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Coronation Fund Managers produces another set of exceptional results

- Assets under management of R231 billion (2010: R176 billion)
- Diluted headline earnings per share of 81.7 cents (2010: 64.8 cents)
- Interim dividend per share of 80 cents (2010: 51 cents)

Listed, independent asset manager Coronation Fund Managers today announced interim results for the six months to end March 2011. Revenue has increased by 32% to R865 million and profit by 32% to R299 million. Diluted headline earnings per share is up 26% to 81.7 cents (2010: 64.8 cents).

Strong inflows, particularly to the retail business, excellent stock picking and asset allocation, combined with a positive market environment to increase assets under management to R231 billion from R203 billion (restated) six months ago.

“Coronation produced outstanding investment performance across all client portfolios. Our philosophy of investing with a long time horizon continued to generate alpha that resulted in strong investment returns for all our clients. This consistency of performance was recognised in our being named Best Large Fund House at the recent Morningstar South Africa Awards,” commented CEO Hugo Nelson.

“We are delighted with the consistency of performance across our fund range, with our flagship domestic balanced fund, Coronation Balanced Plus, ranking no. 1 in the country for the 5 years to end March 2010,” said Nelson. Similarly, Coronation Top 20, its concentrated equity fund, has delivered impressive alpha, outperforming its market benchmark by 7% per annum since inception in October 2000.

Global markets corrected in March 2011, which created the opportunity for Coronation to add to positions where it saw value. *“Despite the heightened challenges inherent in Africa, our Africa portfolios attracted significant interest from investors over the period and continue to build a strong performance track record,”* added Nelson.

The interim dividend was increased by 57% to 80 cents per share for the period. ***“We continue to reward shareholders through regular and significant distributions of free cash flow generated. We endeavour to distribute at least 75% of after-tax cash profit,”*** said Nelson.

Nelson concludes: ***“Our philosophy of investing for the long term supports the sustainability of our business through the investment cycle. The past 18 months have been exceptional for our business and we therefore caution against future revenue growth expectations. The investment environment is likely to remain challenging in the foreseeable future, but we believe the best way of adding value to all our stakeholders is by staying singularly focused”.***

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Background notes:

Investment performance

Both Coronation’s domestic balanced and global balanced portfolios ranked 1st over three years and 2nd over five years in the Alexander Forbes SA and Global Large Manager Watch Surveys respectively to end March 2011.

For individual investors, the flagship absolute fund, Coronation Capital Plus continued to deliver on its dual objective of income and growth, outperforming inflation by an annualised 8.6% since inception in July 2001. Similarly, Coronation’s lower risk options produced strong returns: Coronation Balanced Defensive was the no. 1 conservative fund in the country for the year to end March 2011, and our flagship fixed interest fund, Coronation Strategic Income has beaten cash by 2.4% per annum since inception in July 2001.

The institutional portfolio Coronation Global Equity Fund of Funds has outperformed the MSCI World Index by 2.3% per annum net of all fees since inception in July 2000. The Coronation Global Capital Plus Fund has outperformed its global cash benchmark by 9.3% per annum gross of all fees since inception in September 2009.

Within its specialist units, the Coronation Global Emerging Markets Fund ranked no. 2 in its peer group of 42 funds to end March 2011. Launched in July 2008, the fund has outperformed the MSCI Emerging Markets Index by 7.8% per annum gross of all fees. Since inception in October 2008, the Coronation Africa Frontiers Fund has outperformed the FTSE/JSE Africa Top 30 Ex SA Index by 30.1% per annum gross of all fees.

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