

Coronation reports decreased profit due to falling markets

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FISCAL first-half profit at Coronation Fund Managers, the only money manager on the JSE, dropped 19 percent as falling stock markets reduced the value of assets overseen by the company, it said yesterday.

Net income declined to R73.1 million, or 20.5c a share, in the six months to March, from R90.3m, or 24.7c, a year

earlier, Coronation said in a statement yesterday. Funds under management slid to R120 billion from R136bn a year earlier, cutting fees for overseeing client assets.

"We derive our revenues from those funds," said chief executive Hugo Nelson.

The firm closed its Coronation Relative Value Fund of Funds during the period, resulting in the loss of seven

jobs, he said, adding that Coronation did not envisage scaling back again this year.

The all share index fell 32 percent in the past 12 months as the global recession took hold and stock markets around the world declined.

The bear market would probably continue for a "sustained period", Coronation said.

Since March, Coronation has attracted R13.4bn worth of

new assets, including some money allocated by South Africa's largest pension fund manager, the Public Investment Corporation.

That might make the rest of the year "a little more comfortable", said Nelson.

Coronation, launched in 1993, has seven offices across South Africa, Namibia, Botswana and the UK.

Its shares have gained

21 percent this year, making Coronation the 14th best performer of the 160 companies on the JSE's all share index.

In the six months to March Coronation's bank overdraft rose 21 percent to R143.4m from a year earlier; cash generated by operations fell 43 percent to R113.6m; and the cash deficit widened to R34.4m.

The company said it would

pay a dividend of 13c a share, a decrease of 19 percent from the same period a year earlier.

"There are no liquidity concerns," Nelson said.

"The business is very cash generative and we're very confident about the overall liquidity of our business."

Coronation's shares declined by 0.2 percent to close at R5.59 on the JSE yesterday. - Bloomberg

Coronation

Share price, rand Mar 3-May 12

