

Coronation delivers satisfactory results in volatile markets

Coronation Fund Managers today announced results for the six months ended 31 March 2008.

Hugo Nelson, CEO of Coronation Fund Managers commented: ***“The six months under review was characterised by negative global market sentiment which extended to global emerging markets, triggering an indiscriminate sell-off in the South African financial and industrial sector. We produced a satisfactory set of interim results notwithstanding the challenges imposed in this market turmoil.”***

Coronation cautioned in January that the slowdown in the Group’s revenue growth and the dividend tax charge accounted for in this interim period would result in earnings being lower than the previous corresponding period.

Revenue for the six month period ended 31 March 2008, comprising annual recurring fees and performance fees, remained flat compared with the previous comparable period at R421 million (2007: R423 million), despite a 64% fall in performance fees, anticipated in volatile market conditions.

Operating expenses of R269 million increased by a muted 5% from R257 million a year ago. A significant contributor to this has been fund distribution costs which, whilst being variable, are nevertheless paid on the asset base or fixed component of fee revenue.

A further negative cost impact arises in the taxation charge where a secondary tax on companies charge of R15 million was accounted for in the current six month period. A similar charge was not incurred in the previous comparable period, when a capital distribution was paid in lieu of a dividend.

Earnings per share for the six months was 27.4 cents, 24% lower than the 2007 interim figure of 36.0 cents. Headline earnings per share was 23% lower at 26.6 cents (2007: 34.7 cents). The full effect of the share buy-back and cancellation programme embarked

upon during the 2006 and 2007 financial years had a positive impact on these per share figures.

Assets under management have grown by a pleasing 11% to R136 billion as at 31 March 2008 (31 March 2007: R125 billion). Nelson commented: ***“A significant proportion of this growth is attributable to our growth in the fixed interest market; further entrenching Coronation as a manager across all asset classes.”***

“We remain singularly focused on fund management and the ongoing support of our clients is vital to our success. Our philosophy of investing with a long-term time horizon and commitment to proprietary research has, amid the volatility and indiscriminate market sell-off, given us the opportunity to strengthen our positioning in high conviction calls.” Nelson said.

Coronation continues to invest considerable resources and effort in building a sustainable business. The Group has embarked on a number of business initiatives that will, in due course, add to revenue and profitability:

PPS Investments

The PPS Investments business, the investment arm of The Professional Provident Society, continues to gain traction in the marketplace.

Private Equity

Coronation has started to build a private equity offering that will enable its clients to maximise their asset allocation to alternative investments. A team of three professionals joined the business in November 2007.

International product offering

Coronation is set to launch a comprehensive range of international funds to both institutional and individual investors, pending regulatory approval.

