

Coronation unfazed by lower profit

Still paying dividends despite world financial crisis

EDWARD WEST
Finance Editor

CORONATION Fund Managers' headline earnings fell 16% to 20,2c per share in the six months to March 31, a "solid" result given the continuing global financial crisis, CEO Hugo Nelson said yesterday.

Revenue fell 14% to R363m, in spite of the benefits of the containment of fixed costs and a variable cost model.

An interim dividend of 13c (19c) a share was declared. Earnings per share fell 18% to 22,6c.

Assets under management fell 4% to R120bn from R125bn at

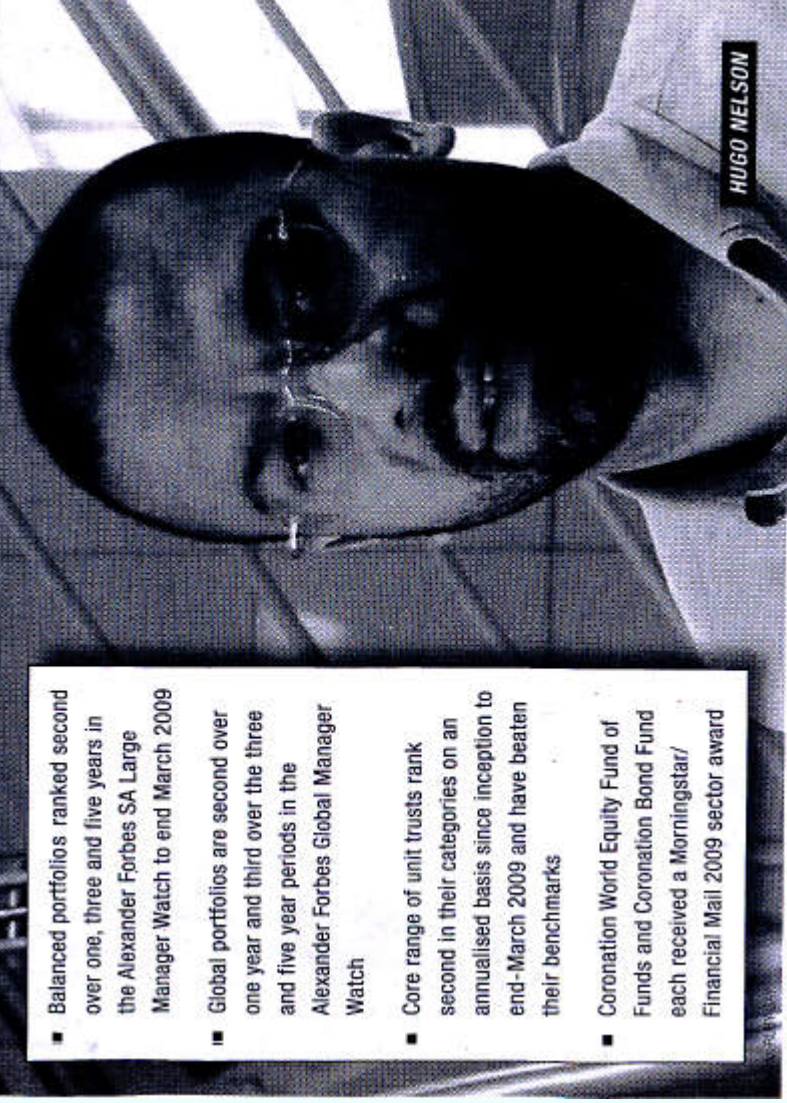
September 2008, a figure which had shown resilience relative to the 13% decline in the FTSE/JSE all share index over the period and a 20% decline in the MSCI world index. Coronation attracted institutional mandates of R21,3bn, R13,4bn of which was not reflected in the total of assets under management. Operating expenses fell 14% to R230,9m.

Nelson said Coronation had not made losses as big as some other

more heavily geared financial institutions had locally and abroad. Coronation remained fully invested in equities globally because valuations "look good".

INVESTMENT HIGHLIGHTS AT CORONATION FUND MANAGERS

- Balanced portfolios ranked second over one, three and five years in the Alexander Forbes SA Large Manager Watch to end March 2009
- Global portfolios are second over one year and third over the three and five year periods in the Alexander Forbes Global Manager Watch
- Core range of unit trusts rank second in their categories on an annualised basis since inception to end-March 2009 and have beaten their benchmarks
- Coronation World Equity Fund of Funds and Coronation Bond Fund each received a Morningstar/Financial Mail 2009 sector award



HUGO NELSON

strategy and business model. "While investors time horizons have become truncated by this bear market, we are confident that when the market turns our clients will be well positioned for the upswing," management said in a statement.

The company's balanced portfolios had been ranked second in the one-, three- and five-year periods in the Alexander Forbes South African Large Manager Watch to March 2009, while the global portfolios were ranked second over one year and third over three and five years in the Large Manager Global Watch.

All funds in the core range of unit trusts ranked in the top two categories since inception to the end of March, and all had outperformed their benchmarks.

The Coronation World Equity Fund and Coronation each received a Morningstar/Financial Mail 2009 sector award.

The Coronation Relative Value Fund of Funds was closed due to the market volatility of the last quarter of 2008 and seven individuals were retrenched.

The hedge fund strategies continued to be managed out of London, with the balance of Coronation's global portfolios managed from Cape Town. The Africa portfolios were successfully launched to potential international investors in London in early March.

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regain confidence to turn their focus back into equities from the money market and other conservative funds. Growth in assets under management was not likely to be as fast as in the first half.

The only thing that was certain was that it believed it had the right

year. About another 10% of institutional assets would be added in the second half. Nelson was optimistic about gaining new institutional and retail assets, although new institutional mandates tended to be gained erratically, and on the retail side consumers needed to

"While some markets may experience some respite in the near term, one cannot be certain as to the point at which the cycle will turn," Nelson said.

What was encouraging was that a recovery in the S&P 500 had now put it in positive territory for the

