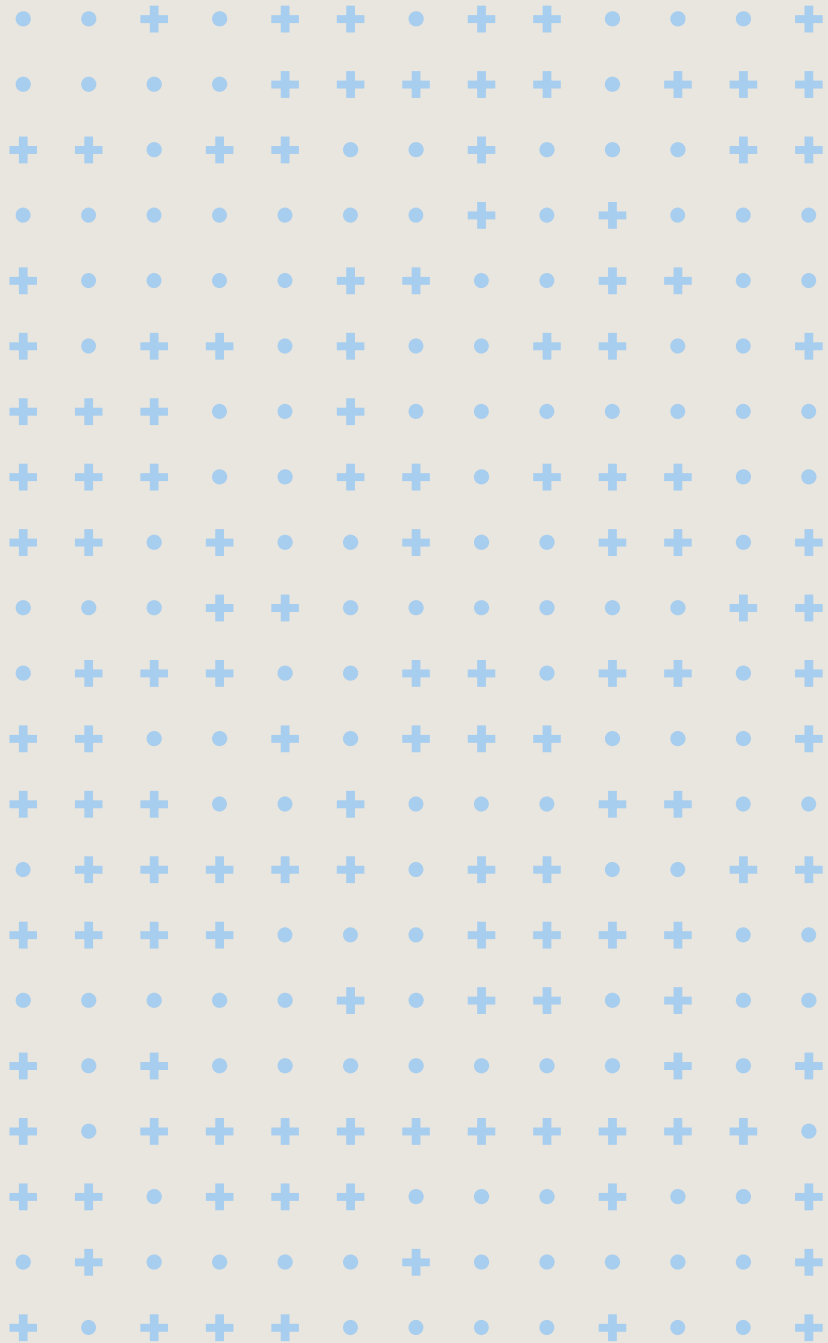
25 May 2021

Anton Pillay, CEO

Mary-Anne Musekiwa, CFO

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# Agenda

- + Economic & market update
- + Business update
- + Financial update
- + Corporate citizenship
- + Questions
- + Closing comments
- + Annexure



# Economic & market update

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# Global & SA macro overview



NO ONE COULD HAVE PREDICTED THE PROTRACTED IMPACT OF COVID-19



Global GDP growth heading for 6% with US leading the way



Decent growth recovery for SA expected in 2021 off a low base



In SA, encouraging signs from budget and on political front, but growth & debt management critical



Global & local equity markets posted strong returns since March 2020



Post-crisis inflation a global concern



Vaccination rollout key for re-opening economies



# Business update

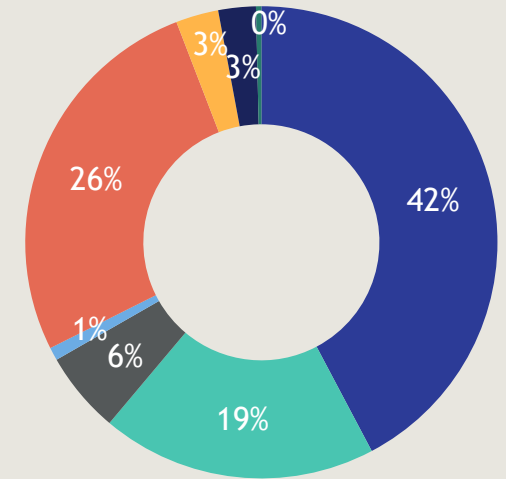
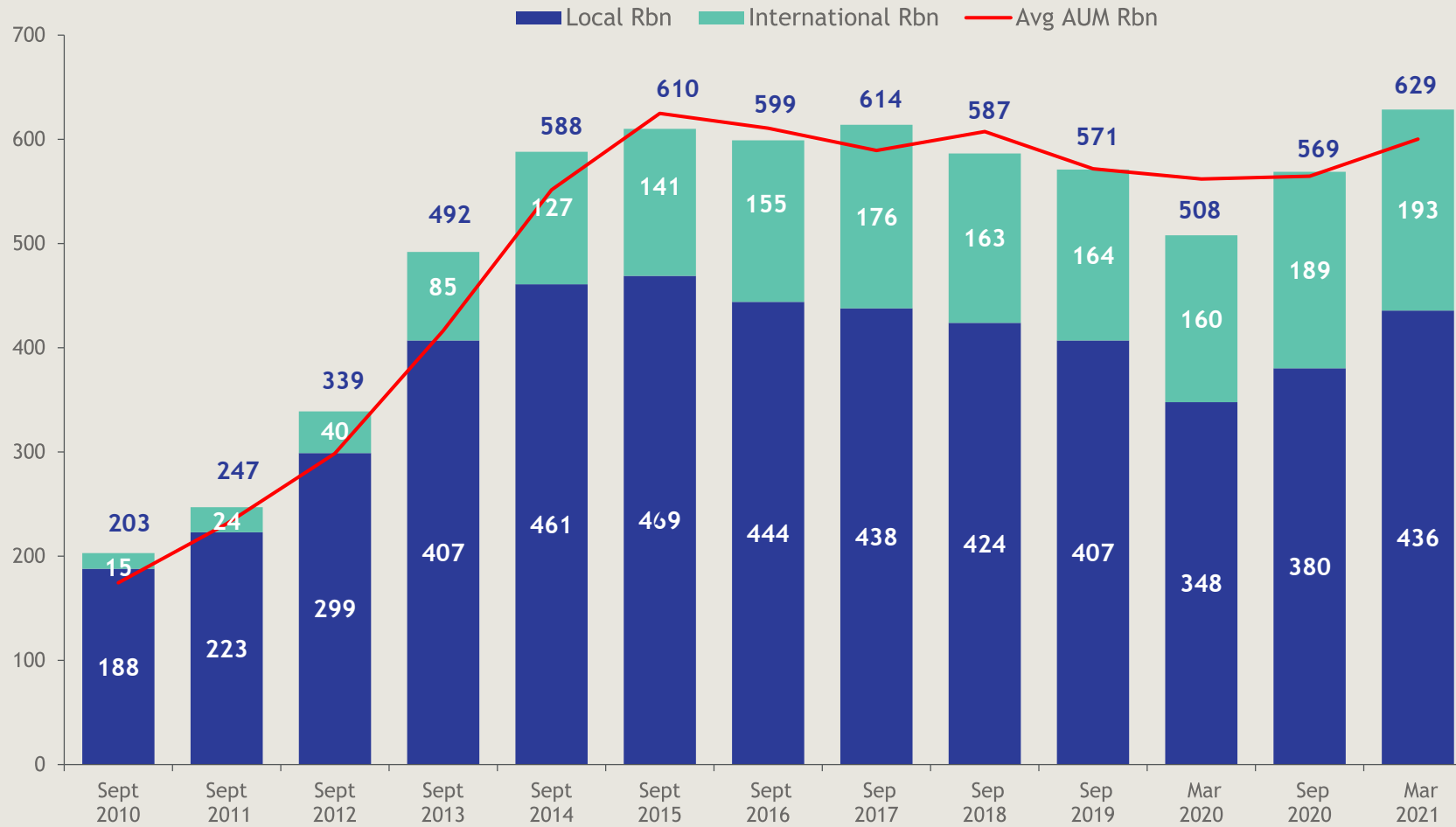
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# Assets under management



## AUM REFLECTIVE OF MARKET CONDITIONS & INVESTMENT EXCELLENCE

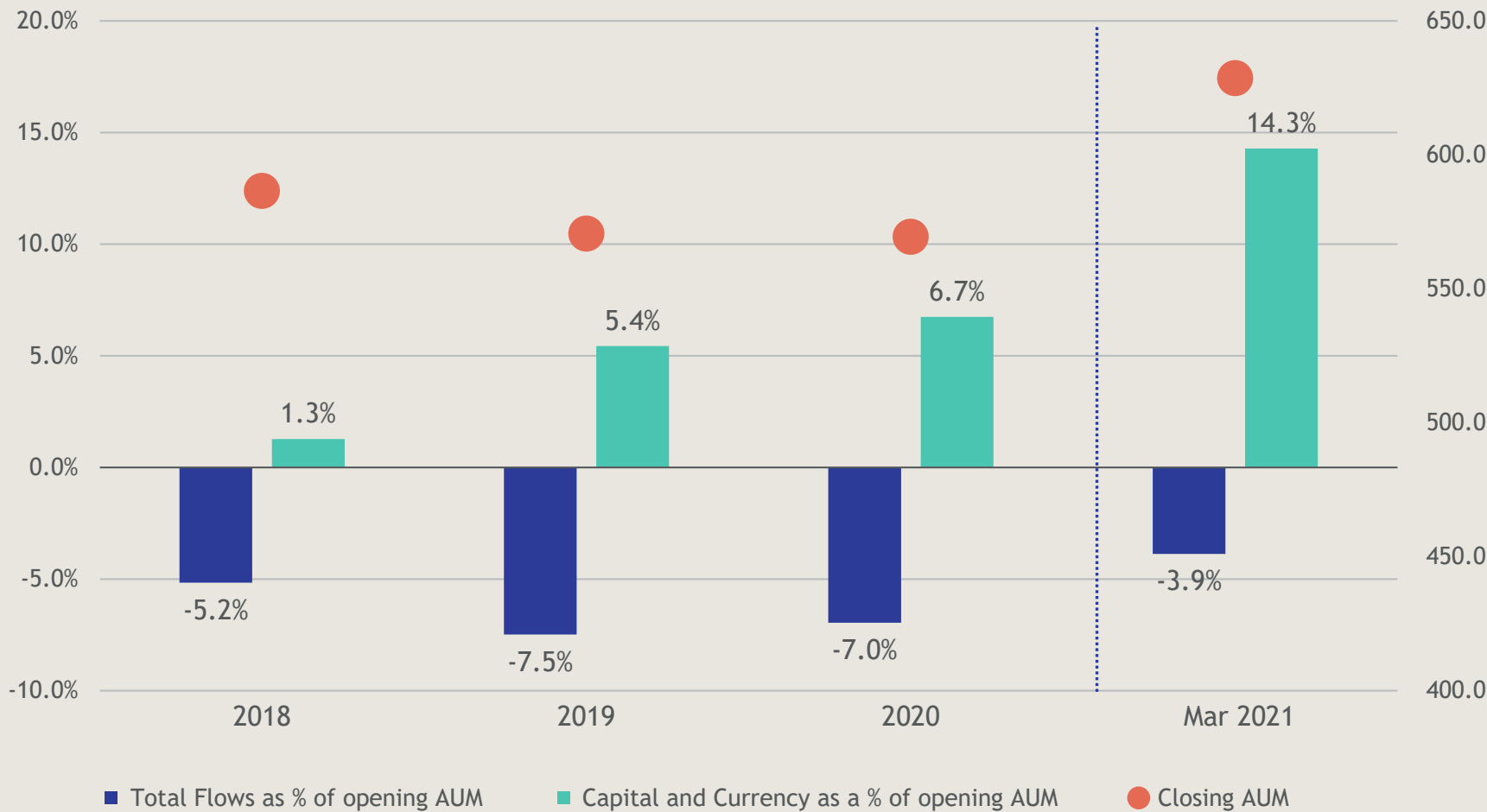


- Equity Local
- Fixed Interest Local
- Cash Local
- Other Local (UT's, Hedge, Pooled)
- Equity Foreign
- Fixed Interest Foreign

# Performance and net flows



## NET FLOWS IN LINE WITH EXPECTATIONS



Note: 2018, 2019 and 2020 reflect figures for the full financial year  
 Source: Coronation

# Investment performance

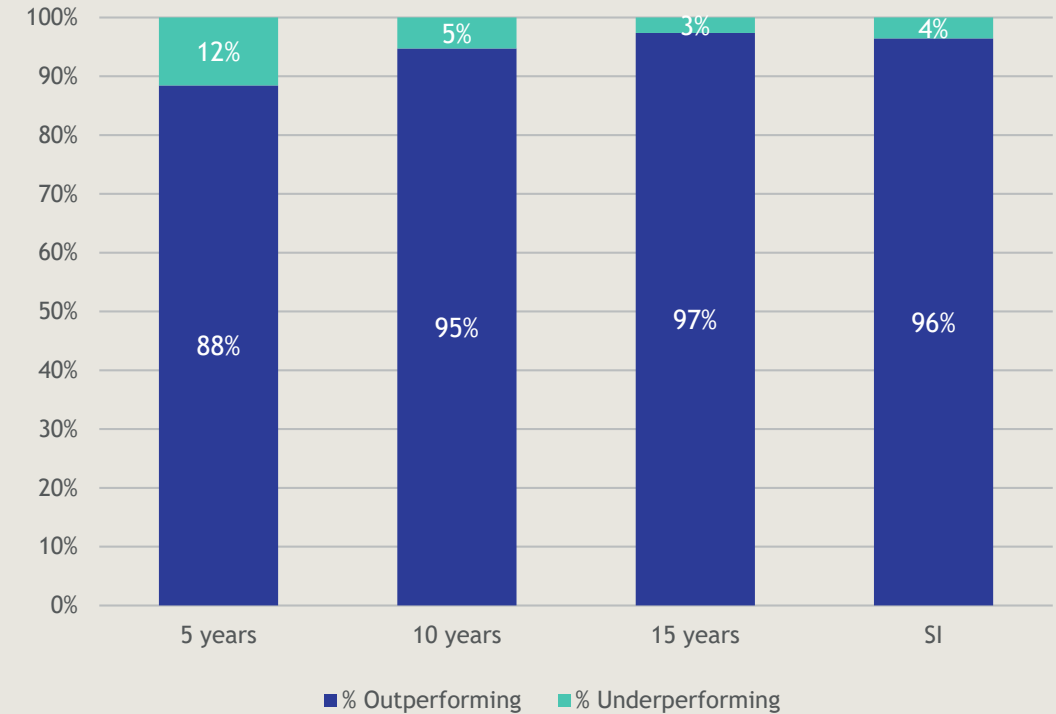
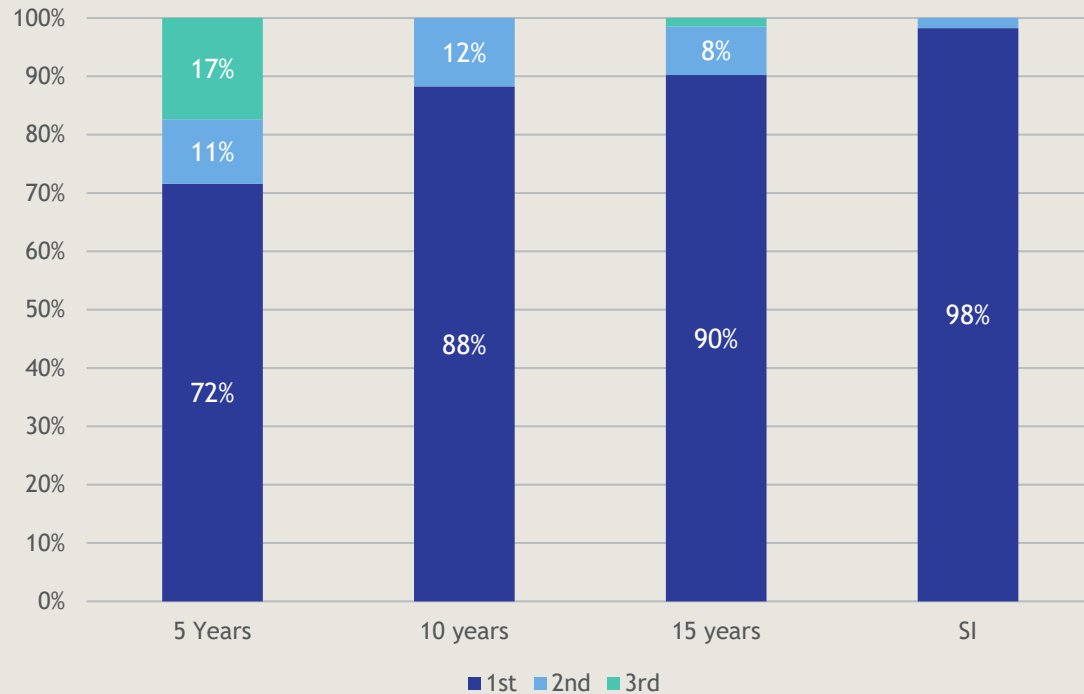


## COMPELLING LONG-TERM PERFORMANCE

+ 98% of rand-denominated retail assets in top quartile of peer groups since inception\*

+ 96% of institutional client assets outperformed benchmark since inception\*

### QUARTILE RANKINGS: UNIT TRUST RANGE



As at 31 March 2021

\*Asset-weighted performance of 18 funds representing 97% of rand-denominated CIS funds included above. 5 specialist funds with <5 comparable funds in category excluded.

Source: Morningstar using primary share classes and formal ASISA categories for all funds (excl. Global Managed, compared to Global - MA - Flexible & High Equity Categories combined & Market Plus, compared to SA - MA - Flexible). Numbers may not add up due to rounding.

As at 31 March 2021

\*On an asset-weighted basis; Since inception figure refers to strategies with a 10-year+ track record

Source: Coronation



# Institutional business



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

## LOCAL CLIENTS

- Local conditions impact on formal savings market
- Continue to deliver strong investment performance over the long term

Future focus:

- + Maintaining world-class client service & responding to changing needs
- + Continue to focus on deepening ESG integration & stewardship
- + Enhance relationships with key allocators & strengthen value proposition to existing clients

## GLOBAL CLIENTS

- Global Emerging Markets Strategy continues to deliver strong performance
- Enhancing our global product range

Future focus:

- + Confident in the long-term outlook for our global strategies
- + Confident in value proposition to clients through active management
- + Continued focus on deepening ESG integration & stewardship
- + Build out relationships with key allocators across the globe

*Total client AUM*

**R367bn**

*Local client AUM*

**R287bn**

*Global client AUM*

**R80bn**



## A TOP MANAGER OF RETAIL INVESTMENTS

- + Remain confident about the value proposition of active management in both domestic and global funds
- + Continuing to enhance our ability to serve households across the wealth spectrum
- + Committed to ongoing investment in our client service infrastructure
- + Deepening the relationships with existing clients across multi-manager, financial advice, platform and direct channels

Total retail AUM

**R262bn**

- Strong net inflows into ZAR-denominated international funds
- Net outflows from SA-biased longer-term funds reduced significantly as market recovery continued
- Net outflows from fixed-income funds lagged the overall industry outcome



# Financial update

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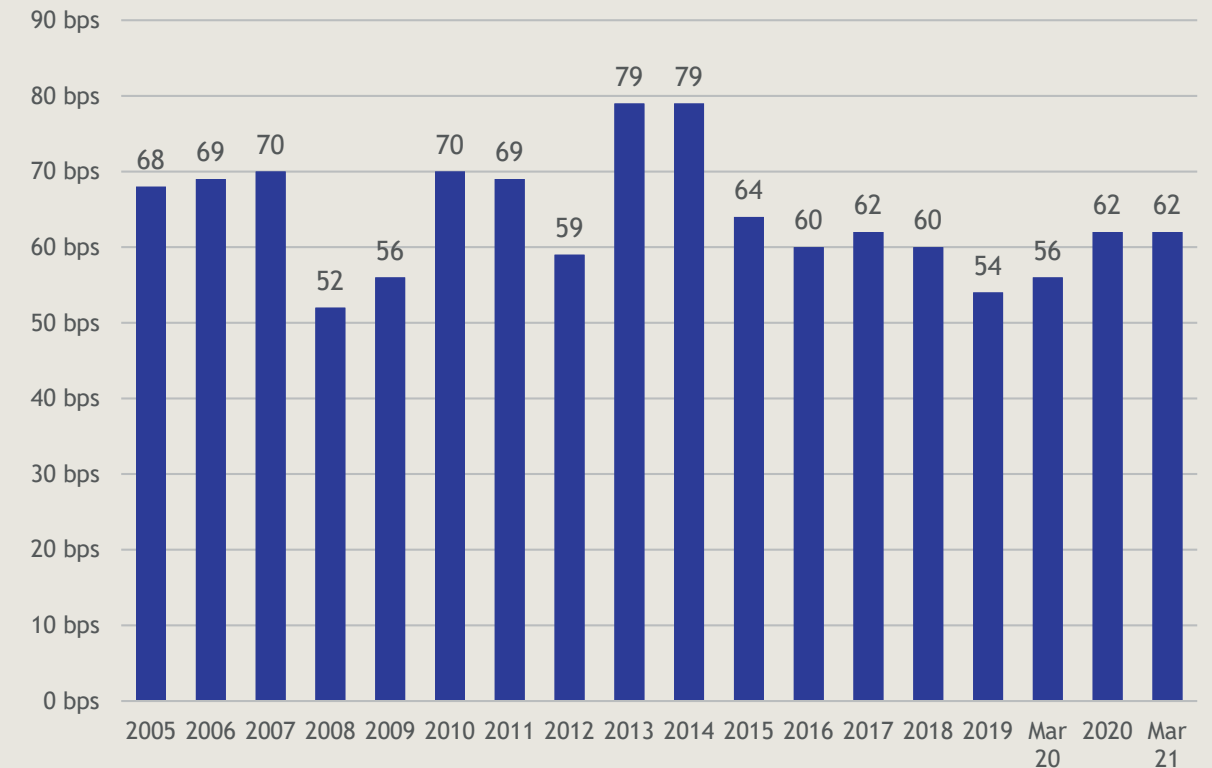
# Financial performance



## SOLID FINANCIAL PERFORMANCE

	Change	Mar 2021	Mar 2020
Revenue from fund management	23%	R2 168m	R1 769m
Profit from fund management (after tax)	36%	R854m	R627m
Cost-to-income ratio (excl. non-operational fair value gains)		48.2%	53.3%

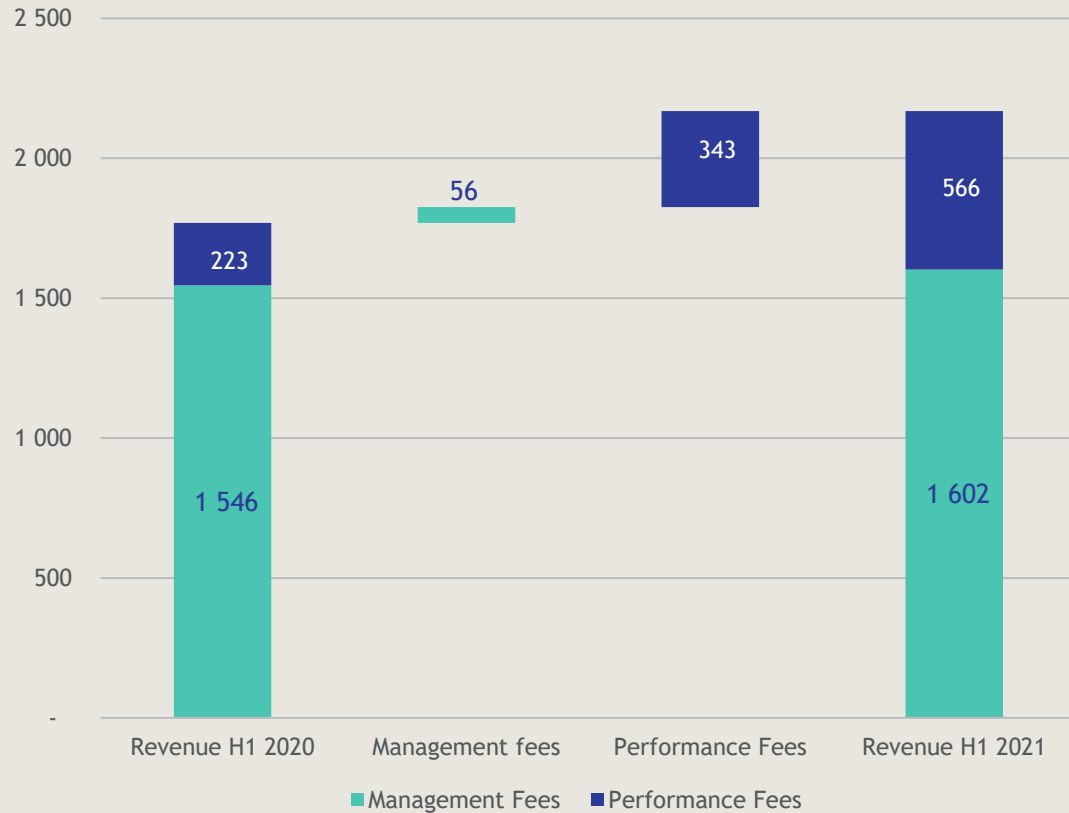
## NET FEE MARGIN



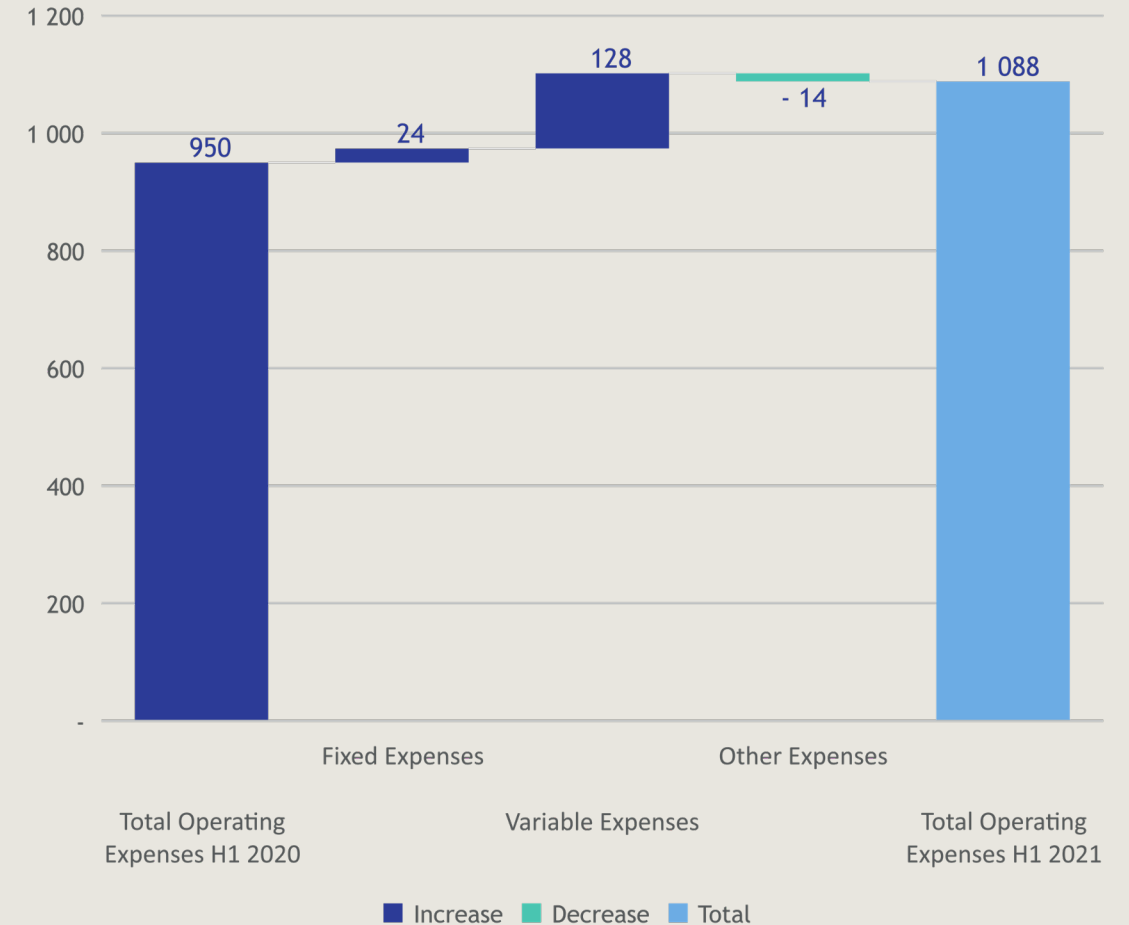
# Financial performance (continued)



## REVENUE



## TOTAL OPERATING EXPENDITURE





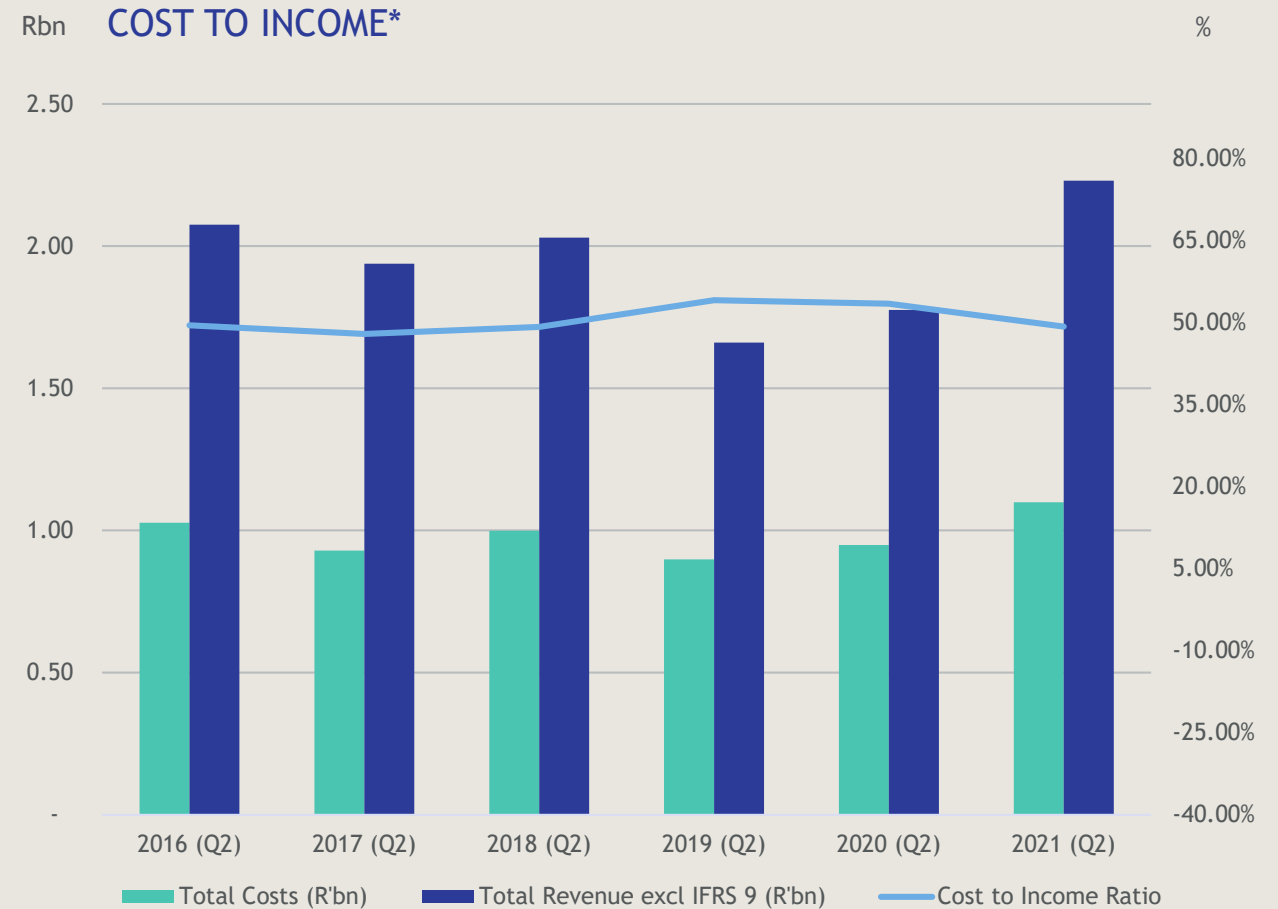
## VARIABLE COST MODEL CONTINUES TO PROVE ITS STRENGTH

	Change	Mar 2021	Mar 2020
Fixed costs	6%	R420m	R396m
Variable costs*	24%	R667m	R539m
Operating expenses		R1 087m	R935m
Other costs**		R1m	R15m
<b>Total operating expenses</b>	<b>15%</b>	<b>R1 088m</b>	<b>R950m</b>

\*Includes distribution costs of R27m

\*\*Includes share-based payment expense and foreign-exchange losses

Source: Coronation



\*excl. non-operational fair value gains

# Fixed costs

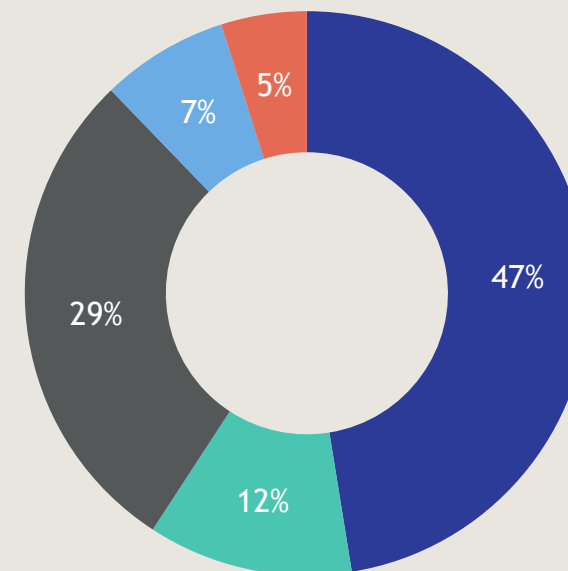


INVESTING IN TECHNOLOGY TO DRIVE EFFICIENCY, CLIENT SERVICE & MANAGE RISKS

	Change	Mar 2021	Mar 2020
Total fixed costs	6%	R420m	R396m
- Employee costs	2%	R199m	R195m
- Information systems & technology	20%	R120m	R100m
- Professional fees*	53%	R49m	R32m
- Marketing	(39%)	R21m	R34m
Employee complement		344	333

\*Includes MiFD Research Costs

Source: Coronation



- Employee costs
- Professional fees
- Information systems & technology
- Other business
- Marketing

# Capital management & dividends

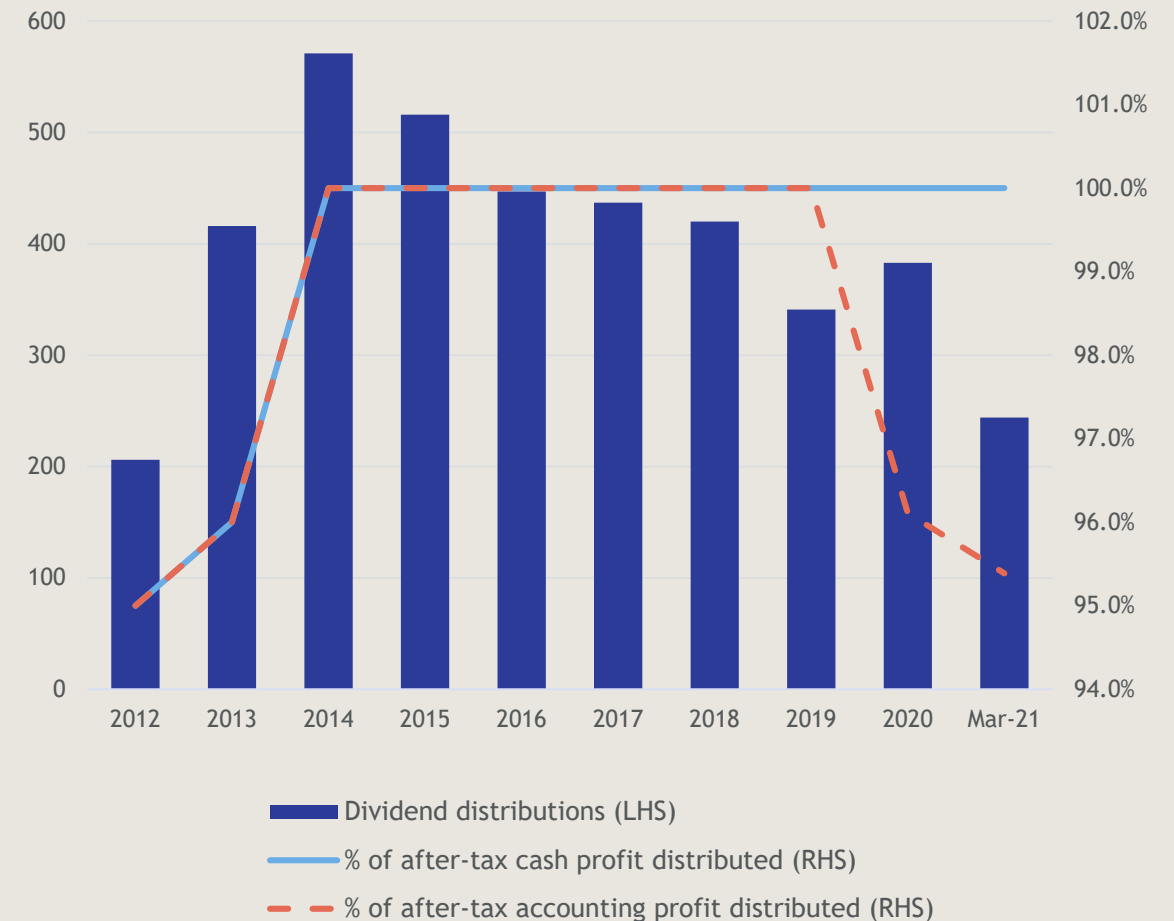


HIGHLY LIQUID WITH SIGNIFICANT CAPITAL RESERVES

	Mar 2021	Mar 2020
Cash	R425m	R340m
Investments	R1 060m	R751m
Total liquid assets	R1 485m	R1 091m
Capital surplus	R566m	R471m

	Change	Mar 2021	Mar 2020
Fund management EPS (cents)	36%	244.0	179.4
Interim DPS (cents)	37%	244.0	178.0

## SHAREHOLDER RETURN







# Corporate citizenship



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



## STRATEGY UNCHANGED, FOCUSED EXECUTION



### We put our clients first

- + We focus on growing the value of client assets over the long term rather than growing the pool of assets under our management
- + Closed institutional strategies for five years
- + Strong symmetry & value for money: fees aligned with client outcomes
- + Continue to ensure clients are kept abreast of market, company and investment strategy developments
- + Do not target AUM or share price, only alpha



### Long-term performance our true measure of success

- + Long-term investment performance remains compelling across our entire fund range
- + Investment approach unchanged
- + ESG analysis integrated into our investment process to allow for collaboration and engagement
- + 3<sup>rd</sup> Stewardship report produced
- + 96% of institutional client assets<sup>1</sup> have outperformed their benchmarks since inception
- + 98% of our retail assets<sup>2</sup> have outperformed peers since inception



### Active Corporate Citizen

- + Response to Covid-19 by business to support affected communities
- + Active participants of CEO Initiative, BSA, BLSA & ASISA
- + Transformation of industry & company remains a key focus
- + Implement good corporate citizenship initiatives to ensure inclusive society and financial services sector
- + Increased focus & incorporation of corporate ESG factors
- + Three new independent NEDs to facilitate adequate succession
- + Early implementation of MAFR



### Creating a sustainable global business

- + Cyclical nature of business means we need to manage for the long term
- + Committed to investment in organic growth
- + Employee ownership level maintained at 25%
- + Cash-generative business with strong balance sheet
- + Seed new products with own cash
- + Employ and retain the best people
- + Established company culture anchored by strong values
- + Diverse product range

<sup>1</sup>Asset-weighted, mandates with >10-year history

<sup>2</sup>Assets invested in our rand-denominated unit trust funds



## ALMOST 30 YEARS OF INTEGRATED STEWARDSHIP OF CLIENT ASSETS

- + Integrate | Engage | Collaborate
- + Published third annual Stewardship Report
- + Significant pickup in climate-risk related engagements
- + SA asset manager first: wrote to 89 JSE-listed companies requesting their boards to apply the Task Force on Climate-Related Financial Disclosures (TCFD) reporting framework
- + Disclosed portfolio carbon footprints
- + PRI rating of A+ in 2020 Assessment Report
- + Member/signatory: PRI, CRISA, Climate Action 100+, ICGN and TCFD; and UN Women Empowerment Principles
- + Implementing TCFD reporting framework
- + Published first operational Carbon Footprint Report in 2020

256

Number of engagements

121

Number of companies

6 466

Voting resolutions

>360

Companies engaged regarding Covid-19



# Our stakeholder response to Covid-19



## PRIVILEGED POSITION TO FOCUS ON ENSURING DELIVERY TO CLIENTS & SUPPORT TO SOCIETY

### ENABLING EMPLOYEES

- + Swift transition to 75%-85% seamlessly working from home
- + Well equipped to work from home, including access to support
- + Preventative measures in office environment
- + No retrenchments or furloughs
- + Employee welfare & health a priority

### ENSURING CLIENTS CONTINUE TO BE SERVICED

- + Increased communications
- + Focus on fulfilling our primary commitment
- + Uninterrupted service & uplift in engagement
- + Continue to focus on investment excellence & finding opportunities
- + Continued investment in the business
- + Single global operating platform

### REDUCING THE IMPACT ON SOCIETY

- + Committed support to 3rd party service providers
- + Contributed a further R5.6 million to the Solidarity Fund and other relief efforts
- + SMME payments expedited
- + B4SA - #Payin30

### CONTRIBUTING TO THE WAY FORWARD

- + Engage with government and regulators
- + Participate in industry structures & initiatives including:
  - ASISA
  - BLSA/BSA
  - CEO Initiative



# Meaningful social impact



## CONTINUED FOCUS ON EDUCATION

### Education support

>200

Students awarded study opportunities

>85 000

Adults have benefited from CFE workshops

72

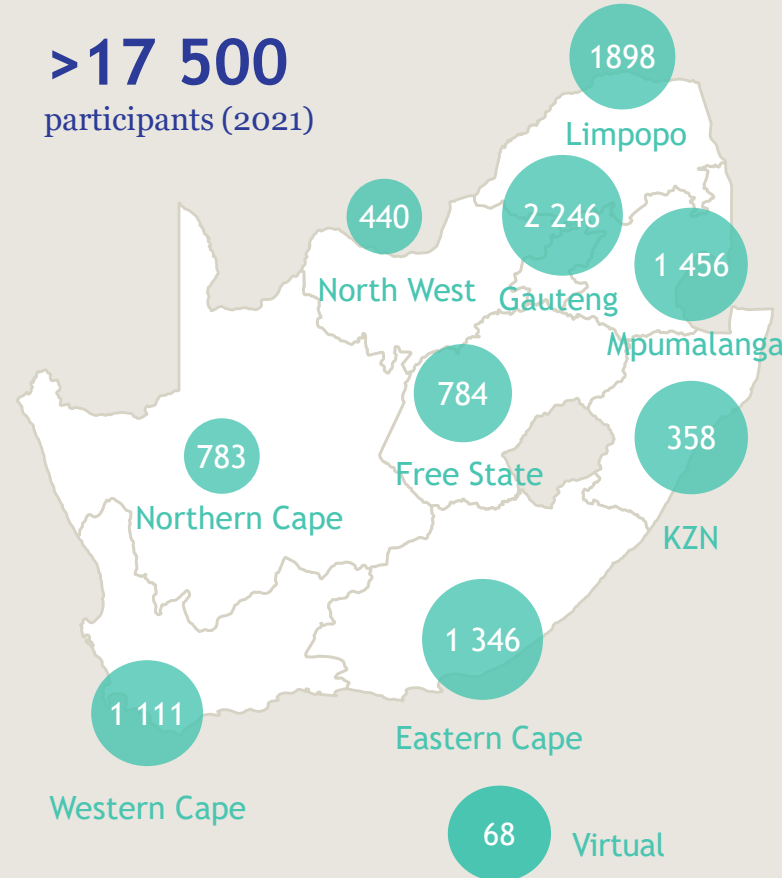
Internships placed

>148

IFA practices trained since 2016

### Consumer financial education

>17 500  
participants (2021)



### Education programmes

494  
Schools

>200 000  
Learners

6 420  
Educators

5 446  
Small-scale farmers

# Transforming our business and industry



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

Level 2  
B-BBEE  
contributor\*

59%

of our employees  
are black

50%

of our employees  
are female

75%

of our Board  
members are black

R270bn

of total AUM managed by black  
investment professionals

## 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:

>R350m

in brokerage to black stockbrokers  
through the Coronation Business  
Support Programme

148

black IFA practices  
through the ASISA IFA  
Development  
Programme

29



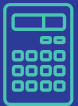

analysts through the  
Vunani Securities  
Training Academy

\* As measured by the Financial Sector Code  
All figures are as at 31 March 2021, unless otherwise stated.

# Singular focus on clients



OUR PURPOSE IS TO DELIVER OUTPERFORMANCE THROUGH ACTIVE MANAGEMENT

 <b>INVESTMENT PERFORMANCE</b>	Very encouraging outperformance by our clients' portfolios in 2021, supporting continued long-term outperformance	<i>Total AUM</i> <b>R629bn</b>
 <b>REVENUE</b>	<b>R2.2bn</b> Increase due to improved performance across our portfolios	
 <b>COSTS</b>	<b>15%</b> Increase in total operating costs driven by continued investment in business	<i>Interim dividend per share</i> <b>244.0c</b>
 <b>FUND MANAGEMENT EARNINGS PER SHARE</b>	<b>244.0c</b> Increase of 36%	





# Questions

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# Closing comments

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# Closing comments



ONGOING FOCUS AND COMMITMENT TO INVESTMENT EXCELLENCE FOR OUR CLIENTS GLOBALLY



Covid-19 pandemic continues to materially affect the world



Focus on active stewardship of business and our clients' funds



Past 12 months delivered exceptional alpha to clients - unlikely to be sustained at that level going forwards.



Continue to invest to create a sustainable business to serve all stakeholders



Long-term performance remains the true measure of our ultimate success on behalf of our clients and stakeholders



Thank you

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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, Durban, Pretoria, London and Dublin





# Annexure:

## MARKET PERFORMANCE

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# Capital markets



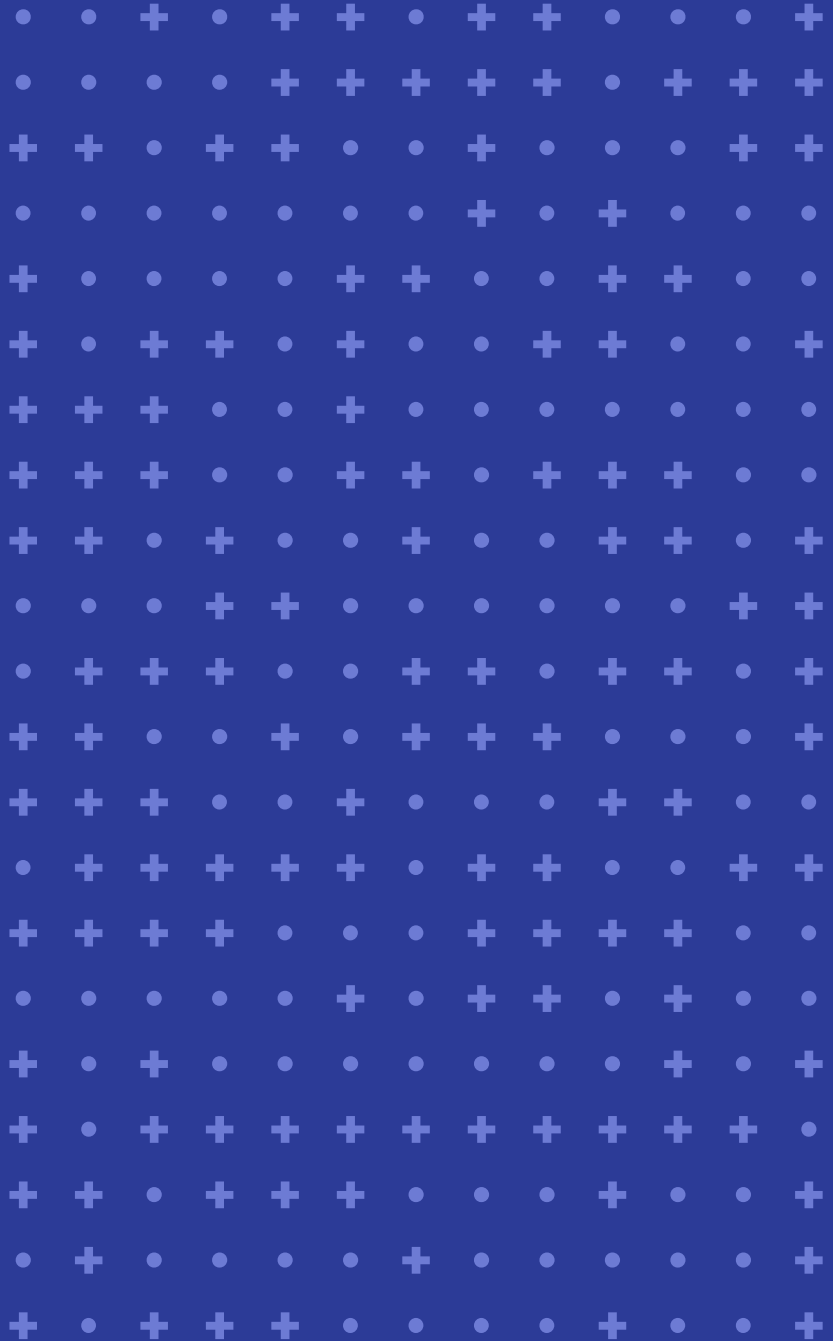
Economic group	3 months	6 months	12 months
All Share (ZAR)	13.14%	24.18%	53.98%
CAPI	12.76%	24.72%	55.61%
Resources	18.70%	28.58%	92.52%
All Property	8.05%	33.57%	34.16%
Industrials	12.95%	21.29%	38.17%
Financials	3.61%	23.85%	37.50%
USD/ZAR	(0.56%)	13.39%	20.82%
AF Money Market/Cash*	0.92%	1.79%	4.13%
CPI	1.73%	2.17%	3.23%
Small Cap	21.22%	47.78%	79.23%
MSCI Emerging Markets (USD)	2.29%	22.43%	58.39%
MSCI All Country World Net USD	4.57%	19.93%	54.60%
FTSE/JSE All Africa ex SA 30 Index (USD)	(0.83%)	9.82%	33.41%
MSCI Frontier Markets NET USD	0.80%	12.09%	39.28%

\*Alexander Forbes Money Market  
Returns as at end March 2021





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