

## **Markets impact Coronation results**

*Operations sound - distribution policy maintained*

11 November 2008

Listed independent fund manager Coronation Fund Managers today released results for the year to September 2008.

Despite difficult operating conditions, assets under management declined by only 6.7% from R134 billion to R125 billion at 30 September 2008. The profit for the year is down 38% to R178 million (2007: R285 million). Headline earnings per share decreased by 34% to 52.9 cents (2007: 79.6 cents) and diluted headline earnings per share declined by 33% to 48.6 cents (2007: 72.7 cents).

CEO Hugo Nelson commented: ***"This year's results reflect a period of extreme volatility across world markets and a local economy that has been buffeted by a series of economic shocks. Markets remain challenging and the current financial crisis is undoubtedly one of the most extreme of modern times. Against this economic backdrop all business areas have come under pressure."***

While this is the first year since listing in 2003 that Coronation is reporting a decline in earnings, the company maintained its distribution policy and continued to reward shareholders with generous distributions.

The final cash dividend for the 2008 financial year will be R95 million, equivalent to a cash dividend per share of 30 cents, making a total distribution of 46 cents per share for the 2008 financial year (2007: 67 cents per share).

During 2008 Coronation initiated a further share buy-back programme which resulted in a total of 8 211 988 shares being bought back at a cost of R39.6 million. These shares were all cancelled.

Inclusive of the amounts spent on share buy-backs, Coronation will be returning R186 million (share buy-back R40 million and cash distributions of R146 million) in 2008.

Commenting on the company's investment performance Nelson said: ***"The domestic equity market held up well into the initial global sell-off. A combination of the 'blow-off' phase of the commodity bull market and a weaker rand saw the large resource component of the JSE deliver strong returns in the first half of the year."***

***In the final quarter, all of this changed as world stock markets collapsed and the commodity bubble burst. Amidst the market turmoil we held firm to our investment philosophy of investing for the long term, delivering strong relative performance in both our institutional and unit trust portfolios."***

The institutional business continued to strengthen its position as a leader in the industry, ending the year with a net inflow of R775 million at a time when the FTSE/JSE All Share Index declined by 20%.

Coronation was successful in attracting a number of new client mandates, particularly in the area of specialist fixed income where the company is recognised for its product innovation. Coronation's equity franchise continued to attract assets, with the Core Equity portfolio outperforming its benchmark by 5.82% for the year ended September 2008.

Domestic unit trusts however experienced net outflows of R4.35 billion over the period. Nelson commented: ***"This is in sympathy with the industry trend for single manager funds as investors sought the relative safety of the money market over alpha seeking solutions in a falling equity market. On a positive***

---

***note, all core funds ranked in the top two positions of their respective categories on an annualised basis since inception to end September 2008, and all significantly outperformed their benchmarks.”***

Commenting on new growth initiatives Nelson said: ***“The GEM unit is now fully operational. We have also established an Africa unit with the introduction of the Coronation Africa and Africa Frontiers funds.”***

During the year Coronation launched its first Private Equity fund in partnership with Peotona, a leading empowerment entity which is 85% owned by black women. The first closing of the Coronation Peotona Private Equity Fund is scheduled for early 2009.

Looking towards the future, Nelson commented: ***“The financial crisis is exacerbating an already serious cyclical downturn in international economies. Despite aggressive and unprecedented intervention by governments and central banks worldwide, the outlook for the global economy is deteriorating rapidly.***

***It is clear that the developing recession is likely to be the worst in modern times. Local markets have already declined sharply and the immediate future direction remains unclear. In these challenging times we will retain our singular focus on identifying value in order to deliver sound long-term returns for our clients. This will ultimately bring its rewards in terms of a recovery in our earnings.”***

#### **Enquiries**

**Coronation Fund Managers                      021 680 2000**

Hugo Nelson, CEO                                      021 680 2041  
Louise Steyn    076 282 3995

**College Hill    011 447 3030**

Johannes van Niekerk                              082 921 9110

#### **Domestic Unit Trust Performance**

Coronation’s skill as a stock picking house is best illustrated in the Coronation Top 20 Fund’s no.1 position over all time periods of 1, 3 and 5 years, and in its one-year top decile peer group ranking for the Coronation Equity Fund. Also ranked in the top decile of its peer grouping for the year is the Balanced Plus Fund, which is 1st over 3 and 5 years, and for those investors seeking less exposure to the equity markets the Coronation Balanced Defensive Fund delivered on its promise, ending the year in no.2 position of all prudential low equity funds. Within the absolute franchise, the Coronation Capital Plus Fund is no.1 over 5 years.

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

---