

MEDIA RELEASE

Coronation delivers excellent results in volatile times

- Assets under management of R247 billion, up 21%
- Diluted headline earnings per share of 176 cents, up 38%
- Total dividend per share of 172 cents, up 35%

JSE-listed, independent asset manager Coronation Fund Managers (“Coronation”) today reported another set of excellent results for the year to 30 September 2011 despite extreme volatility across markets.

Revenue increased by 34% to R1.7 billion (2010: R1.3 billion) which together with a continued focus on cost control measures, resulted in a 42% increase in profit for the period to R624 million; and growth in diluted headline earnings per share of 38% to 176 cents (September 2010: 128 cents).

While emerging markets sold off substantially in the second half of the year (MSCI Emerging Markets Index -23.3% for the six months and -15.9% for the year in US dollar terms), the FTSE/JSE All Share Index managed to return 3.6% for the year (in rand terms). The rand slid 20% against the US dollar in the final quarter to close at R/\$8.09 and the MSCI World Index retreated by 3.8% (in US dollar terms).

Notwithstanding this backdrop, Coronation continued to produce outstanding long-term investment performance and attracted significant flows over the period. In particular, the increase in market share to 9.9% (September 2010: 7.5%) of long-term funds by the retail business takes Coronation from third to second largest long-term fund manager in the country.

Assets under management increased by 21% to R247 billion (September 2010: R203.5 billion) on the strength of Coronation’s track record of excellent stock picking and asset allocation. ***“The defining feature of our investment philosophy is its long time horizon whereby we ignore the short-term noise. This allows us to seek out quality businesses that will deliver solid returns for clients over time,”*** commented CEO Hugo Nelson.

“We are very proud of the long-term investment performance delivered across all client portfolios. As at end September, the respective Alexander Forbes surveys showed our institutional domestic and global balanced portfolios ranking first over 3 years and second over 5 years, while our global absolute portfolios ranked first over 3 and 5 years,” said Nelson. Similarly, within their unit trust business all domestic flagship funds were in the top quartile of their respective Morningstar categories over 3, 5, 10 years and since launch, with Coronation Balanced Plus being the no.1 balanced fund in South Africa over 5 years and since launch in 1996.

“While heightened levels of risk aversion left no market unscathed, the long-term investment track record across our international fund range remained strong,” commented Nelson. Their longest running international retail fund, Coronation World Equity [ZAR] Fund of Funds, has outperformed the MSCI World Index by 2.1% per annum (in US dollars net of all fees) since launch in 1997. Furthermore, the Coronation Global Emerging Markets Fund has outperformed the MSCI Emerging Markets Index by 6.8% per annum (gross of all fees) since launch in 2008, and the Coronation Africa Frontiers Fund has outperformed its benchmark by 5.4% per annum (gross of all fees) also since launch in 2008.

In May 2011 Coronation announced its pre-emptive decision to close its specialist South Africa equity mandates to new institutional investors from 31 March 2012. ***“As one of the largest managers of third-party assets in the country, our first priority is to consistently deliver the best possible returns across all client mandates. To achieve this it is imperative that our business does not grow to a level that impedes our ability to deliver outperformance,”*** commented Nelson.

Coronation increased its final dividend to 92 cents per share, taking into account projected cash requirements. Together with the interim dividend of 80 cents per share this amounts to a total dividend of 172 cents per share. ***“We continue to reward shareholders through regular and significant distributions of free cash flow generated and endeavour to distribute at least 75% of after-tax cash profit,”*** said Nelson.

In conclusion Nelson said: ***“Over the past year we have experienced considerable growth and produced strong returns for all stakeholders. Going forward the implications of the ongoing global economic turmoil on financial markets are sobering, creating a highly challenging investment environment in the years ahead. Our focus will continue to be on delivering trusted investment performance, and over the next year we will seek to consolidate our institutional business and nurture our retail and international franchises”.***

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Background notes:

Retail performance

- The consistent performance delivered by our unit trust funds resulted in Coronation being named Best Large Fund House at the 2011 Morningstar South Africa Awards.
- As at end September, Coronation Balanced Defensive was the no.1 conservative fund over 3 years and since inception in 2007 as ranked by Morningstar, while their concentrated equity fund, Coronation Top 20, continued to outperform its benchmark with an impressive 7% per annum since launch in 2000.

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