

## Coronation performs in tough markets

12 May 2009

Coronation produced a solid set of results for the six months ended 31 March 2009 in the ongoing global financial crisis.

Revenue declined by 14% to R363 million as asset values contracted in the extremely difficult operating environment.

The containment of fixed costs with leverage from declining variable costs positively impacted operating costs which declined by 14% to R231 million.

Profit from asset management declined by 22% to R122 million.

Earnings of R71 million, or 22.6 cents per share, are 18% lower than the previous year.

Assets under management declined by a respectable 4% to R120 billion at 31 March 2009 from R125 billion at 30 September 2008, demonstrating encouraging resilience during a time in which the FTSE/JSE All Share Index declined by 13% and the MSCI World Index by 20%.

Coronation attracted a number of new institutional client mandates during the period under review, amounting to some R21 billion of allocations of which R13.4 billion is not reflected in the reported R120 billion.

CEO Hugo Nelson commented: ***“This financial performance and resilience in assets under management is underpinned by the strength of investment philosophy that sees Coronation singularly focused on fund management. We are confident in the strength of our investment performance relative to industry peers and fund benchmarks”***. In April the Coronation World Equity Fund of Funds and Coronation Bond Fund were recognised as category winners in the 2009 Morningstar Awards.

An interim cash dividend of 13 cents was declared, which is calculated on the same basis as previous years.

Nelson commented: ***“We continue to reward shareholders through regular and significant distributions of free cash flow generated.***

***Our practice remains to make distributions equal to 75% of after-tax cash profits earned during the period.”***

Commenting on the prospects, Nelson said: ***“There is little doubt that the bear market will continue for a sustained period. While the markets may experience some respite, one cannot be certain as to the point at which the cycle will turn”***.

***The points on which we can be certain are that we have the right strategy and business model. Coronation is acknowledged as a leader in the industry and while investors’ time horizons have been truncated by this bear market, we are confident that when the market turns our clients will be well positioned for the upswing,***” he concluded.

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**Enquiries:****Coronation Fund Managers**                      **021 680 2000**

Hugo Nelson, CEO                                      021 680 2041

Louise Steyn    021 680 2216

**College Hill**    **011 447 3030**

Johannes van Niekerk                                082 921 9110

**Background notes**

## INVESTMENT EXCELLENCE

Markets continued to exhibit extreme levels of volatility, with the FTSE/JSE All Share Index reaching a trough at 17 814 points on 20 November 2008; a level last seen three years prior. Against this backdrop:

- our balanced portfolios rank 2nd over the one, three and five-year periods in the Alexander Forbes SA Large Manager Watch to end March 2009, while our global portfolios are 2nd over the one-year and 3rd over three and five years in the Alexander Forbes Global Manager Watch.
- all funds in the core range of unit trusts rank in the top two positions of their respective categories on an annualised basis since inception to end March 2009, and all have outperformed their benchmarks.

## TRANSFORMATION

On 15 December 2008, Coronation was independently verified by KPMG as maintaining its status as a Level 4 contributor on the Broad-Based Black Economic Empowerment (B-BBEE) Scorecard in terms of the B-BBEE Act 53 of 2003; the Generic Scorecards of the Codes of Good Practice on B-BBEE and other applicable guidelines issued by the Department of Trade and Industry or other legislation as provided for in the Codes.

For more information visit [www.coronation.com](http://www.coronation.com).

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