



# 2022 Reviewed Interim Results

FOR THE SIX MONTHS ENDED 31 March 2022

24 May 2022

Anton Pillay, CEO

Mary-Anne Musekiwa, CFO

CORONATION

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# Agenda

- + Overview
- + Business update
- + Financial update
- + Questions
- + Annexure



# Economic & market overview



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# Volatile & uncertain markets driven by macro events



## UKRAINE WAR A DISRUPTIVE OUTLIER HALTING POST-PANDEMIC RECOVERY



Global recovery derailed by high-impact macro events



Local economy remains under pressure



Coronavirus: learning to live with it



Global equity markets sharply down on geopolitical tensions, rising prices and interest rates



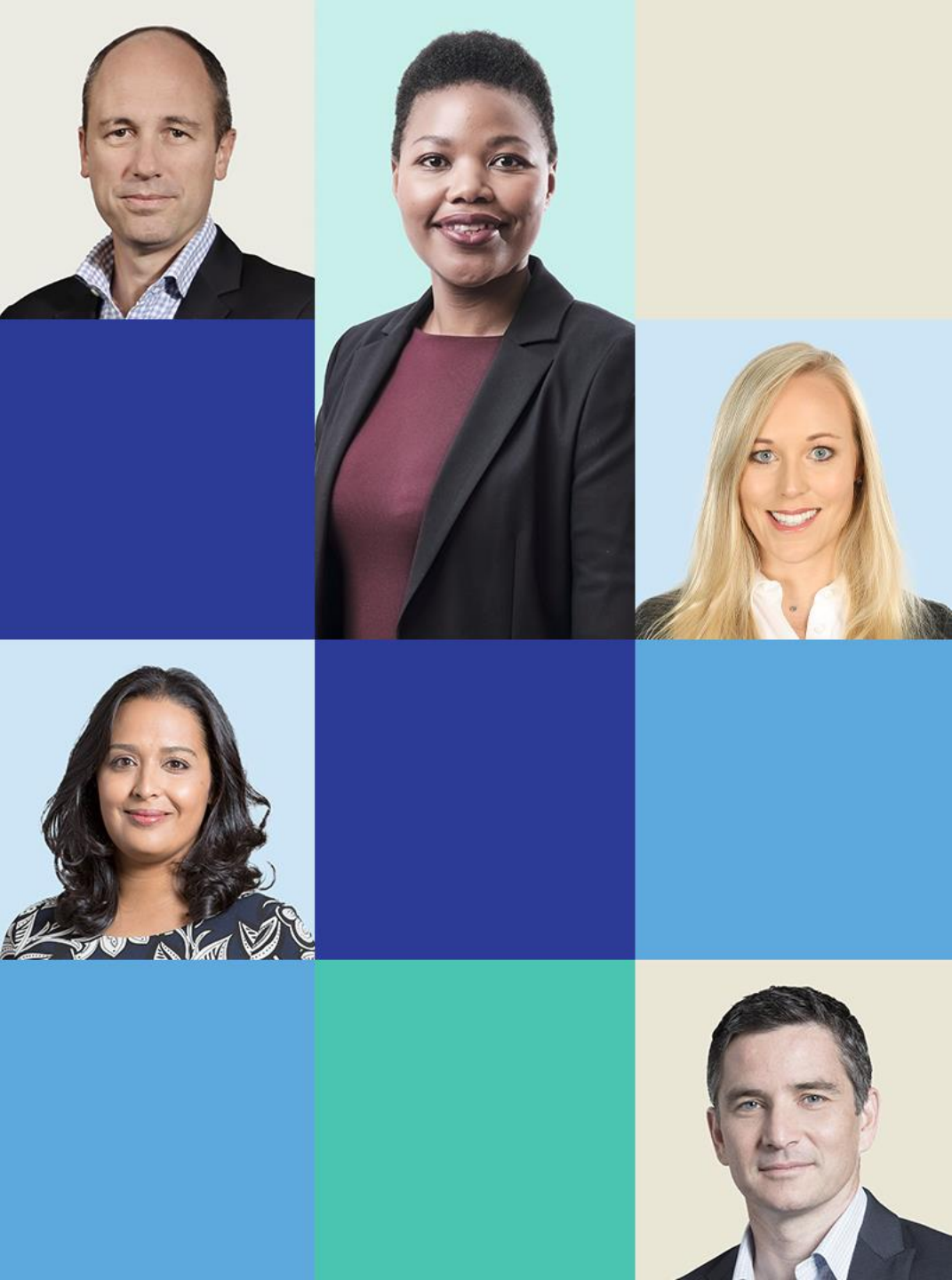
Local businesses impacted



Global focus on sustainability, diversity and inclusion



# Business update







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# 2022 key takeouts



## RESILIENT RESULTS IN CHALLENGING ENVIRONMENT

 <b>AUM</b>	1% ↓	<b>R625bn</b>
 <b>REVENUE</b>	11% ↓	<b>R1.9bn</b> normalisation of performance fees
 <b>EXPENSES</b>	13% ↓	<b>R0.9bn</b> cost management & variable cost model
 <b>FUND MANAGEMENT EARNINGS PER SHARE</b>	12% ↓	<b>214.8cps</b>

*B-BBEE contributor*

**Level 1**

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*Performance*

**95%**  
outperformance of benchmarks\*

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*Interim dividend*

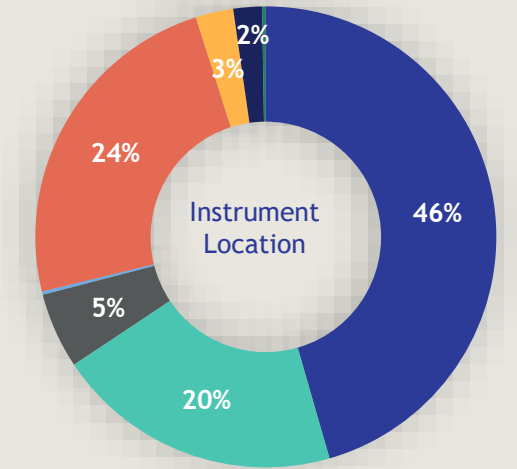
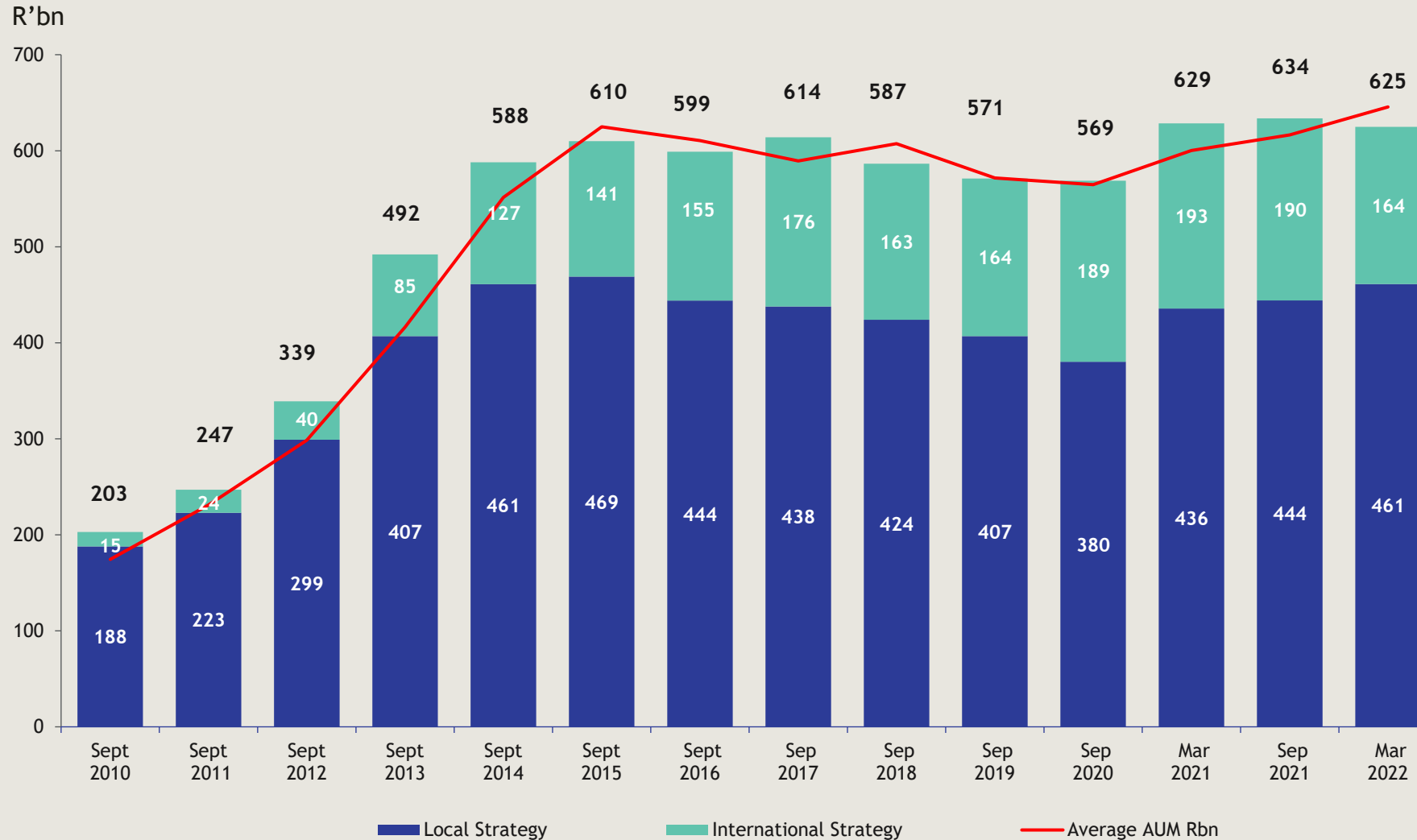
**214 cps**

\*Company wide, asset weighted since inception track record for funds with >10 year track record

# Maintained level of AUM



NOTWITHSTANDING CONTINUING TOUGH MARKET CONDITIONS



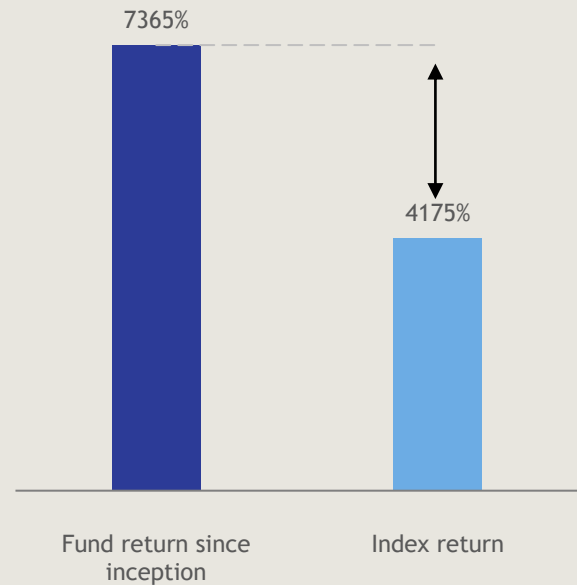
- Equity Local
- Fixed Interest Local
- Cash Local
- Other Local (UT's, Hedge, Pooled) <0.5%
- Equity Foreign
- Fixed Interest Foreign
- Cash Foreign
- Other Foreign (UT's, Hedge, Pooled) <0.5%

# Meaningful long-term alpha over multiple decades



## Houseview Equity 28-year track record

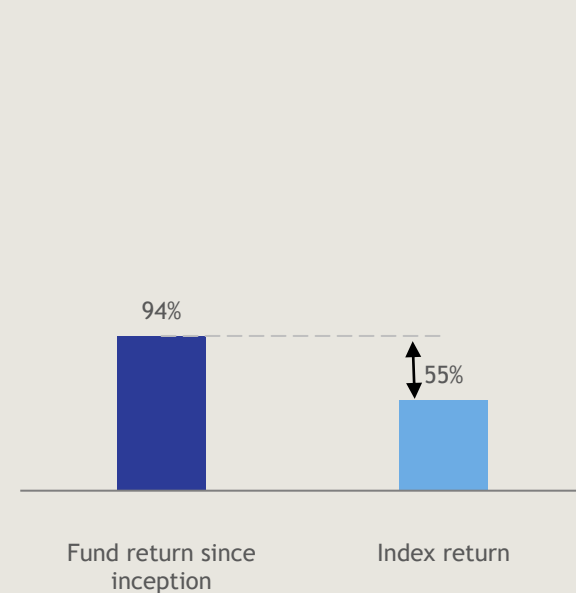
Cumulative alpha of 3190% since inception



- Active since September 1993
- Index: FTSE/JSE SWIX | FTSE/JSE Capped SWIX from 1 May 2017

## Global Emerging Markets 13-year track record

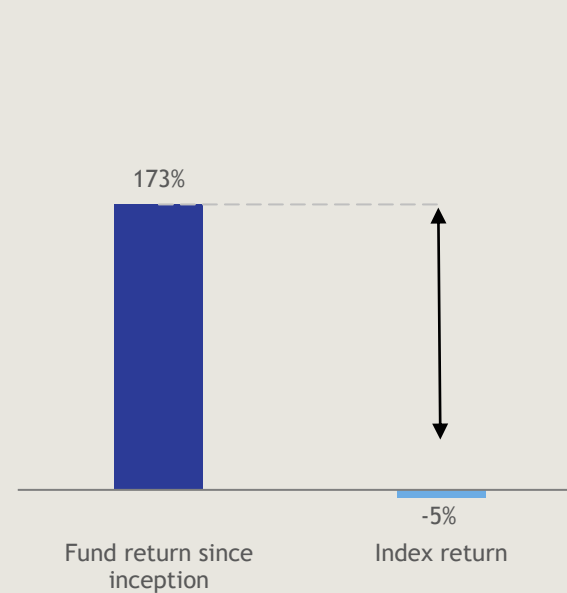
Cumulative alpha of 39% since inception



- Active since July 2008
- Index: MSCI GEM

## Africa Frontiers 13-year track record

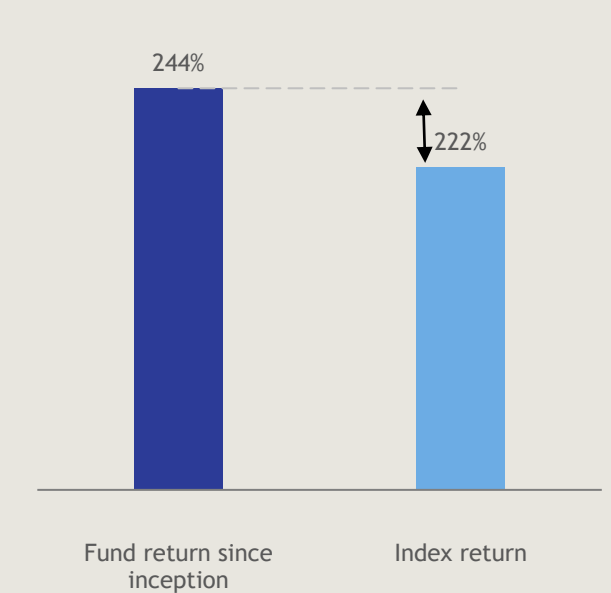
Cumulative alpha of 178% since inception



- Active since October 2008
- Index: FTSE/JSE Africa ex-SA

## Global Equity Strategy 12-year track record

Cumulative alpha of 22% since inception



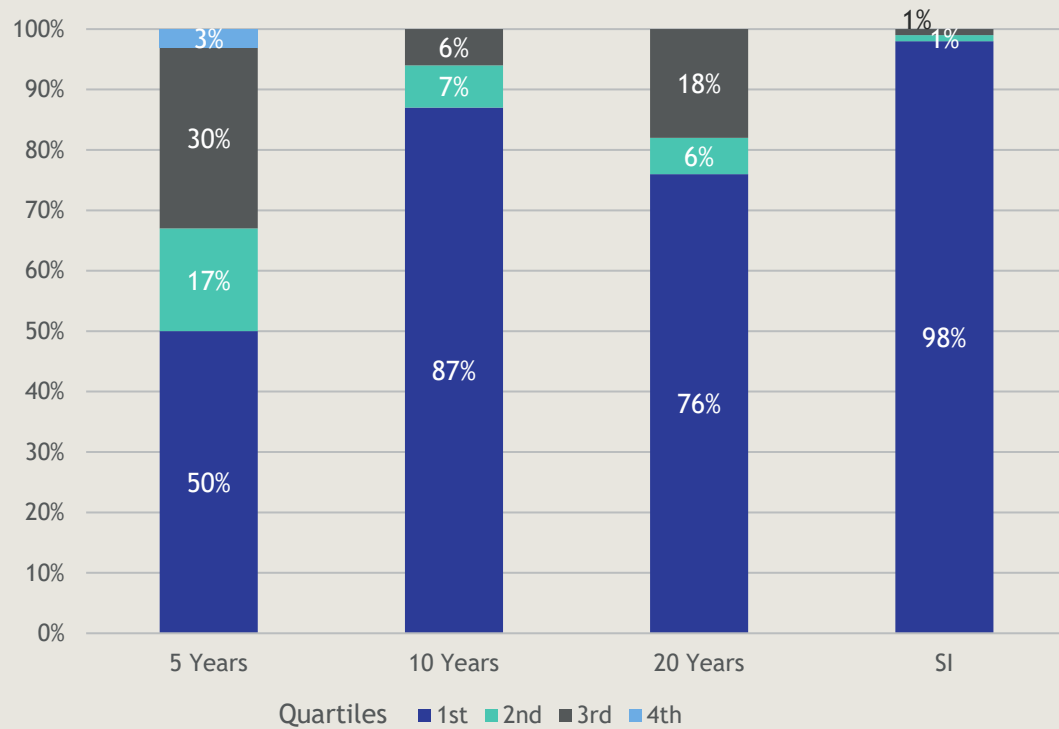
- Active since November 2009
- Index: MSCI ACWI



# A history of delivering on client mandates over long-term

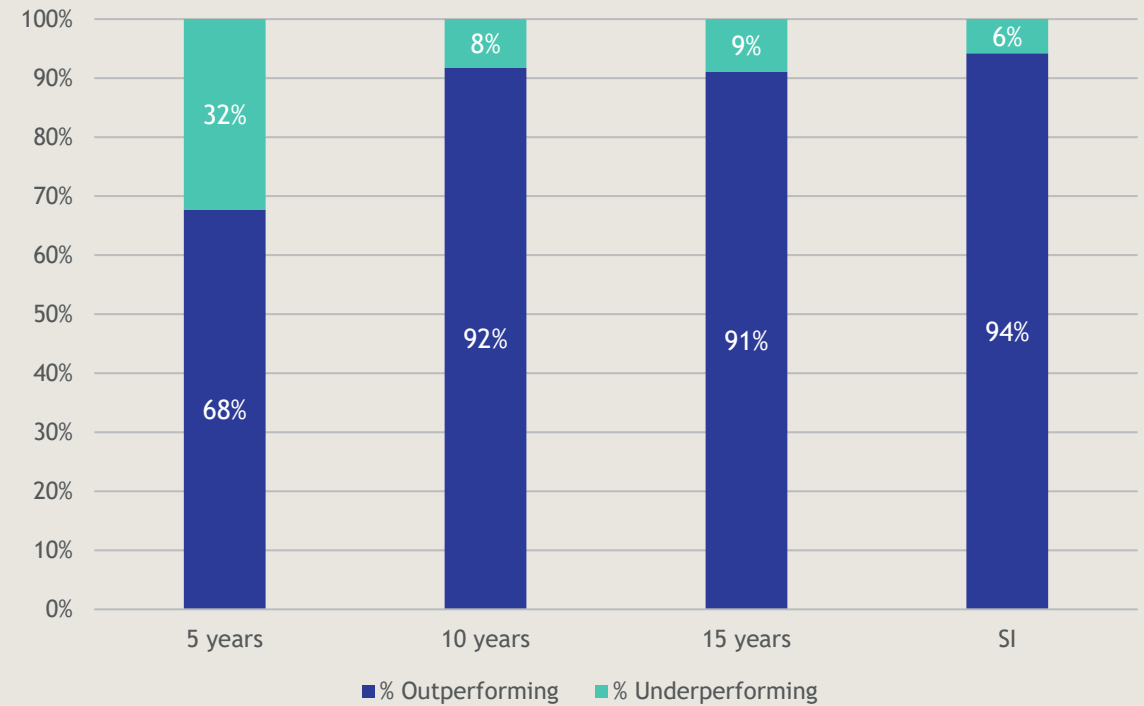


+ 98% of rand-denominated retail assets in top quartile of peer groups since inception\*



\*Asset-weighted performance of 19 funds representing 98% of rand-denominated CIS funds included above. 4 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.

+ 94% of institutional client assets outperformed benchmark since inception\*



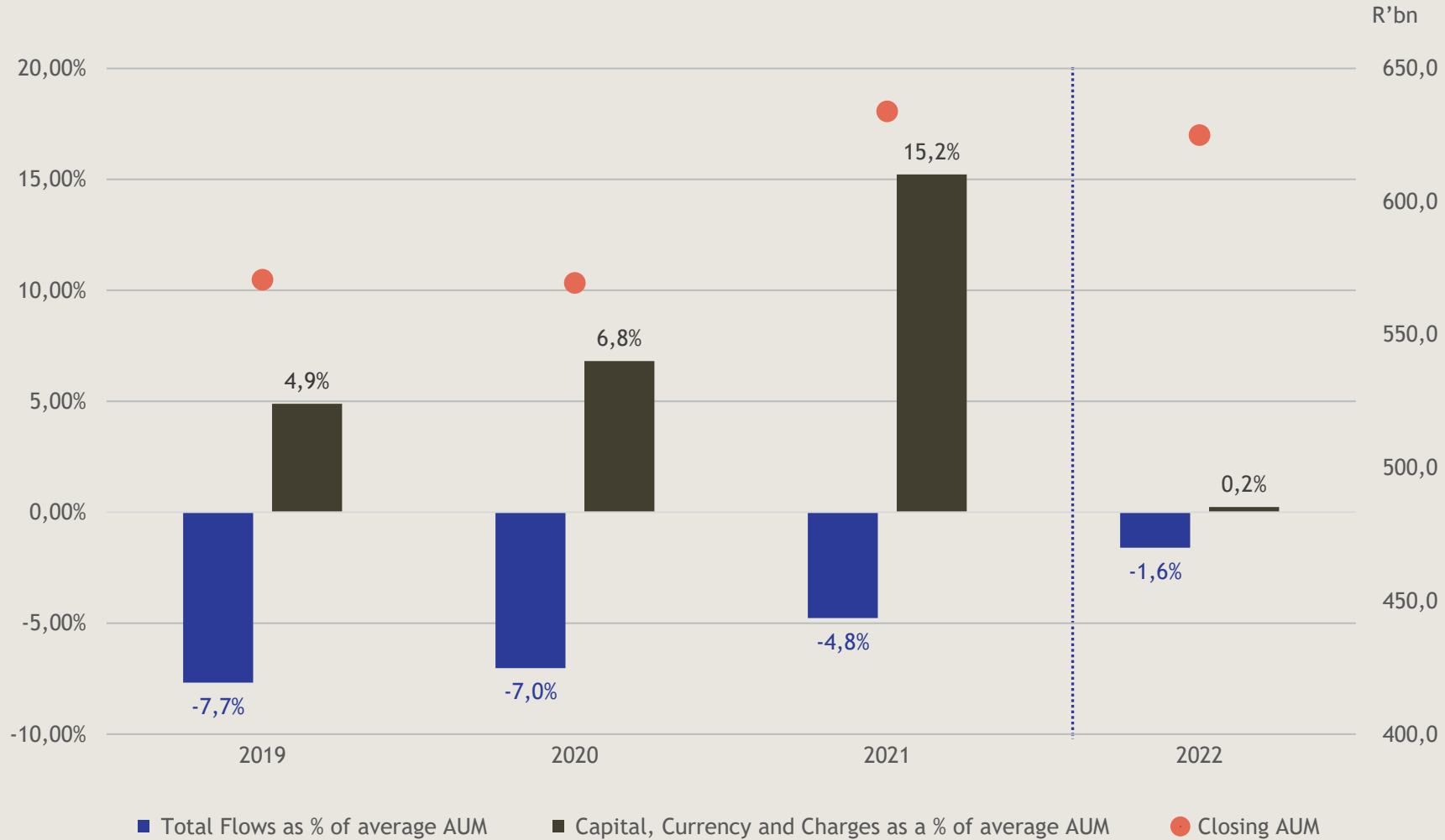
\*On an asset-weighted basis; since inception figure refers to strategies with a 10-year+ track record

Source: Coronation

# Positive slowdown in net outflows



BUT NET LOCAL OUTFLOWS IN LINE WITH EXPECTATIONS OF SA MARKET CONDITIONS



Source: Coronation, Market performance and net flows as a % of average AUM

# A worldwide manager of long-term institutional assets



CONTINUE TO BROADEN OUR GLOBAL REACH

## LOCAL CLIENTS

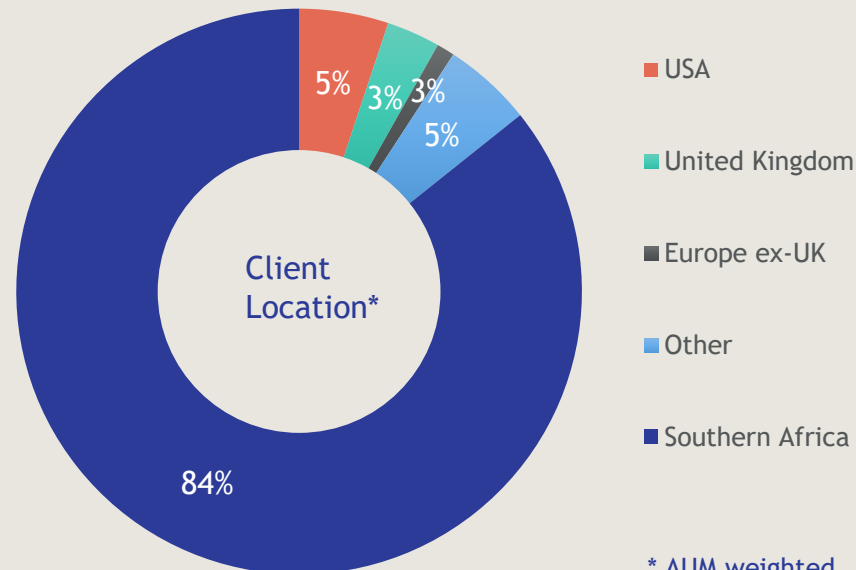
- + Manage meaningful share of SA savings industry
- + Strong delivery of investment performance over the long-term for our clients
- + Focus on delivering excellent client service

## GLOBAL CLIENTS

- + Spread of institutional clients across the globe
- + Global Emerging Markets Strategy continues to deliver strong long-term performance
- + Focus on delivery of value-add to clients and meeting changing client needs
- + Broadening international footprint

## FUTURE FOCUS:

- + Enhancing world-class client service
- + Deepening ESG integration & stewardship
- + Building stronger relationships with key allocators/consultants
- + Strengthen value proposition to existing clients



\* AUM weighted

Total institutional AUM

**R354bn**

Southern African AUM

**R298bn**

Global AUM

**R56bn**

**European Pensions**

AWARDS 2021

**WINNER**

Emerging Markets Manager of the Year

# A significant manager of retail assets in South Africa



- + Despite macro shocks, the long-term track record across our fund range remains compelling
- + Continuing to invest in intermediated distribution channels and direct client service infrastructure
- + The relaxation of offshore allowance to 45% will impact the nature of asset class exposure
- + We expect investor demand for long-term investments to remain subdued for some time to come
- + Digital investment platform released to clients in December 2021

*Total retail AUM*

**R271bn**

- + Long-term domestic-biased fund NCCF in line with industry experience
- + More balanced allocation to funds with domestic & international exposure
- + NCCF from fixed-income and international funds lagged the overall industry

# Integrated stewardship of client assets



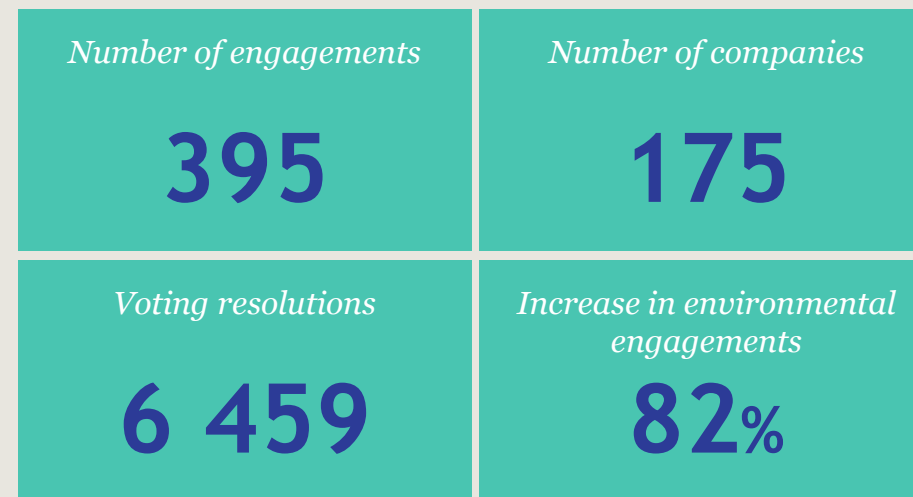
## RESPONSIBLE INVESTMENT AND BUSINESS PRACTICE PART OF OUR DNA

### Sustainability - Investment approach

- + Support the move to a greener, more sustainable and equitable world
- + Integrate | Engage | Collaborate - all Portfolio managers required to build ESG factors into investment process
- + Preference for active ownership to encourage on-the-ground change
- + 4th annual Stewardship Report will be published shortly
- + Disclosed portfolio carbon footprints

### Sustainability - Corporate approach

- + Hold ourselves to same high standard as investee companies
- + Oversight by Board & Exco
- + Implemented TCFD reporting framework in 2021 Integrated Annual Report
- + 3rd operational Carbon Footprint Report will be published in December 2022



*The investment impact of COVID-19 on companies and society*



*Responsible citizenship in a time of crisis*



*Driving good corporate governance*



*Tackling climate change*



*Sustainability reporting*



*Diversity and inclusion*

# Meaningful social impact with a focus on education



## Education support

**>200**

Students awarded study opportunities

**85 540**

Participants benefited from CFE workshops

**72**

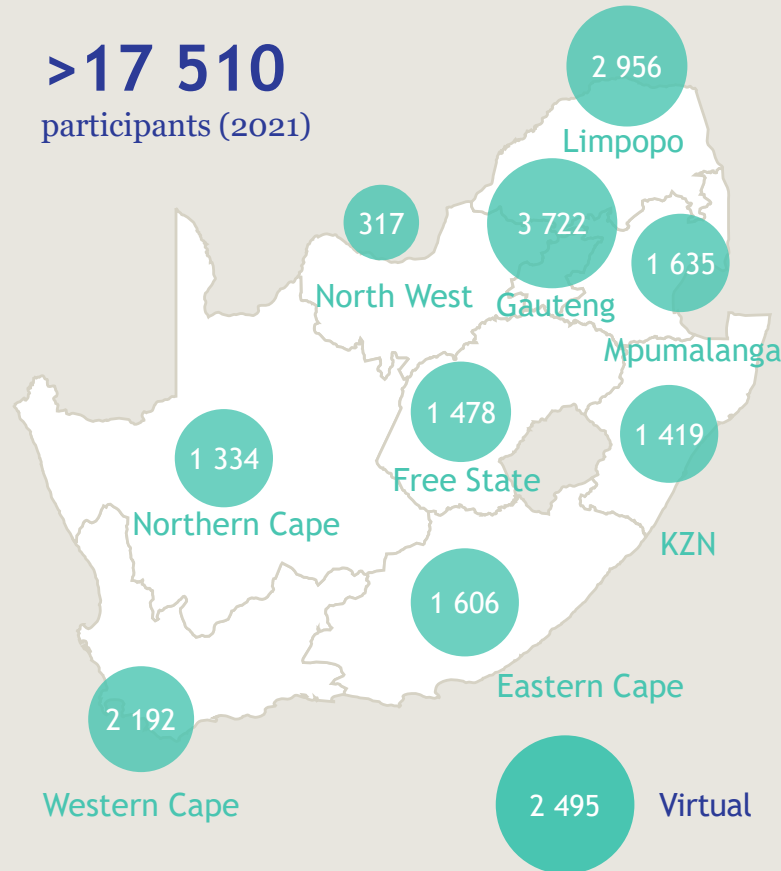
Internships placed

**176**

IFA practices trained since 2016

## Consumer financial education

**>17 510**  
participants (2021)



## Education programmes

**>500**

Schools

**>240 000**

Learners

**>7 500**

Educators

**5 486**

Small-scale farmers\*

Figures are cumulative and since inception dates, unless otherwise stated and includes beneficiaries who participate across multiple years of a project cycle

\* Includes beneficiaries of Coronation funding and partner funding

# Transforming our business and industry

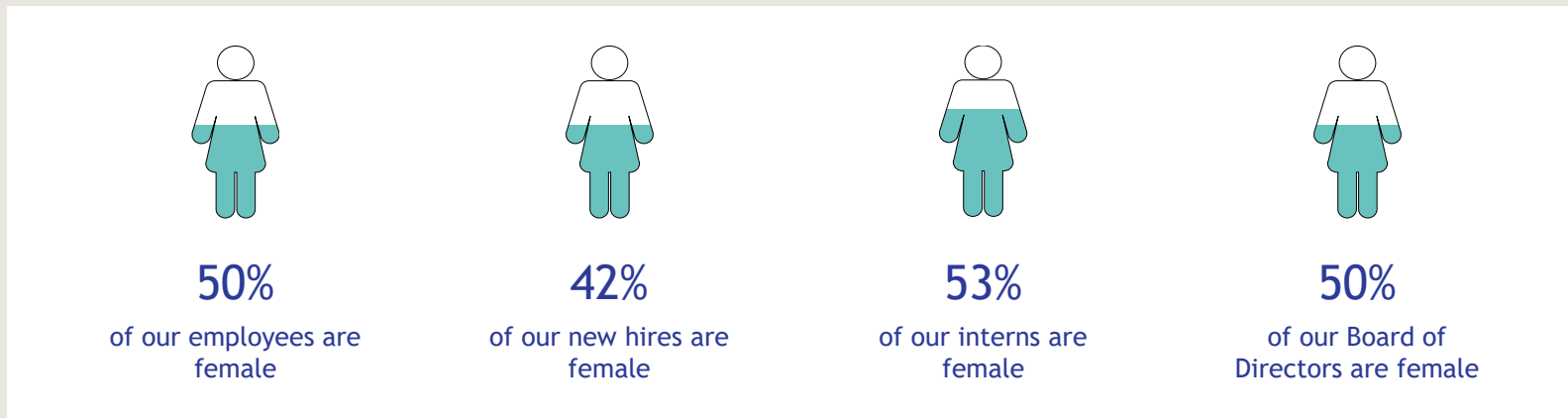


A HOMEGROWN SOUTH AFRICAN BUSINESS COMMITTED TO TRANSFORMING FROM WITHIN & THE BROADER SOCIETY



**R279bn**  
of total AUM managed by black investment professionals

**Level 1**  
B-BBEE contributor\*



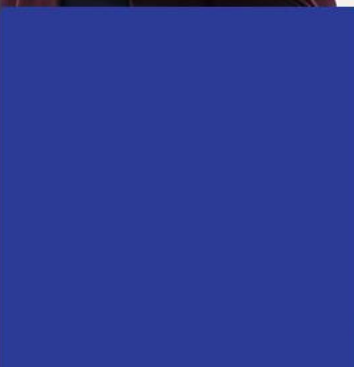
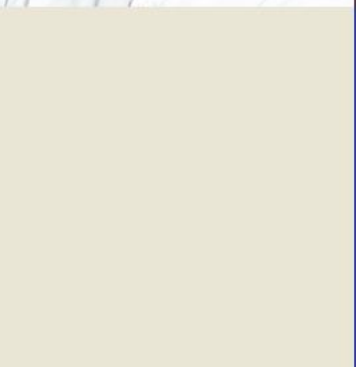
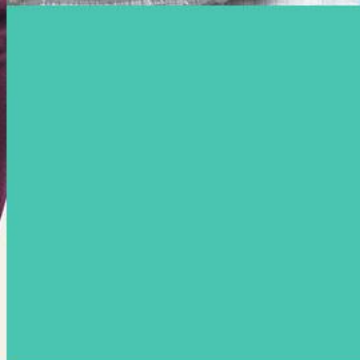
**176** black IFA practices through the ASISA IFA Development Programme

**31** black analysts through the bespoke training academies.

\*As measured by the Financial Sector Code



# Financial overview



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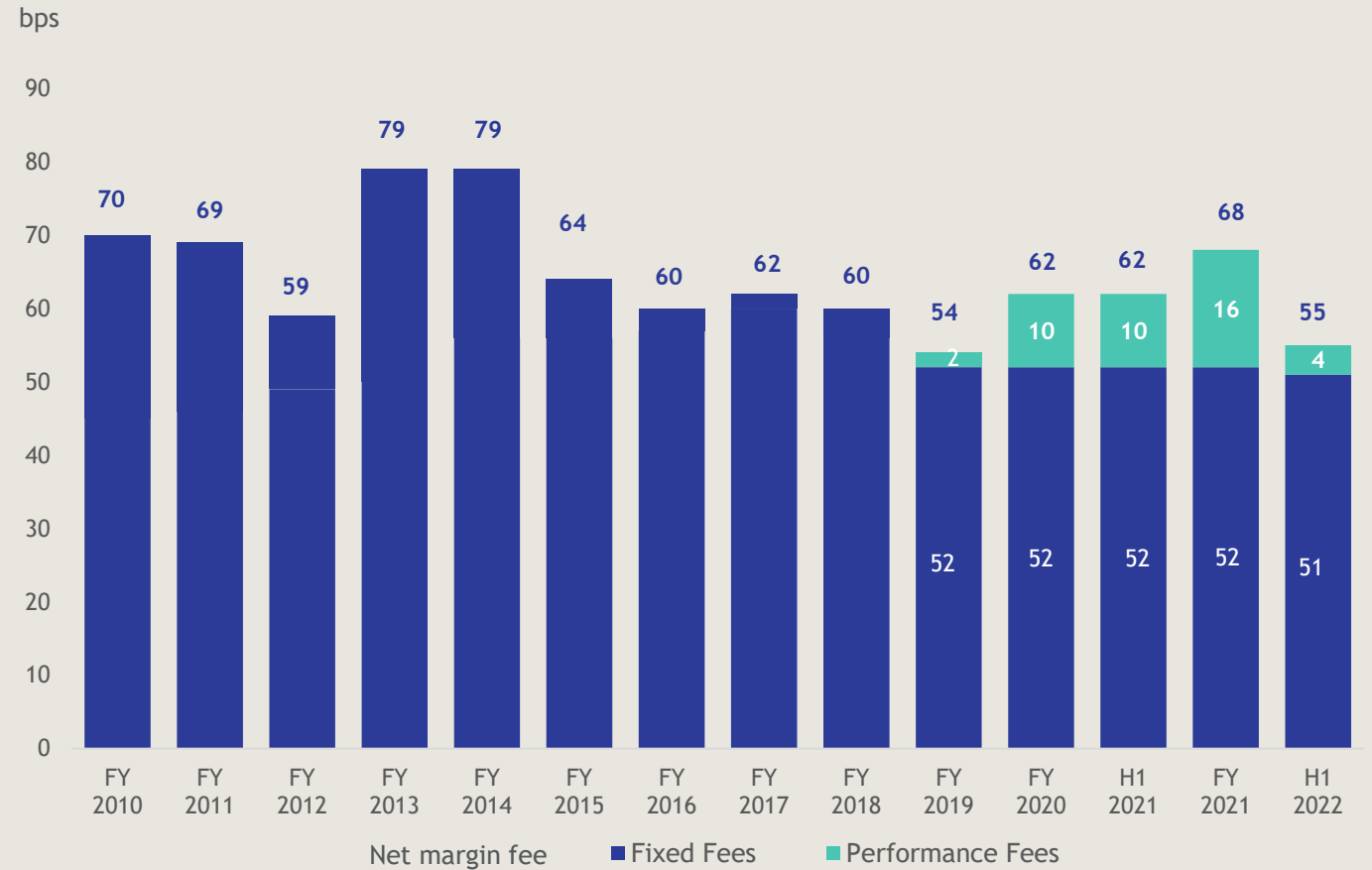


# Revenue



REFLECTS NORMALISATION OF PERFORMANCE FEES

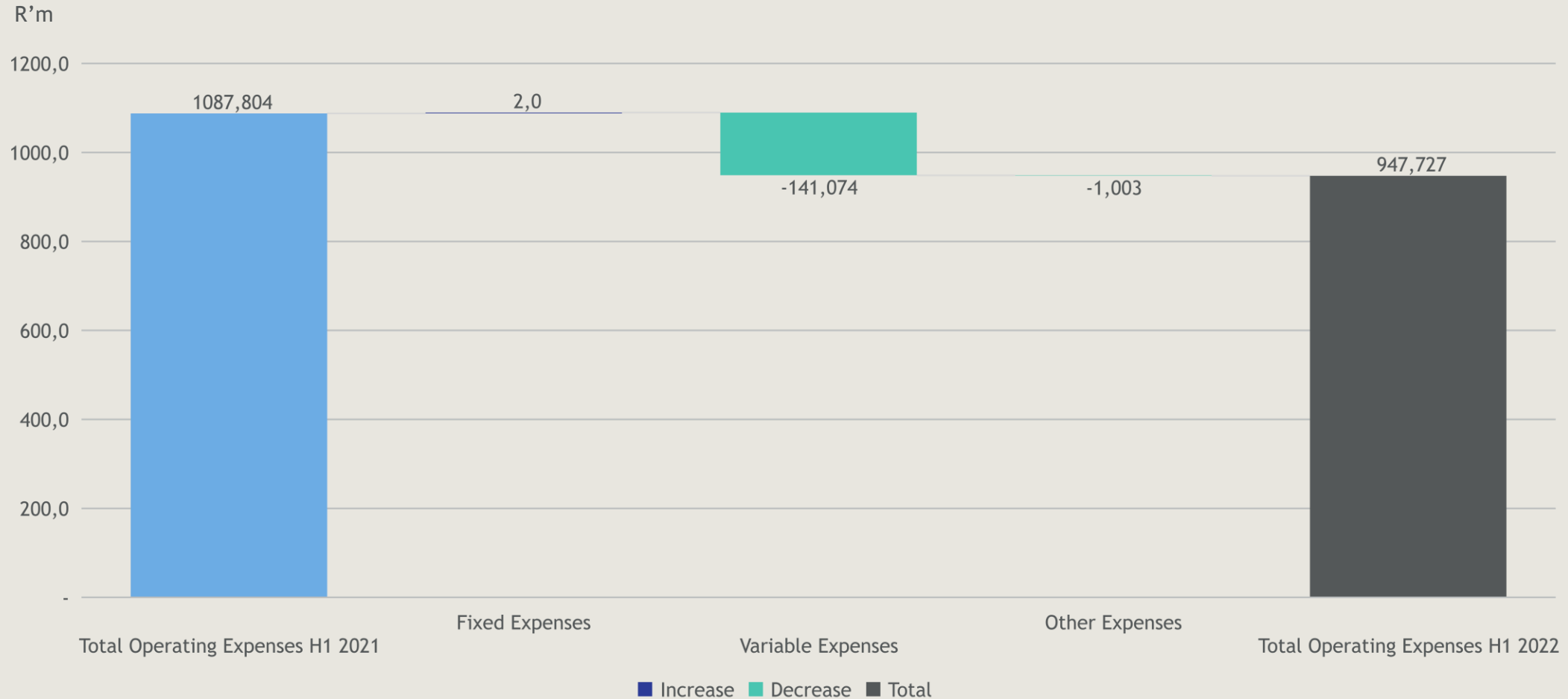
	Change	Mar 2022	Mar 2021
Revenue from fund management	-11%	R1 934m	R2 168m
Earnings from fund management (after tax)	-12%	R751m	R854m



# Cost management despite headwinds



## VARIABLE EXPENDITURE MODEL CONTINUES TO PROVE ITS STRENGTH



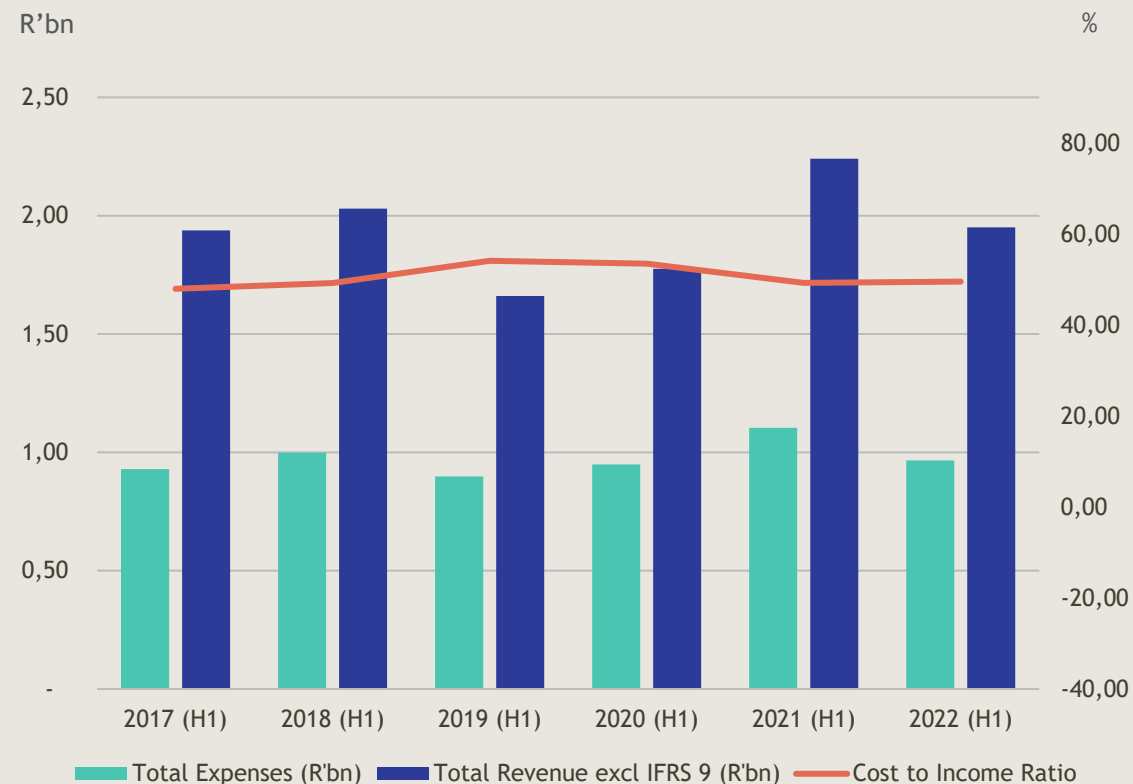
# Breakdown of expenses



## FOCUSSED MANAGEMENT OF FIXED EXPENSES

	Change	Mar 2022	Mar 2021
Fixed expenses	1%	R422m	R420m
Variable expenses*	-21%	R526m	R667m
Total operating expenses	-13%	R948m	R1 088m
Cost-to-income ratio (excl. non-operational fair value gains/losses)	2.7%	49.5%	48.2%

\*Includes distribution expenses of R26m



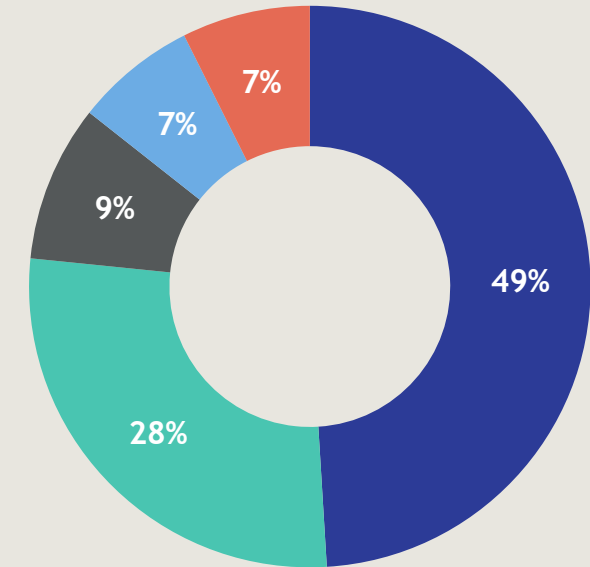
\*Cost-to-income (excl. non-operational fair value gains)

# Fixed expenses



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

	Change	Mar 2022	Mar 2021
Total fixed expenses	1%	R422m	R420m
- Employee expenses	4%	R207m	R199m
- Information systems & technology	-3%	R116m	R120m
- Professional fees*	-22%	R38m	R49m
- Marketing	38%	R29m	R21m
Employee complement		341	344



- Employee expenses
- Information systems and technology
- Professional fees
- Marketing
- Other business

\*Includes MiFD research expenses

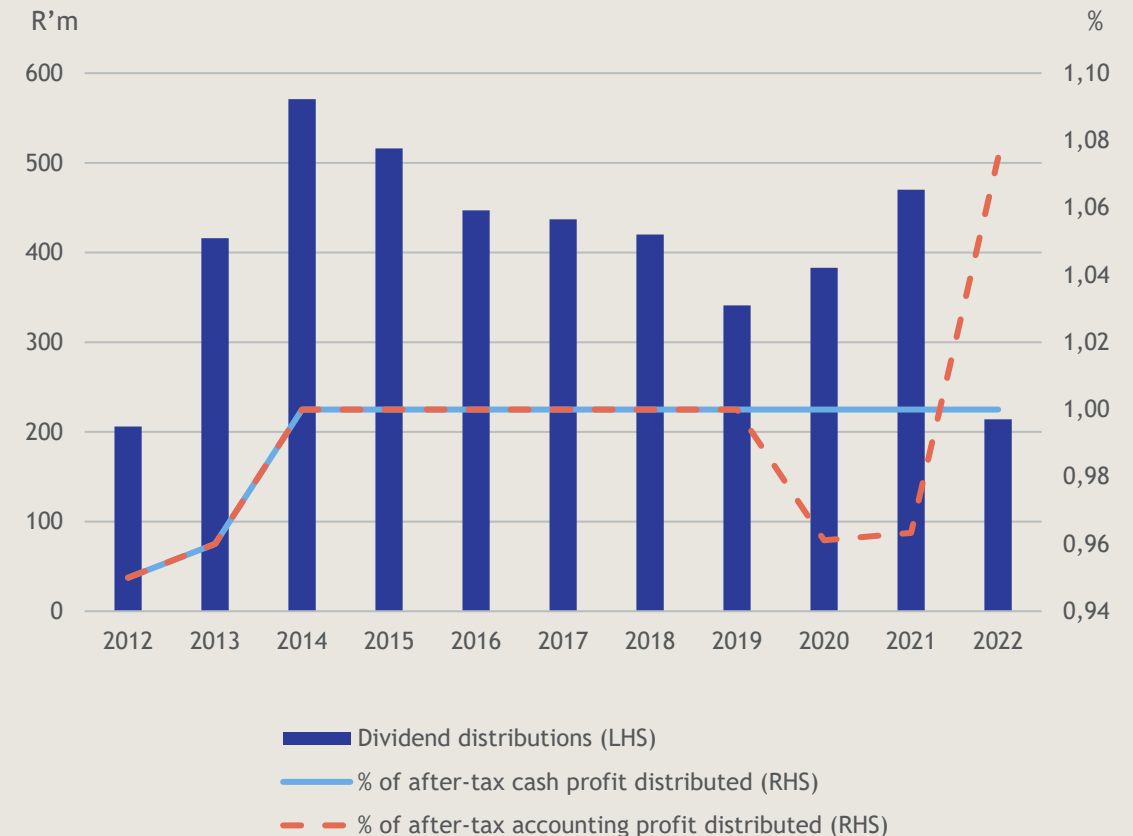
# Maintain a strong capital position



## HIGHLY LIQUID WITH SIGNIFICANT CAPITAL RESERVES

	Mar 2022	Mar 2021
Cash	R258m	R425m
Investments (Seed Capital)	R994m	R1 060m
Total liquid assets	R1 252m	R1 485m
Capital surplus	R465m	R566m

	Change	Mar 2022	Mar 2021
Fund management EPS (cents)	-12%	214.8	244.0
Interim DPS (cents)	-12%	214.0	244.0





# Closing comments



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# Three decades of consistent stakeholder focus



*Long-term investment performance*



*Excellent client service*



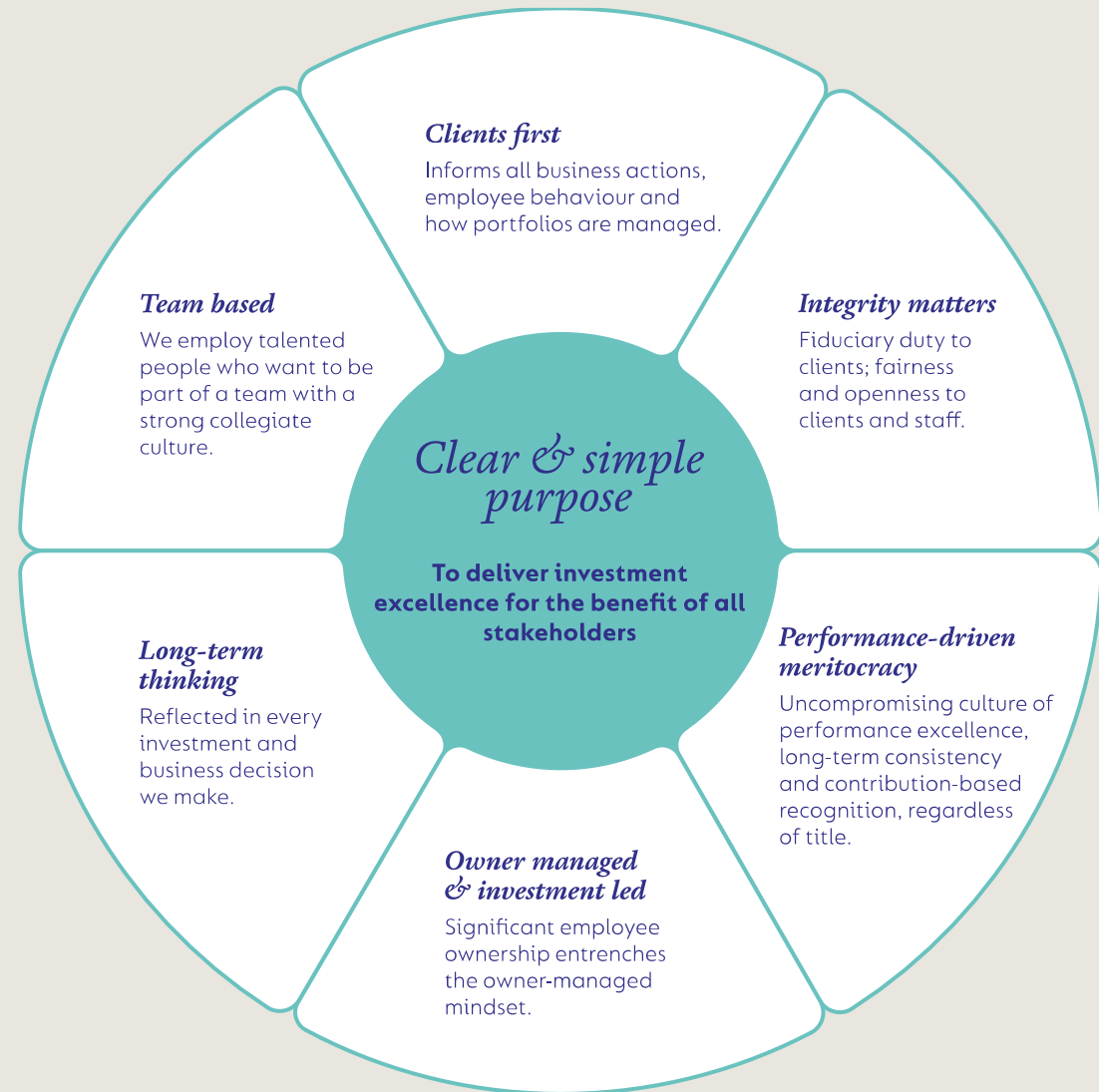
*Corporate citizenship*



*Growing a global franchise*



*Effective & integrated governance*





Capital market and specific share response to macroeconomic environment uncertainty & volatility creates fertile ground for significant value-creating investment opportunities for Coronation as an active, long-term stock picker



Solid financial results in a challenging operating environment



Active investment management continues to deliver long-term investment performance



Invest in business to create a sustainable business that serves all stakeholders



Active stewardship of our business and clients' portfolios



Ongoing commitment to inclusion & transformation - Level 1 B-BBEE contributor

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





# Q&A



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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)	3.84%	19.55%	18.61%
CAPI	4.89%	19.98%	22.53%
Resources	19.02%	44.76%	32.67%
All Property	-1.60%	6.69%	26.25%
Industrials	-13.11%	0.87%	-2.72%
Financials	16.69%	20.66%	46.19%
USD/ZAR	9.15%	3.20%	1.17%
AF Money Market/CASH	1.01%	1.96%	3.88%
CPI	1.71%	3.03%	5.88%
Small Cap	4.02%	13.12%	36.50%
MSCI Emerging Markets (USD)	-6.97%	-8.20%	-11.37%
MSCI All Country World Net USD	-5.36%	0.96%	7.28%
FTSE/JSE All Africa ex SA 30 Index (USD)	-8.05%	-6.31%	3.36%
MSCI Frontier Markets NET USD	-7.90%	-7.25%	9.39%

\*Alexander Forbes Money Market  
Returns as at 31 March 2022

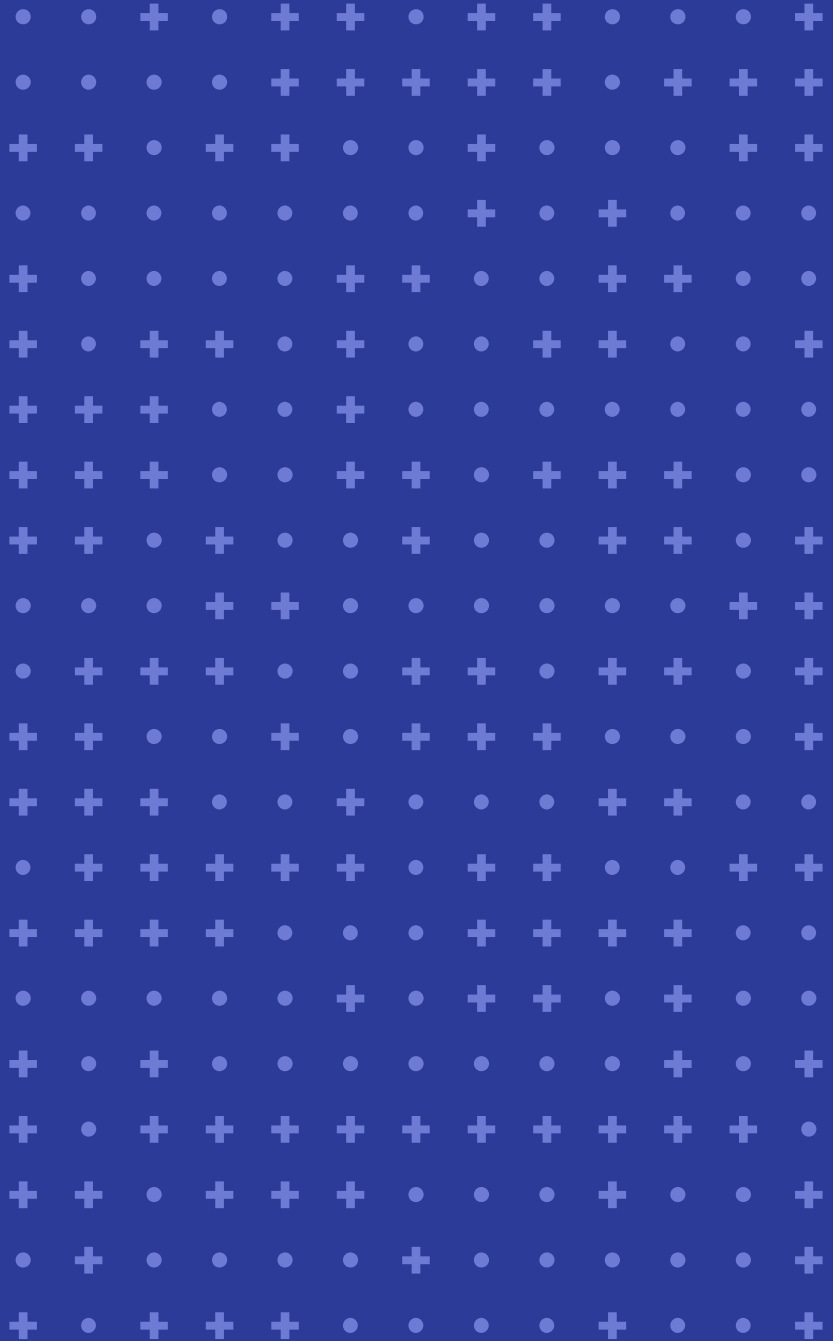


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