

INTEGRATED ANNUAL REPORT

2015



1993

Investment team forms Coronation Fund Managers and starts managing third-party assets
Total staff of 18

1994

First democratic elections in South Africa
Upper quartile in all investment performance surveys
AUM of R3 billion

1999

First to introduce absolute return products to the South African market
Opened London office
Revolutionised industry through offering of pooled products through Coronation Life Assurance Company

2000

Runner-up Raging Bull Unit Trust Company of the Year
AUM of R44 billion

2001

Rated Best Unit Trust Provider in PwC Survey of SA Bankers
Top 10 rating in Deloitte 'Best companies to work for' survey
Runner-up Raging Bull Unit Trust Company of the Year

2002

Launch of Kagiso Asset Management
Raging Bull Unit Trust Company of the Year
Named 2nd Best Larger Unit Trust Group over 1 and 3 years – Financial Mail/Standard & Poor's Awards

2007

Signatory to the United Nations' Principles for Responsible Investment (UN PRI)
Launch of Global Emerging Markets unit trust fund
Launch of Africa unit
AUM of R134 billion
Total staff of 169
31% staff-owned

2008

Launch of two Africa portfolios
AUM of R125 billion
Total staff of 174
31% staff-owned

2009

Re-opened Absolute Return unit to new institutional investors
Rated Level 4: Generic Codes on B-BBEE
AUM of R155 billion
Total staff of 181
30% staff-owned

2010

Best Africa Fund Manager – Africa investor Index Series Awards
POA Imbasa Yegolide Awards:
• Overall Investment/Asset Manager of the Year
• Equities Manager of the Year
Rated Level 4: Generic Codes on B-BBEE
AUM exceed R200 billion
Total staff of 189
30% staff-owned

1995

Appointed to manage first large institutional client in Swaziland

AUM more than double to exceed R7 billion

1996

Unit Trust company formed

Launch of international fund of funds business following exchange control deregulation in South Africa

Launched equity long/short hedge fund

1997

Formation of Namibia Asset Management and Namibia Unit Trust Managers

Launch of first retail international fund of hedge funds in South Africa

AUM exceed R20 billion

1998

Dublin office established

Three new unit trusts launched

Established FinSource (now Maitland Fund Services), a provider of outsourced back-office services

2003

Publicly listed on the Johannesburg Stock Exchange

Runner-up Raging Bull Unit Trust Company of the Year

Best Larger Unit Trust Group over 1 year – Financial Mail/Standard & Poor’s Awards

First asset manager in South Africa to gain GIPS compliance

Rated Best Unit Trust Provider in PwC Survey of SA Bankers

AUM of R54 billion

Total staff of 133

2004

Raging Bull Unit Trust Company of the Year

AUM of R64 billion

Total staff of 138

2005

Launch of Coronation Fund Managers (Botswana)

Developed a range of retirement products for the retail market

Raging Bull Unit Trust Company of the Year

Formation of the Imvula Trust – our B-BBEE partner

Closure of Absolute Return unit to new institutional investors

AUM of R82 billion

Total staff of 140

2006

Formation of PPS Investments

Symmetry Hedge Fund Award – Coronation Granite Fixed Income

AUM exceed R100 billion

Total staff of 155

28% staff-owned

2011

Rated Best Large Fund House – 2011 Morningstar South Africa Awards

Africa Fund Manager Performance Award for Coronation Top 20 South Africa (Best South Africa Equity Fund of the Year)

POA Imbasa Yegolide Award: • Equities Manager of the Year

Rated Level 4: Generic Codes on B-BBEE

AUM of R247 billion

Total staff of 201

29% staff-owned

2012

Rated Best Large Fund House – 2012 Morningstar South Africa Awards

Best Africa Fund Manager – Africa investor Index Series Awards

3rd Best Performing Company over 5 years – Sunday Times Top 100 Companies

Runner-up – Financial Mail Top Companies 2012

POA Imbasa Yegolide Awards: • Overall Investment/Asset Manager of the Year • Equities Manager of the Year • Absolute Returns Manager of the Year • Bond Manager of the Year

Closure of SA Equity product range to new institutional investors

Rated Level 3: Generic Codes on B-BBEE

AUM of R339 billion

Total staff of 218

29% staff-owned

2013

Rated Best Large Fund House – 2013 Morningstar South Africa Awards

Top Performing Company over 5 years – Sunday Times Top 100 Companies

Best Domestic Management Company of 2012 (awarded in 2013) – Raging Bull Awards

Overall winner – Financial Mail Top Companies 2013

POA Imbasa Yegolide Awards: • Equities Manager of the Year • Balanced Manager of the Year

Africa Asset Management (formerly Africa Fund Manager) Performance Awards: • Five individual fund awards

Rated Level 3: Generic Codes on B-BBEE

AUM of R492 billion

Total staff of 246

25% staff-owned

2014

Rated Best Large Fund House – 2014 Morningstar South Africa Awards

Top Performing Company over 5 years – Sunday Times Top 100 Companies

Best Domestic Management Company of 2013 (awarded in 2014) – Raging Bull Awards

Overall winner – Financial Mail Top Companies 2014

Professional Pensions Investment Awards 2014: • Emerging Market Equity Manager of the Year • Rising Star of Asset Management

Rated Level 3: Financial Sector Code

AUM of R588 billion

Total staff of 274

24% staff-owned

CREATING VALUE THAT EARNS OUR
CLIENTS' TRUST, YEAR AFTER YEAR

2015

Rated Best Large Fund House – 2015 Morningstar South Africa Awards

Best South African Management Company of 2014 (awarded in 2015) – Raging Bull Awards

Batseta Imbasa Yegolide Awards:

- Equities Manager of the Year
- Global Manager of the Year

Overall winner – Financial Mail Top Companies 2015

Rated Level 3 – Financial Sector Code

AUM of R610 billion

Total staff of 278

25% staff-owned

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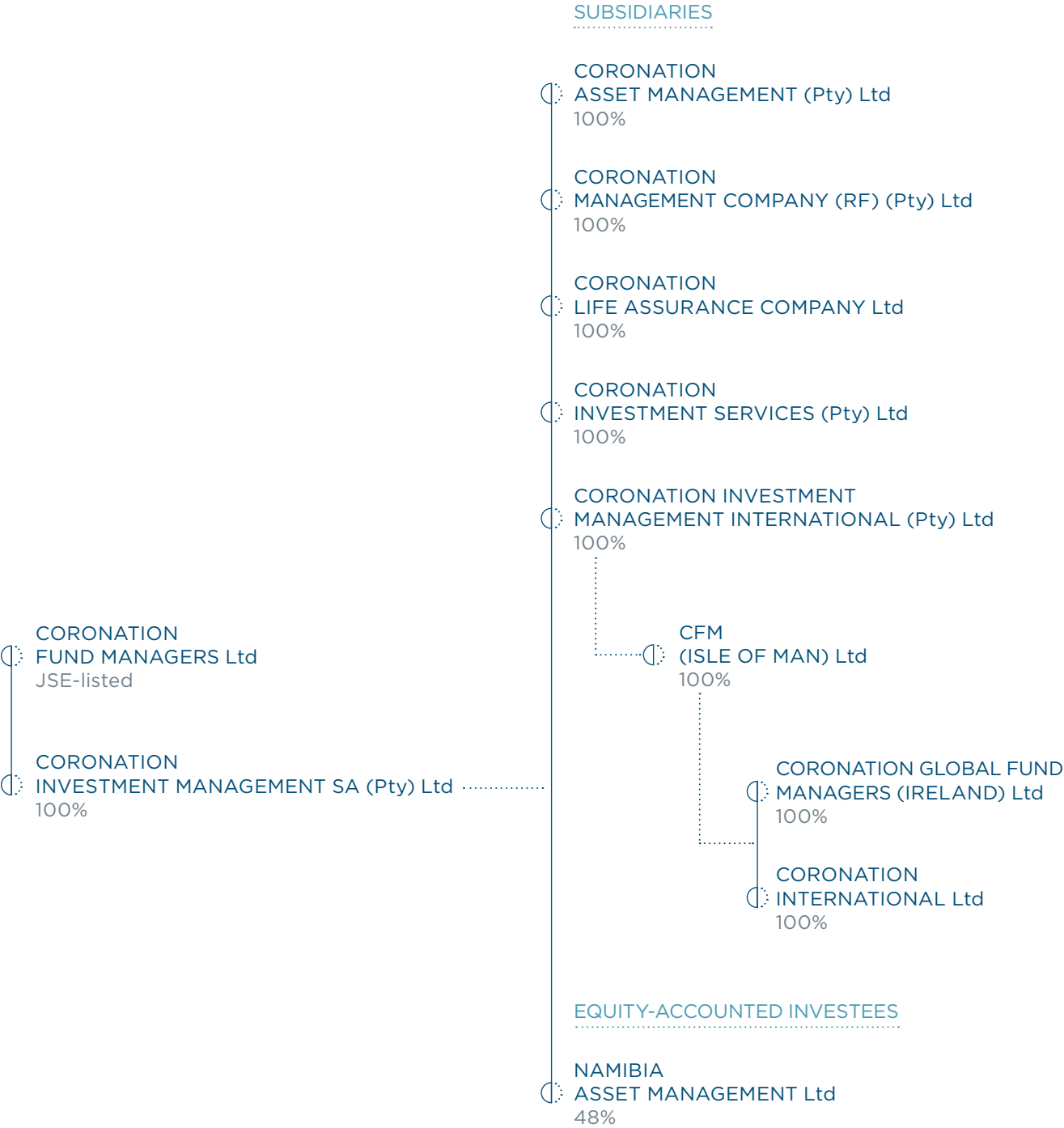
TRUST IS EARNED™

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CORPORATE STRUCTURE

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SCOPE OF THE REPORT

This report aims to provide long-term investors with a holistic view of how we create value, both now and in the future. While primarily for shareholders, it also addresses clients and staff due to their importance in the delivery of long-term investment performance.

Compiled, where applicable, in compliance with International Financial Reporting Standards (IFRS), the Companies Act, No. 71 of 2008, as amended, the Listings Requirements of the JSE, and guided by the King Report on Governance for South Africa 2009 (King III), the International Integrated Reporting Framework (IIRF) as well as discussion papers issued by the International Integrated Reporting Council (IIRC) and the Integrated Reporting Council of South Africa (IRCSA), this report includes the business strategy, objectives, performance and activities of the Coronation Fund Managers Group. In terms of the IIRC's recommended reference to the six capitals – financial capital, human capital, intellectual capital, social and relationship capital, natural capital and manufactured capital – only the first four are material to our business.

The relevant capitals – financial, human, intellectual, social and relationship – form the detailed content of this report. As an active fund manager, it is the intellect, skill, knowledge and wellbeing of our people that enable us to deliver on our business objectives. Please refer to pages 54 to 56 for specific information on human and intellectual capital. Social and relationship capital is addressed within stakeholder communication on pages 11 and 12 as well as on pages 57 and 61 to 65, where Coronation's contribution to national economic and social upliftment is detailed. The financial performance of the business is provided on pages 66 to 74.

All non-financial information has been produced with reference to the requirements of the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines.

DIRECTORS' APPROVAL.....

The board of directors acknowledges responsibility for ensuring the integrity of this report. The directors have applied their collective minds in the preparation and presentation of this report in accordance with the requirements of the IIRF. The content of this report has been approved for the year ended 30 September 2015, and the group's condensed consolidated financial statements form part of it.

After making due enquiries, the directors are satisfied that the company has adequate resources to continue operating for the foreseeable future. For this reason, the financial statements have been prepared on the going concern basis.

The full set of audited annual financial statements can be found in the shareholder information section of our website (www.coronation.com).

Shams Pather
Independent non-executive chairman

Anton Pillay
Chief executive officer

CORPORATE INFORMATION

Annual general meeting:
Share code (ordinary shares): CML

Tuesday, 12 January 2016 at 10:00
ISIN: ZAE000047353

BOARD OF DIRECTORS

Shams Pather (independent non-executive chairman)
Anton Pillay (chief executive officer)
John Snalam (chief financial officer)
Lulama Boyce
Judith February
Jock McKenzie
Alexandra Watson

TRANSFER SECRETARIES

Computershare Investor Services (Pty) Ltd
70 Marshall Street
Johannesburg 2001

POSTAL ADDRESS

PO Box 61051
Marshalltown 2107

COMPANY SECRETARY

Lee-Anne Parenzee

REGISTERED OFFICE

7th Floor, MontClare Place
Cnr Campground and Main Roads
Claremont 7708
Cape Town

POSTAL ADDRESS

PO Box 44684
Claremont 7735

AUDITORS

Ernst & Young Inc.
35 Lower Long Street
Cape Town 8001

BUSINESS OVERVIEW

BUSINESS MODEL

Coronation Fund Managers was founded in Cape Town, South Africa in 1993. We are an investment-led, owner-managed business, with staff ownership of 25%. We are an active investment manager with a long-term valuation-driven investment approach.

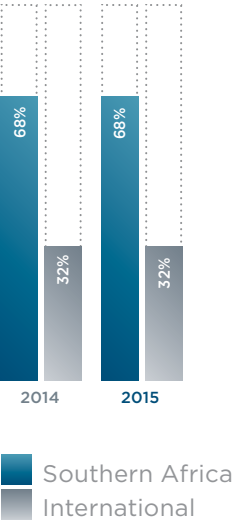
We focus solely on fund management and earning our clients’ trust by generating strong investment performance over the long term and providing appropriate products. At the heart of the organisation is a single global investment team and process, which are fully integrated with risk management and corporate governance. The board oversees all group operations.

Headquartered in Cape Town, South Africa, we also have offices in London, Dublin, Johannesburg, Durban and Pretoria.

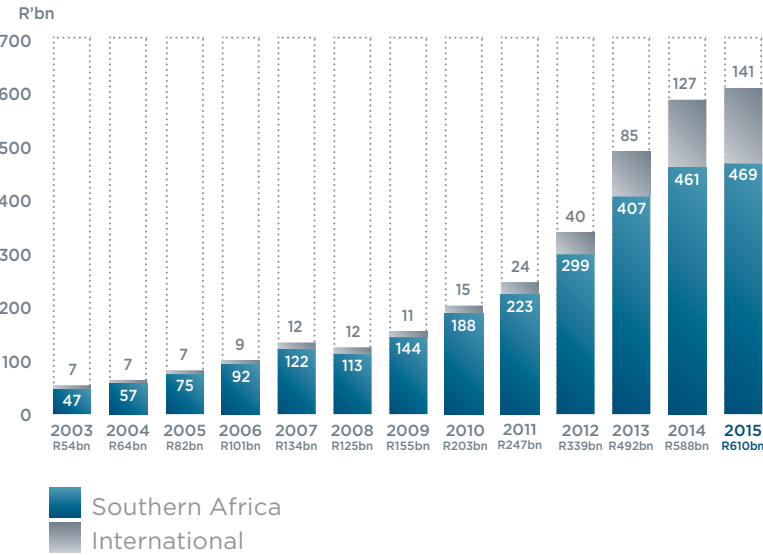
As an active manager, revenue is generated from our ability to add value (long-term market outperformance) to the assets we manage on behalf of clients. This informs both our employee remuneration structure and the level of returns to shareholders, ensuring alignment of stakeholder objectives.

The nature of our business is cyclical and, as such, the level of assets under management may move up or down. Our primary market segments are Southern Africa and International:

REVENUE SPLIT



ASSETS UNDER MANAGEMENT SPLIT



BUSINESS OVERVIEW

CONTINUED

The business focuses on two primary client markets.

Institutional

We are one of the largest managers of institutional assets in South Africa, managing assets for more than 85% of the top 200 retirement funds in the country. Our product offering covers all asset classes across a number of geographies in both segregated and pooled mandates. Clients include pension and provident funds, medical schemes, many of the major banking and insurance groups as well as a number of competitors through their multi-manager frameworks. We also manage assets for a growing number of international retirement funds, endowments and family offices. Distribution is conducted primarily through investment consultants.

Retail

Our unit trust management company is one of the country's foremost managers of long-term assets in the South African collective investment schemes industry, with a 14.6% market share. We offer a focused range of funds matched to the needs of local investors, distributed through the non-affiliated channels of independent financial advisors and linked investment service providers.

All non-core operational functions are outsourced. Back-office administration is performed by a number of third-party service providers.

The sustainability of our business relies on our ability to generate strong long-term investment performance for our clients and to attract and retain exceptional people across every area of our business. It is also reliant on a financial system that best serves investors.

01 OUR VISION

The vision of our business is to deliver investment excellence to our clients; excellence of investment performance and client service.

02 OUR STRATEGY

Our strategy is to remain singularly focused on fund management by applying our insight and experience to generate consistent long-term performance across markets for all our clients. A relentless commitment to the long term is the defining characteristic of our company. It is a key competitive advantage in our investment philosophy and is deeply embedded in the way we run the business. We operate in a highly competitive industry and remain committed to delivering on our promise to clients.

We will continue to nurture our established South African institutional business and invest in the growth of our offering to global capital allocators. Within our retail business, which manages assets on behalf of individual investors in South Africa, we will continue to build an enhanced client service experience and remain distribution agnostic, providing appropriately priced product to investors, irrespective of their chosen point of access. Our leadership position in investment management in South Africa provides us with the expertise to further grow our global offering through the introduction of product that satisfies the long-term return expectations of our clients.

We pursue a return objective of generating alpha (market outperformance on client mandates); we are not asset gatherers.

BUSINESS OVERVIEW

CONTINUED

01 OUR CULTURE

As an asset management business, our people are one of our greatest assets.

Over our history, we have developed and nurtured a culture of teamwork, performance and excellence, and an entrepreneurial flair remains a vital ingredient of our DNA today.

We are unambiguously a meritocracy and believe that active managers require a strong culture of performance and excellence. Our staff also act with an owner mentality. Ownership is a very important aspect of our culture; currently 25% of the business is owned by staff, with a leadership that operates on a partnership basis.

We operate with six values that define our culture, principles and behaviour:

- Always put clients first
- Think and act like an owner, not an employee
- Always act with integrity
- One business one team
- Excellence in all we do
- Think contribution not title

02 CLIENT CHARTER

In the delivery of long-term investment performance, our commitment to placing clients at the centre is encapsulated as follows:

- We strive to always put our clients first
- We have an unwavering commitment to the long term
- We focus on producing top performance over all meaningful periods
- We are uncompromising about ethics

STAKEHOLDERS

The company understands and places high importance on communication with all key stakeholders, represented by the following primary groupings:

- Clients and intermediaries
- Our people
- Shareholders
- Government and regulatory bodies
- Communities

- **Clients and intermediaries**

Engagement with our institutional clients takes place on an ongoing basis through frequent interaction at client meetings, investment report-backs and operational due diligences, as well as via the monthly and quarterly reporting process. Dedicated client relationship managers and fund managers ensure that client requests are attended to timeously.

Within the retail business, a team of client service professionals respond to all client queries in accordance with strictly monitored turnaround times. The specialist communication needs of the professional advisor market are serviced by our highly skilled investment specialists.

All client-facing staff undergo intensive product and compliance training as well as regular communication skills enhancement.

Clients and intermediaries receive regular communication covering a range of topics, including thought leadership articles, industry trends, market insights and business news. In addition, our company website provides extensive product information and carries all the latest brochures and media coverage. Over the past year, we embarked on a review of all retail client communication with the objective of reducing financial terminology into plain and simple language. For more details on this, please see page 36 of the chief executive officer's review.

We host comprehensive institutional and retail roadshows, meetings and presentations throughout the course of the year and conduct focused research at multiple customer touchpoints.

BUSINESS OVERVIEW

CONTINUED

• Our people

Staff enjoy an open-door policy, providing for ongoing dialogue with management on any aspect of the business. In addition, the chief executive officer (CEO) presents the financial results and business update to staff twice a year. Our performance appraisal process affords staff and managers the platform to measure past performance, and identify future objectives and career development opportunities, including training, mentorship and coaching, where appropriate.

We operate in a solutions-driven culture, where teamwork, individual achievement and continuous learning are encouraged. We rate and reward our people on their ability to add value to our clients and the business. Our people are critical to the long-term sustainability of the business. Please see further details of our investment in human capital on pages 54 to 60.

• Shareholders

Through a programme of meetings with major shareholders and analysts, shareholders are kept appropriately informed on matters relevant to the business. Conference calls and meetings are held twice a year following the release of the interim and annual results. Results are distributed to shareholders, hosted on the company website and communicated via SENS.

• Government and regulatory bodies

We strive to engage with government and regulatory bodies in a proactive and meaningful manner. We are primarily answerable to the following regulators:

- Financial Services Board (South Africa)
- Financial Conduct Authority (UK)
- Central Bank of Ireland (Ireland)
- Securities and Exchange Commission (USA)

The majority of our regulatory interaction is with the Financial Services Board (South Africa) (FSB), either directly or through our involvement with the Association for Savings and Investment SA (ASISA). We are committed to playing an active role in shaping the South African financial services industry by working with industry partners and the FSB. Currently, approximately 25 staff members serve on various ASISA board committees, standing committees and working groups.

In line with our strategy to grow our offering to global capital allocators, we are also members of the Investment Company Institute (ICI). ICI is an association of regulated funds in the United States and similar funds offered to investors in jurisdictions worldwide. Our membership provides valuable access to key international industry and regulatory trends.

• Communities

The foundation of society rests on the communities in which we operate and to which our people return home each day. At Coronation, our role is to create opportunities that will empower individuals by establishing and contributing to long-term programmes that result in quantifiable change to people's lives. Our involvement in certain programmes, such as our highly successful bursary programme, stems back to the genesis of our business in 1993. In more recent years, we have tackled the low levels of literacy with the creation of our Reading Adventure Rooms in 2010. We are also proactively involved in the national drive to promote financial literacy and savings in the country through a number of initiatives. Please refer to pages 61 to 65 for full details.

KEY FOCUS AREAS AND PERFORMANCE

Material issues, which inform the content of this report, are defined as those which impact our strategic business decisions. They are identified on a continuous basis through the review of our business strategy and board reports, interaction with our stakeholders, and awareness of the key risks and opportunities to which the business is exposed.

All material issues are framed by the following five focus areas, each of which contributes to addressing our core business values and executing our strategy:



INVESTMENT PERFORMANCE



CLIENT SERVICE



GOVERNANCE



OUR PEOPLE



SHAREHOLDER VALUE

The sustainability of our business lies in our ability to produce consistent superior long-term investment performance, provide client service excellence and ensure client and staff retention.

KEY FOCUS AREAS AND PERFORMANCE

CONTINUED



INVESTMENT PERFORMANCE

Our long-term track record of consistent alpha generation is testament to the rigour of our single investment philosophy and process (see adjacent tables). To protect the future outcomes for clients, we closed the institutional SA Equity product range and the Balanced and Absolute Return range to new clients in 2012.

ONE INVESTMENT PHILOSOPHY

- Long-term time horizon
- Proprietary research
- Integration of environmental, social and governance (ESG) considerations in the investment decision-making process
- All client portfolios reflect the Coronation DNA – our best investment view

NO WINDOW DRESSING OF RETURNS

- Institutional and retail clients treated equally
- First manager in South Africa to become GIPS compliant

APPROPRIATE PRODUCT

- Complete institutional offering across asset classes and geographies
- Focused range of domestic and international unit trust funds grouped by investor need
- Innovate and develop products that meet the needs of investors

INVESTMENT TEAM

- Integrated global team headquartered in Cape Town
- One of the only investment teams in the world with three former chief investment officers still actively managing money
- 67 professionals, each with an average of 12 years in the industry and 8 years with Coronation

KEY PERFORMANCE INDICATORS

- Ranking in Alexander Forbes SA Large Manager Watch™ Survey
- Ranking in Alexander Forbes Global Large Manager Watch™ Survey
- Performance data produced by Morningstar

MEASUREMENT

- Institutional: balanced portfolios

QUARTILE RANKING TO 30 SEPTEMBER 2015

	5 YEARS	10 YEARS
Alexander Forbes SA Large Manager Watch™	1	2
Alexander Forbes Global Large Manager Watch™	1	1

- Retail: flagship funds

QUARTILE RANKING TO 30 SEPTEMBER 2015

INVESTOR NEED	FUND	5 YEARS	10 YEARS	SINCE INCEPTION
Long-term growth (equity only)	Top 20	2	1	1
Long-term growth (multi-asset)	Balanced Plus	1	1	1
Income and growth	Capital Plus	3	1	1
Income and growth	Balanced Defense	1	–	1
Income only	Strategic Income	1	1	1

Source: Morningstar

- International: US dollar funds

FUND	ANNUAL ALPHA*	LAUNCH DATE	FEES
Global Emerging Markets	4.1%	14-Jul-08	Gross
Africa Frontiers	6.0%	01-Oct-08	Gross
Global Managed	1.2%	01-Mar-10	Gross
Global Capital Plus	5.5%	01-Sep-09	Gross
Global Bond	1.8%	01-Oct-09	Gross
Global Equity Fund of Funds	1.1%	01-Jul-00	Net

* Annualised alpha for institutional portfolios since launch to end September 2015

KEY FOCUS AREAS AND PERFORMANCE

CONTINUED

AWARDS 2015



MORNINGSTAR AWARDS

- Best Large Fund House
- Bond - Short-term – Coronation Strategic Income
- Sector Equity – Coronation Industrial



RAGING BULL AWARDS

- South African Management Company of the Year
- SA-domiciled Global Multi-asset Low Equity:
Coronation Global Capital Plus [ZAR] Feeder
- SA-domiciled Global Multi-asset High Equity:
Coronation Global Managed [ZAR] Feeder
- SA Multi-asset Income:
Coronation Strategic Income
- SA Interest-bearing Short-term:
Jibar Plus
- SA Equity Industrial:
Coronation Industrial
- SA Equity Financial:
Coronation Financial
- FSB-approved Offshore Global Asset Allocation:
Coronation Global Managed [USD]

BATSETA IMBASA YEGOLIDE AWARDS

- Equities Manager of the Year
- Global Manager of the Year



FINANCIAL MAIL TOP COMPANIES

- Overall winner

CLIENT SERVICE

We work hard at building and maintaining our clients' trust, which is why almost half the institutional assets under our management are from clients who have been with Coronation for more than a decade.

As an independent asset manager, managing only third-party assets, we understand the importance of client relationships.

Our institutional and retail investors include some of the largest retirement funds, medical schemes and multi-manager companies, many of the major banking and insurance groups, selected investment advisory businesses, prominent independent financial advisors, high-net-worth individuals and direct account holders of unit trusts and retirement products in South Africa. We also manage a growing number of global institutional clients.

We manage assets for more than 85% of the top 200 pension funds in South Africa, including assets for the government pension funds of South Africa, Lesotho and Namibia.



CLIENTS, REPRESENTING ALMOST **50% OF TOTAL** INSTITUTIONAL ASSETS, HAVE BEEN WITH CORONATION FOR MORE THAN 10 YEARS.

Consistent with our client charter, which encapsulates the values that guide our behaviour, putting clients' needs at the forefront of what we do is a key priority. We know that without clients we have no business and that the assets under our management can leave us on 24 hours' notice. We aim to provide excellent levels of service to all our clients, measured through ongoing client experience surveys with our direct retail investors and annual qualitative research within the independent financial advisor market. The key principles of our retail client service philosophy are accessibility, accuracy and simplicity. We have therefore set demanding client service benchmarks to ensure that our client service team remains focused on delivering on these principles. Coronation supports the principles set out in the FSB's Treating Customers Fairly (TCF) programme, and through our involvement with ASISA, we are actively engaged in refining the practical aspects of this outcomes-based framework.

KEY FOCUS AREAS AND PERFORMANCE

CONTINUED



GOVERNANCE

Coronation maintains a robust corporate governance framework, effected through a unitary board and various subcommittees as well as the appointment of various independent assurance providers.

Our global risk and compliance department, with advice from external risk, legal, regulatory and compliance experts, ensures that we comply with the full regulatory universe applicable to our business. Risk management follows an integrated approach and is well entrenched in the group. No material issues have been identified that could expose the business to any actual or contingent risk.

The board is of the opinion that the group has applied all significant governance principles, including King III. Please refer to our website (www.coronation.com) for the detail of our King III evaluation. The group continues to place a high priority on ensuring it complies with all regulatory and statutory obligations. For further detail, please see pages 37 to 42.

OUR PEOPLE

At the heart of the Coronation DNA are our people. It is their passion, insight and extraordinary blend of skill which will sustain our business into the future. We operate in a flat structure with a culture of ownership and excellence.

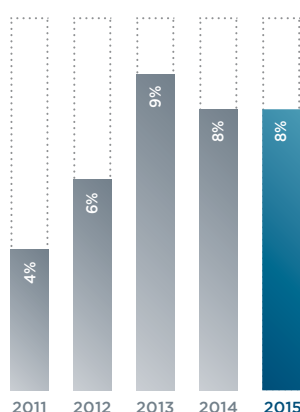
Teamwork, individual achievement and continuous learning that is fully supported by the company are all key components of our culture. We employ a total staff complement of 278 (2014: 274), of whom 67 (2014: 65) are investment professionals, with an average of 12 years in the industry and 8 years at Coronation. Employment equity and transformation are interwoven with our initiatives to attract and retain talented individuals. Staff retention is critical to the success of the business (see staff turnover diagram below) and is achieved through a range of initiatives. For further details on human capital, please see pages 54 to 60.

As a pure fund manager, our remuneration is linked to the strength of investment performance and service delivery to clients. The bonus pool, which is contractually calculated as 30% of audited annual consolidated net operating profit before taxation was established at the inception of the company. This was included in our pre-listing statement in 2003 and has subsequently been communicated on a continuous basis to all stakeholders. It is contractually entrenched in our remuneration policy. In line with our long-term focus, the bonus pool is also utilised to invest in Coronation shares and unit trusts. This allocation vests over a predetermined number of years (ranging from 1 to 7 years). The contractual bonus pool component of our remuneration policy is very variable in nature, and aligns with stakeholders through periods of increasing and decreasing profitability. Unlike many other listed companies, Coronation does not issue share options nor does it have any phantom share schemes.

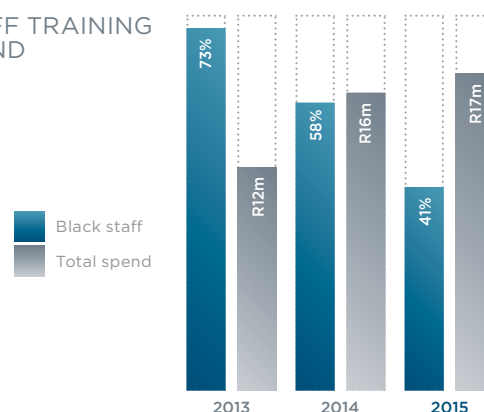
The settlement of the debt within our staff empowerment vehicle, the Imvula Trust, has also facilitated the realisation of ownership and economic benefit to beneficiaries. This augmentation in staff ownership feeds directly into the culture and philosophy of the business.

Staff are encouraged to maintain their shareholding in Coronation, which currently stands at 25% (2014: 24%).

STAFF
TURNOVER



STAFF TRAINING
SPEND



KEY FOCUS AREAS AND PERFORMANCE

CONTINUED



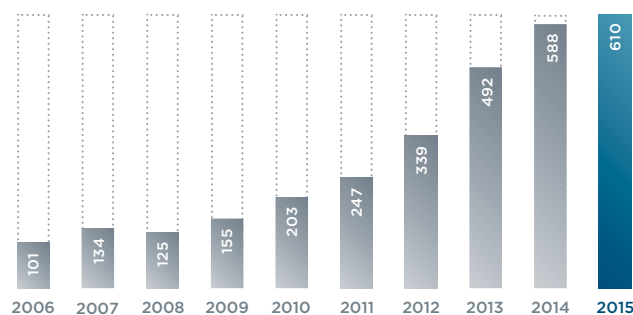
SHAREHOLDER VALUE

All key focus areas, as previously defined, combine in the execution of our strategy to create shareholder value. Over the past few years, the company has enjoyed a fairly stable shareholder base.

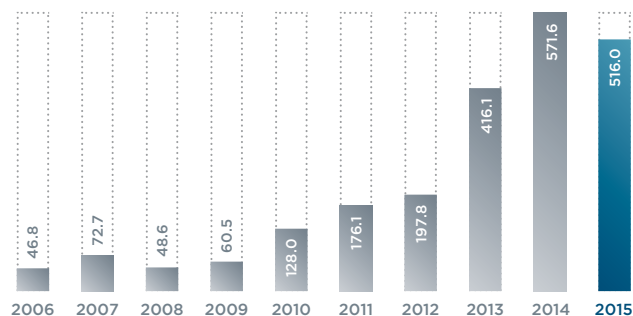
KEY PERFORMANCE INDICATORS	2012	2013	2014	2015
Cost-to-income ratio (%)	51.2	46.3	45.0	46.8
Dividend distributions (cents)	206	416	571	516
Rolling 5-year total return (% p.a.)*	26	65	68	35

* Cumulative return based on share price and dividend yield

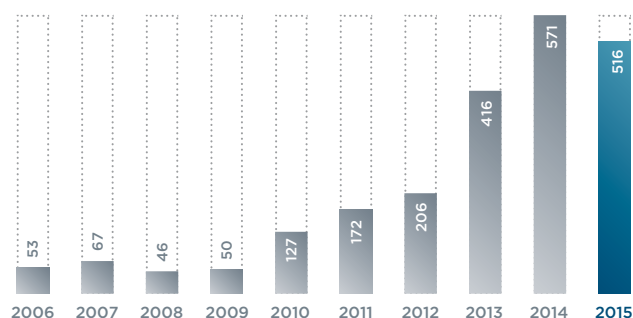
ASSETS UNDER
MANAGEMENT
OF R610 BILLION
UP 3.7%



DILUTED HEADLINE
EARNINGS PER SHARE
OF 516.0 CENTS
DOWN 9.7%



TOTAL DIVIDEND PER
SHARE OF **516 CENTS**



ANALYSIS OF SHAREHOLDERS

DISTRIBUTION OF SHAREHOLDERS	Number of shareholders	%	Number of shares '000	%
1 – 1 000 shares	8 743	54.86	3 842	1.10
1 001 – 10 000 shares	6 065	38.06	19 696	5.63
10 001 – 100 000 shares	914	5.74	25 931	7.41
100 001 – 1 000 000 shares	173	1.09	60 448	17.28
1 000 001 shares and over	42	0.26	239 882	68.58
	15 937	100.00	349 799	100.00

DISTRIBUTION OF SHAREHOLDERS	Number of shareholders	%	Number of shares '000	%
Banks	122	0.77	73 548	21.03
Brokers	33	0.21	10 212	2.92
Close corporations	152	0.95	612	0.18
Endowment funds	47	0.30	337	0.10
Individuals	12 183	76.45	30 355	8.67
Insurance companies	66	0.41	4 394	1.26
Investment companies	14	0.09	671	0.19
Medical aid schemes	16	0.10	184	0.05
Mutual funds	235	1.47	41 706	11.92
Nominees and trusts	2 296	14.41	18 346	5.24
Other corporations	84	0.52	454	0.13
Pension funds	194	1.21	48 521	13.87
Private companies	304	1.91	4 975	1.42
Public companies	20	0.13	17 158	4.91
Staff holdings	167	1.04	87 123	24.91
Sovereign wealth funds	4	0.03	11 203	3.20
	15 937	100.00	349 799	100.00

PUBLIC/NON-PUBLIC SHAREHOLDERS	Number of shareholders	%	Number of shares '000	%
Non-public shareholders	167	1.05	87 123	24.91
Directors (direct and indirect holdings)	5	0.03	5 614	1.61
Shares held by staff	162	1.02	81 509	23.30
Public shareholders	15 770	98.95	262 676	75.09
	15 937	100.00	349 799	100.00

GEOGRAPHICAL OWNERSHIP	Number of shareholders	%	Number of shares '000	%
Southern Africa	15 537	97.49	240 645	68.80
International	400	2.51	109 154	31.20
	15 937	100.00	349 799	100.00

HOW WE CREATE VALUE

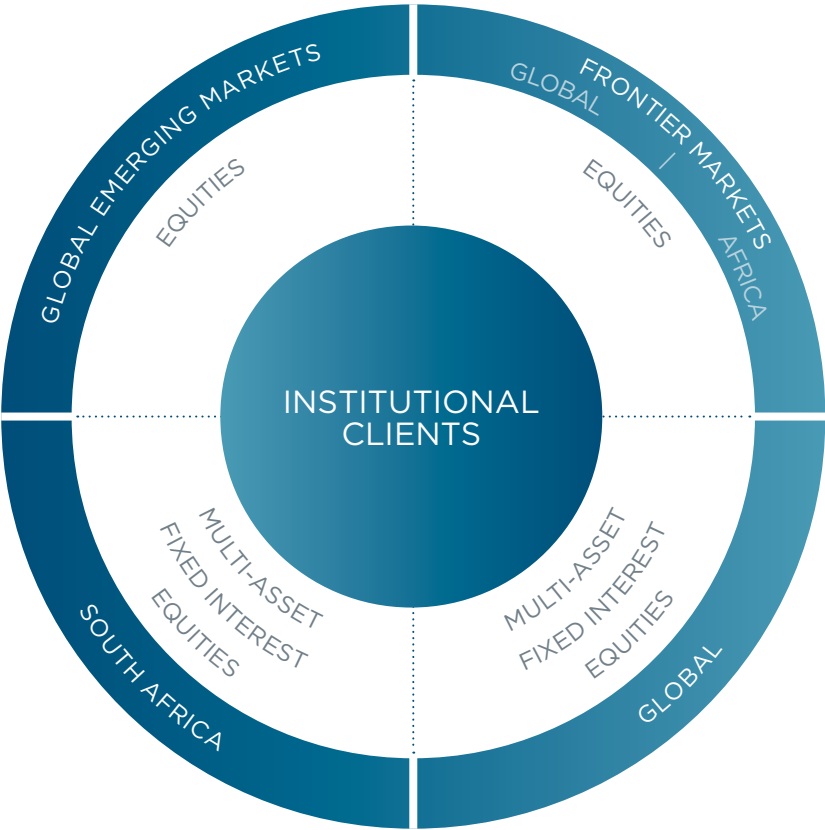
MATERIAL ISSUE	KEY STAKEHOLDER(S)	KEY STAKEHOLDER NEEDS
 INVESTMENT PERFORMANCE	<ul style="list-style-type: none"> • Clients • Intermediaries 	<ul style="list-style-type: none"> • Superior long-term investment performance • Appropriate product offering aligned with needs
 CLIENT SERVICE EXCELLENCE	<ul style="list-style-type: none"> • Clients • Intermediaries 	<ul style="list-style-type: none"> • Access to information that is simple to understand • Open and effective channels of communication • Accurate, appropriate and timely reporting
 GOVERNANCE	<ul style="list-style-type: none"> • Government • Regulatory bodies 	<ul style="list-style-type: none"> • Compliance with regulations • Transparent and proactive engagement with regulators and policy makers
 STAFF DEVELOPMENT AND RETENTION	<ul style="list-style-type: none"> • Employees • Communities 	<ul style="list-style-type: none"> • Strong entrepreneurial culture and ownership • Recognition and reward for excellence • Transformation • Open channels of communication • Access to continuous learning and development • Community development and upliftment
 SHAREHOLDER VALUE CREATION	<ul style="list-style-type: none"> • Shareholders 	<ul style="list-style-type: none"> • Sustainable business model • Strong revenue generation • Clear dividend policy

VALUE CREATION PROCESS	CAPITALS IMPACTED	REFERENCE
Single investment philosophy and process that delivers long-term market outperformance	<ul style="list-style-type: none"> Financial capital Human capital Intellectual capital 	<ul style="list-style-type: none"> Investment performance: page 14 Product range: page 24 CEO review: page 32
<p>Create a client-centric business:</p> <ul style="list-style-type: none"> Apply demanding client service benchmarks Client charter central to the way we do business Fair and transparent fee structure 	<ul style="list-style-type: none"> Human capital Intellectual capital Social and relationship capital 	<ul style="list-style-type: none"> Client charter: page 10 Clients and intermediaries: page 11 Client service: page 17 CEO review: page 32
<ul style="list-style-type: none"> Proactively shaping a safer financial sector through engagement with regulators A combined assurance framework that enhances effective risk management Strong leadership and clear direction 	<ul style="list-style-type: none"> Intellectual capital Social and relationship capital 	<ul style="list-style-type: none"> Corporate governance: page 37 Risk management: page 43 Chairman's statement: page 28
<p>Create an environment that attracts, retains and grows exceptional talent through:</p> <ul style="list-style-type: none"> Rigorous recruitment process Staff training and development Transformation <p>Live the values in our day-to-day activities</p> <p>Active social investment programme</p>	<ul style="list-style-type: none"> Financial capital Human capital Intellectual capital 	<ul style="list-style-type: none"> Our culture: page 10 Our people: page 12 Human capital: page 54 Transformation: page 30 Corporate social investment: page 61
<p>Long-term financial stability through a focus on:</p> <ul style="list-style-type: none"> Alpha generation Appropriate product pricing Variable cost model Fixed cost control 	<ul style="list-style-type: none"> Financial capital Intellectual capital 	<ul style="list-style-type: none"> Business model: page 7 Shareholder value: page 20 Financial performance: page 66 Chairman's statement: page 28 CEO review: page 32

PRODUCT RANGE

INSTITUTIONAL

We offer local and international institutional investors segregated and pooled portfolios across asset classes and geographics. Our Global and South African offerings include multi-asset, fixed interest and equity strategies, and within Global Emerging and Frontier markets we manage pure equity strategies.

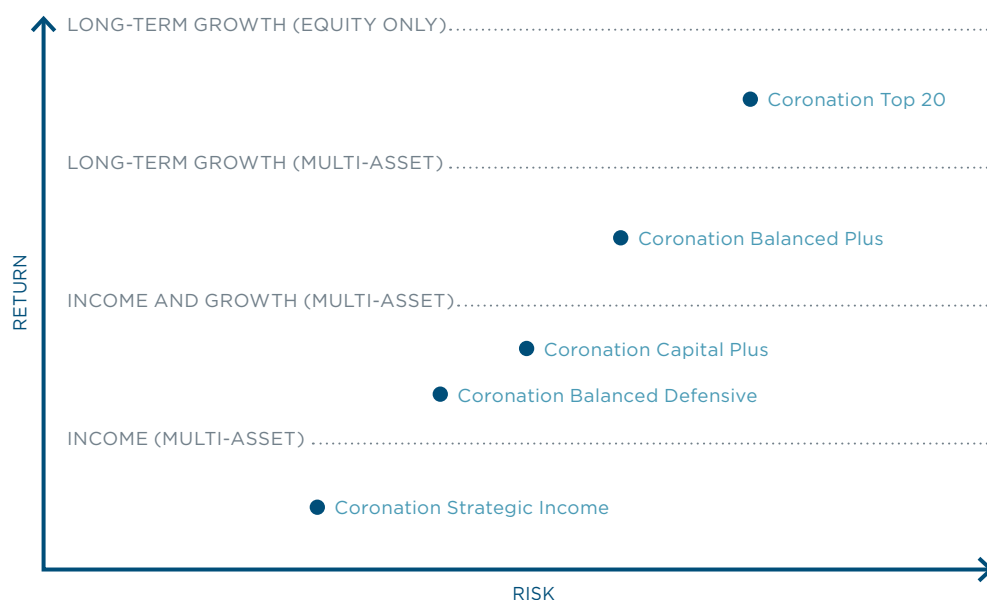




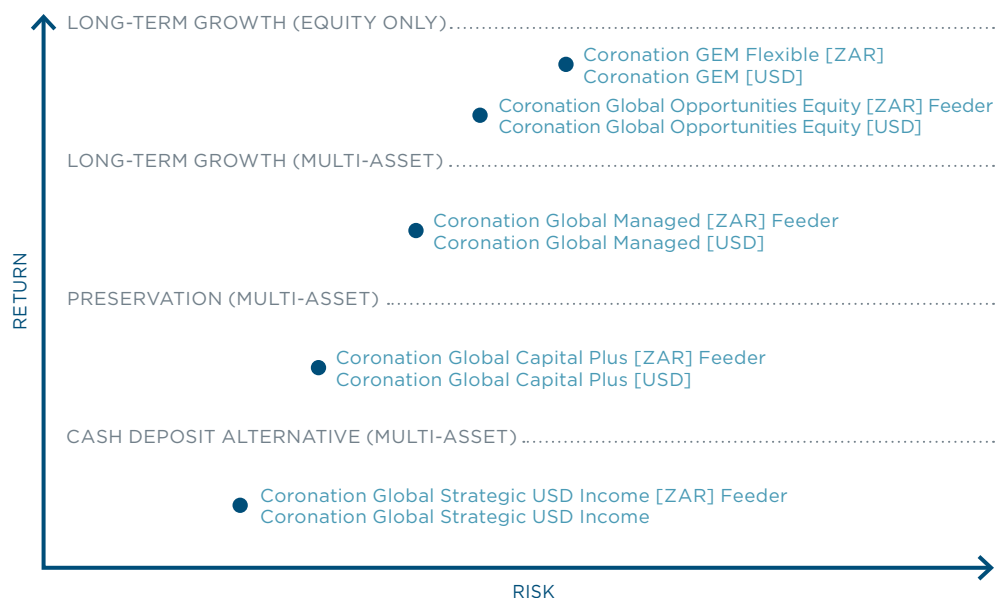
RETAIL

For South African investors, we offer a focused range of domestic and international funds grouped by investor need.

DOMESTIC FLAGSHIP FUND RANGE



INTERNATIONAL FUND RANGE



BOARD OF
DIRECTORS



SHAMS PATHER

Independent non-executive chairman, 65



BBusSc, BCom (Hons), MBA

Shams was appointed to the board in the position of chairman in March 2009. He has more than 30 years' experience in the asset management industry. From 1974 to 2003 he worked at Norwich Union, Colonial Mutual Life Assurance, Southern Life and Real Africa Asset Management. Directorships include Oceana Group Ltd, Lungisa Industrial (Pty) Ltd, Lungisa Technologies (Pty) Ltd, Lungisa Investment Holdings (Pty) Ltd, Centre for Proteomics and Genomics Research and Kagiso Tiso Holdings (Pty) Ltd. Shams is also a member of the UCT Joint Investment Council.

ANTON PILLAY

Chief executive officer, 45



BBusSc, CA(SA), CFA, AMP (Harvard)

Anton was appointed chief executive officer of Coronation Fund Managers in February 2013 and has been a member of the board since June 2009. He joined Coronation in January 2006 from BoE (Pty) Ltd, where he held a number of key positions and directorships. Anton has extensive knowledge and experience of the investment and banking industry.

JOHN SNALAM

Chief financial officer, 56



BCom, CTA, CA(SA)

John has been the chief financial officer of Coronation Fund Managers since its inception in 1993. During that time he has been responsible for all finance and legal functions related to the business as well as responsibilities for operations, risk and compliance. He has also held directorships on the boards of all South African operating subsidiaries of the group. Prior to joining Coronation, John spent eight years in the fields of finance, operations and compliance within financial services companies in London and South Africa. John was appointed to the board in November 2012.

JUDITH FEBRUARY

Independent non-executive director, 44



BA (Law), LLB, LLM (UCT)

Judith is a Senior Research Associate at the Institute for Security Studies and affiliated to the UCT Graduate School of Development Policy and Practice. Prior to that, Judith headed up IDASA's South African governance programme. She practised law in Cape Town until 2000, and holds an LLM in Commercial Law. Judith is a regular media analyst on South African politics and writes columns for Eyewitness News, Daily Maverick and Media24. She is also the Chair of the Springfield Convent school Board of Governors and the co-editor of *Testing Democracy: Which Way is South Africa Heading?* IDASA (2010). Judith was appointed to the board in August 2008.

LULAMA BOYCE

Independent non-executive director, 36



BCom (Hons), CA(SA)

Lulama is a senior lecturer and subject head for the department of commercial accounting at the University of Johannesburg. She graduated from the University of Cape Town in 2002 and served her articles at Grant Thornton Johannesburg. She is a former account manager of the Industrial Development Corporation (IDC) and was part of the Transport and Financial Services business unit from 2008 to 2011. She is a former project finance consultant and served on the audit committee of Automotive Supplier Park (ASP) – 2007 to 2009. Lulama was appointed to the board on 7 October 2014 and is an independent non-executive director of Coronation Management Company (RF) (Pty) Ltd and Coronation Life Assurance Company Ltd.

JOCK MCKENZIE

Independent non-executive director, 68



BSc (Chem Eng), MA (Lancaster)

Jock is a member of the boards of Sappi and Capitec. He chairs the board of trustees of the University of Cape Town Foundation, the Carleton Lloyd Educational Trust, the Rondebosch Boys' Schools Education Trust and Zululand Distilling Company (Pty)(Ltd). Jock has held several senior executive positions globally and in South Africa. In 1999 he was appointed chairman and chief executive officer of the Caltex Corporation, and served as president for Asia, Middle East and Africa Products of the Chevron Texaco Corporation from October 2001 to January 2004. Jock was appointed to the board in May 2009.

ALEXANDRA WATSON

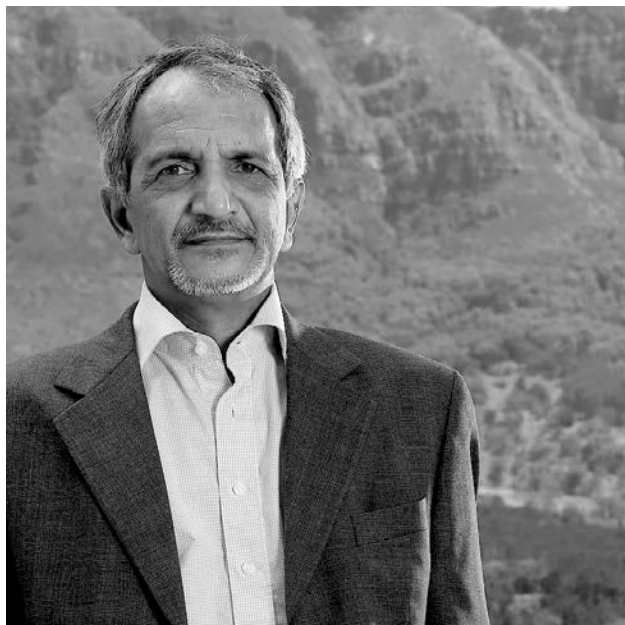
Independent non-executive director, 59



BCom (Hons), CA(SA)

Alexandra is a professor at the University of Cape Town, where she is the co-ordinator of teaching and learning in the college of accounting. She is a former chairman of the accounting practices committee, the technical accounting committee of SAICA, and was an independent director of Coronation Investments and Trading Ltd. Alexandra is a board member of the Global Reporting Initiative, an Amsterdam-based organisation promoting understanding and communication of sustainability issues. She chairs the council of Herschel Girls School. Alexandra was appointed to the board in May 2008.

CHAIRMAN'S STATEMENT



SHAMS PATHER

BBusSc, BCom (Hons), MBA

The business delivered a highly credible set of results in an extremely challenging and volatile market environment.

Global growth started the year with some promise, as falling oil prices provided a boost for consumer spending in a generally weak environment. But this promise faltered early. Weather and industrial action undermined growth in the US and the strong dollar put pressure on domestic industries. Japan slipped towards recession by mid-year and economic activity in China continues to suffer the effects of excess capacity in key sectors, with very little by way of global demand to help increase exports. European growth turned out to be better than weak expectations, but the global growth picture remains weak, and mixed. Emerging markets are hamstrung by weak economic activity in China, falling commodity prices with poor prospects of recovery and home-grown political and fiscal challenges. Emerging market currencies have weakened broadly, but Brazil and Russia have suffered most from the effects of falling commodity prices and both economies are in recession.

In South Africa, economic growth was also expected to recover off the weak, strike-affected levels of 2014. The lower oil price saw retail petrol prices fall sharply and helped inflation slow to just 3.9% year on year in February. But this support was undermined by

another wave of load shedding which put renewed pressure on domestic industries already squeezed by global growth disappointment, rising domestic input costs and uncertain labour markets. Business and consumer confidence deteriorated. In this weak context, and in sympathy with pressure on other emerging market currencies, the rand depreciated further, putting upward risk to the South African Reserve Bank's (SARB) outlook for inflation, and prompting an interest rate rise of 0.25% in July. The SARB has warned of the risk of further tightening to come. The country's fiscal position, already constrained by persistent deficits and rising debt levels, saw a generous three-year wage agreement, further limiting government's ability to support growth. Despite these challenges, both the SARB and National Treasury remain committed to consistent, transparent policies in support of long-term sustainable growth.

For the year, the MSCI All Country World Index returned -6.2%, while the MSCI Emerging Markets Index declined by 19.0% (in US dollar terms). The FTSE/JSE All Share delivered a US dollar return of -14.5%, which translated into a positive return of 4.8% in rand terms for the year. Albeit not the worst among the emerging market currency grouping, the rand fell 18.4% against the US dollar (to close at R13.82) and 7.9% against the euro (to close at R15.46) over the period.

Coronation is a cyclical business. Accordingly, its annual revenue stream is highly geared to both the returns of the market and the level of outperformance it generates on behalf of clients across its fund range.

Due to a decline in both market returns and the abnormally high level of performance fees generated in the prior financial year, revenue for the current period declined by 7.0% to R4.4 billion. This, in turn, led to a 9.7% decline in diluted headline earnings per share to 516 cents compared with the record high earnings base achieved in the prior financial year (2014: 571.6 cents).

Assets under management increased by 3.7% to R610 billion (2014: R588 billion) against a backdrop of meaningful declines in global markets and total net outflows of R15.3 billion. We attracted strong inflows to our international products and retail business, and in line with management expectations, experienced net outflows in our established South African institutional business.

We continue to reward shareholders through regular and significant distributions of free cash flow generated. We endeavour to distribute at least 75% of after-tax cash profit. After assessing any projected future cash requirements, a final gross dividend of 270 cents per share has been declared for the year. Together with the interim gross dividend of 246 cents per share, this amounts to a total gross dividend of 516 cents per share for the 2015 financial year.

STRATEGY

Coronation has a proven business model and a philosophy of long-term investing, which have added significant value to investors over its 22-year history. The role of the board is to provide guidance and support in enabling management to execute the most important initiatives that will ensure the long-term sustainability of the company.

We remain one of South Africa's foremost managers of both institutional and retail assets, and our niche product offering of Global Emerging and Frontier Markets' strategies continues to gain traction with global capital allocators. A detailed review of our two primary client markets can be found on page 8.

An internal group restructuring was concluded to fully utilise the benefits recently granted by National Treasury, allowing us to be more competitive internationally while remaining a centralised South African business.

Coronation Fund Managers (Botswana) (Pty) Ltd was officially deregistered on 25 June 2015.

CHAIRMAN'S STATEMENT

CONTINUED

GOVERNANCE

The board has full and effective control of the group, which is exercised through senior management and the subsidiary boards. The composition of the board and its three committees is detailed on page 39.

As a leader in the South African investment industry, we embrace good corporate citizenship and the importance of robust governance. We apply the highest standards of governance that provide protection for all our stakeholders. Ethics and integrity are deeply engrained in our company values and client charter, which appear on page 10.

Our methodology and approach allow for effective oversight and accountability, with due consideration of appropriate and workable risk parameters. Supplementary to the detail recorded within the relevant sections of this report, the various committee charters and policies are available as part of regulatory documents on our website (www.coronation.com).

Coronation has considered and applied (except where otherwise indicated as detailed on page 37) the principles of the Code of Corporate Practices and Conduct, as set out in King III. We are an early signatory to the United Nations' Principles for Responsible Investment, and support the Code for Responsible Investing in South Africa and the UK Stewardship Code.

TRANSFORMATION

Coronation is deeply committed to sustainable and substantive transformation. It is entrenched in the way we do business and has been part of our key strategic focus for the past 15 years. Executing meaningful transformation is reflective of the fact that we understand the constitutional values that underpin the need to transform. At Coronation, our transformation objectives and approach are an integral part of our values of client centricity, meritocracy and creating a world-class investment organisation. Coronation is rated Level 3 in terms of the Financial Sector Code.

The business is 21.5% black owned as measured by the Financial Sector Charter, which includes our staff-owned empowerment vehicle, the Imvula Trust (detailed on page 56). While more than 50% of our staff complement is black, representation at executive committee level is 75% and 57% of the board is black.

We believe that training and skills development are vital tools in the transformation of the financial services industry. As such, a significant portion of our training spend is allocated to the development of black staff across the business. Similarly, we have developed a number of initiatives dedicated to the advancement of young black talent in the industry, such as our long-standing bursary programme, internship programme and external intern programme as detailed on pages 55 to 56.

The Coronation Business Support Programme, now in its 10th year, has contributed to material and meaningful transformation of the South African stockbroking industry. Highlights of this ambitious approach to enterprise development can be seen on page 57.

The Financial Services Charter (the sector code in terms of broad-based black economic empowerment applicable to Financial Services companies) is currently under revision.

The change to the code is most likely to impact our BEE rating in the next rating period. This is as a result of the change in measurement criteria within certain areas of the code. The full impact of the amendment is yet to be ascertained.

ACKNOWLEDGEMENTS

I wish to thank all our staff for living our investment-led and client-centric culture. It is a privilege to be associated with such a talented team of individuals, each with their own set of skills, diverse background and work experience that combine to make Coronation a success. I also thank my fellow board members for their considered counsel, and to our clients, intermediaries and shareholders, we thank you for your continued trust in our ability to create long-term value.

PROSPECTS

Coronation is an active manager solely focused on delivering strong market outperformance over the long term. We have a proven long-term investment track record of alpha generation that has endured many periods of short-term underperformance over the past 22 years. Despite recent levels of extreme market volatility, the long-term investment track records of all key funds remain highly compelling.

While the likelihood of continued near-term volatility persists, as disciplined and rational allocators of capital, we are committed to identifying those opportunities that will generate long-term performance across all our client portfolios. Our success in achieving this objective will generate long-term value for all stakeholders.

CHIEF EXECUTIVE OFFICER'S REVIEW



32
ANTON PILLAY
BBusSc, CA(SA), CFA, AMP (Harvard)

As stewards of our clients' assets, our role is to retain our single-minded focus on fund management and the delivery of strong investment performance over the long term. The defining aspect of our investment philosophy is our long time horizon.

At Coronation, we have the privilege of building client portfolios that will outperform over meaningful periods of five years and longer. We believe this gives us an enduring competitive advantage over other investment houses, most of which are fixated on the short term. Our clients understand that, in our pursuit of long-term alpha generation, we will sacrifice short-term returns. It is a cornerstone of our compelling long-term investment track record of 22 years. Throughout our history, we have experienced both successful and challenging years. Importantly, it has been in the 'challenging' years that we have created the great long-term opportunities for clients.

We run the business with this same long-term perspective. Over the years, we have invested in creating a world-class operation with teams of highly-motivated and talented individuals. Investment performance across our fund range remains excellent over meaningful periods, and we are pleased to report strong flows into our international products and retail business.

Coronation has a business model and an organisational infrastructure with the flexibility to respond to the increasingly complex regulatory environment. By interrogating and responding to legislative and regulatory proposals, our aim is to ensure the integrity of a financial system that best serves clients.

Globally, the intensity and volume of regulation has fundamentally altered the regulatory landscape of the countries in which we operate. While regulators continue to state that their preference is for a more intrusive and interventionist approach, there are some indications that, specifically in the US and Europe, the pendulum is starting to swing back to a more neutral position. This can be contrasted to the situation in South Africa, where the regulatory agenda for the foreseeable future remains demanding.

As a participant in the financial services industry, we fully support the adoption of appropriate regulations that will lead to an increase in household savings and real growth in the economy. In our view, to encourage broader participation in the financial sector, it is critical that the needs of the consumer be safeguarded. However, regulatory interventions should be appropriate, subject to cost-benefit analysis, tested for unintended consequences and

proportional to the issues that they aim to address. We engage policymakers and regulators to aid in achieving these objectives, and continue to believe that, in most cases, industry associations remain the preferred channel of engagement. We are active participants of the activities of the Association for Savings and Investment South Africa (ASISA) and retain our membership of the Investment Company Institute Global (ICI Global) to give us a voice in the conversations between the industry and its global regulators.

The following information provides a detailed review of our two primary client markets as defined on page 8.

INSTITUTIONAL BUSINESS

We remain one of the leading managers of institutional assets in the South African savings market. Following many years of significant market share gains, we recorded net outflows in our South African institutional business of R34.2 billion, which were in line with our expectations. These outflows, however, continue to be offset by strong flows into our niche global product offering. For the year, our global institutional business attracted net inflows of R12.4 billion, bringing total net outflows for the institutional business to R21.8 billion.

The long-term success of our investment approach is best illustrated by the annualised alpha of 2.9% delivered by our flagship domestic equity fund, Houseview Equity, since inception in 1993. Key highlights from our institutional fund range include:

- Our global balanced portfolios ranked in the 1st quartile over 5 and 10 years in the Alexander Forbes Global Large Manager Watch™ survey to end September 2015, and our domestic balanced portfolios were in the 1st quartile over 5 years and 2nd quartile over 10 years in the SA Large Manager Watch™ survey.
- Global Absolute, our first-to-market absolute portfolio, has produced alpha of 4.6% p.a. (gross of fees) since inception in August 1999.
- Our specialist bond portfolio, Strategic Bond, has outperformed the local bond market by 1.6% p.a. (gross of fees) since inception in January 2008.

South Africa

The outflows experienced are a result of our decision to close to new institutional investors in our SA Equity and Multi-Asset portfolios three years ago. This active decision in a shrinking formal occupational retirement fund market means that we expect continued institutional outflows in the years ahead. Coronation has a sizeable share of the South African institutional savings market, and given the above, overall market share will decline to a normal level in coming years.

Excellence in client service remains a foundation of our offering to clients. Termed 'non-investment alpha', our objective is to enhance each and every client interaction while ensuring that clients receive reporting that is accurate, appropriate and timely. We operate in an ever-changing regulatory environment that demands the most up-to-date systems and administrative support. Our client service team plays an integral role in maintaining clear channels of communication and providing relevant guidance and support where appropriate.

CHIEF EXECUTIVE OFFICER'S REVIEW

CONTINUED

For the third consecutive year, clients were invited to attend our *Talking Investments* conference, held in Cape Town and Johannesburg in November. At this event, clients are exposed to a carefully selected grouping of influential business leaders and market commentators who speak on the global and domestic investment environment.

Global

While the past year bore witness to an indiscriminate withdrawal of funds from emerging market equities and currencies, we are pleased to report that we had no client losses in our niche global offering. Though there has been some short-term underperformance, we are pleased with the long-term alpha generated by our Global Emerging and Frontier Markets' strategies:

- The Coronation Global Emerging Markets Fund has generated an annualised alpha of 4.1% (gross of fees) since inception in July 2008.
- Our specialist African equity portfolio, Africa Frontiers, has outperformed its benchmark by 6.0% p.a. (gross of fees) since inception in October 2008.

In the development of our global business, we continue to build on our investment track record and identify product opportunities suited to our long-term investment approach. Early in the year, we seeded two new international products: Coronation Active Global Equity and Coronation Global Frontiers.

We apply the same exacting high standards that have become the hallmark of Coronation, regardless of geography or time zone.

RETAIL BUSINESS

Our retail business maintained its position as one of the country's foremost managers of long-term assets within the collective investment schemes industry. Net inflows for the year were R6.5 billion. This anticipated normalisation of flows follows a number of exceptional years in which Coronation attracted a disproportionately high level of industry cash flows. Our focus for the years ahead will remain on maintaining our current share of the market, which we believe to be at normalised levels.

The collective investment schemes industry continues to gain share of the country's overall savings pool, which remains stagnant. Multi-asset funds, which are a core competency for Coronation, remain in favour with the majority of investors. This category again attracted nearly half of the net inflows over the past year. This is despite a large increase in equity flows attributable to restructuring activities at a number of large multi-managers that resulted in a transfer of existing assets into collective investment schemes. Managed income and money market funds reverted to a positive cash flow experience, recovering from the large outflows experienced in the prior period. International funds continued to attract healthy inflows as investors responded to a weak rand and a subdued domestic economic outlook. We managed to maintain market share in all the core fund categories in which we compete, other than a small decline in our share of the South African equity fund category.

Coronation was named Raging Bull South African Management Company of the Year for the third consecutive year, and Morningstar Best Large Fund House for the fifth consecutive year. As at 30 September 2015, the majority of our domestic and international flagship funds ranked in the 1st quartile of their respective Morningstar categories since their respective launch dates and after the deduction of all fees. Highlights include:

- Coronation Top 20, a top-performing general equity fund since inception in October 2000, has outperformed its benchmark by 4.5% p.a. (net of fees) over the same period.
- Coronation Balanced Plus, the no. 1 balanced fund in South Africa since launch in April 1996, has outperformed its average competitor by 1.9% p.a. (net of fees) over the same period.
- Coronation Capital Plus, the no. 1 multi-asset medium equity fund since inception in July 2001, has outperformed inflation by 7.6% p.a. (net of fees) over the same period.
- Coronation Balanced Defensive, a top-performing conservative fund since inception in February 2007, has outperformed inflation by 4.4% p.a. (net of fees) over the same period.
- Coronation Strategic Income, the no. 1 multi-asset income fund since inception in July 2001, has outperformed cash by, on average, 2.8% p.a. since launch (net of fees) over the same period.
- Coronation Global Opportunities Equity [ZAR] Feeder, the no. 1 global equity general fund since inception in August 1997, has outperformed the global equity market by 1.4% p.a. (net of fees) over the same period.
- Coronation Global Managed [ZAR] Feeder, the no. 1 global multi-asset high equity fund in South Africa since launch in October 2009, has outperformed its average competitor by 1.6% p.a. (net of fees) over the same period.

During the year, we provided clients with access to our recently established developed market equity franchise through the launch of a new offshore fund, Coronation Global Equity Select [USD] and an associated rand-denominated feeder fund, Coronation Global Equity Select [ZAR] Feeder.

We know that markets evolve and that client preferences change over time. During the period, we conducted a detailed fund review that resulted in new fee structures for the majority of our funds as well as changes to selected fund mandates and benchmarks. While the primary objectives of the changes are to make our fund range easier to understand and to make our fees simpler and more consistent, we believe that the changes will also lead to meaningful through-the-cycle fee reductions for the majority of the affected funds. All our flagship multi-asset funds now charge fixed fees for the sake of simplicity, while we have retained performance-related fees for our equity-biased funds to ensure that we better align charges to outcomes achieved by clients. The implementation of the new fees will be effective from 1 October 2015, with the lower of the new or existing fee structure being charged to clients for the 12 months thereafter. For full details of specific fee and benchmark changes within our domestic and rand-denominated international funds, please visit the personal investments section of our website.

CHIEF EXECUTIVE OFFICER'S REVIEW

CONTINUED

Tax-free investments for non-retirement saving were introduced to South African investors on 1 March 2015. While we are supportive of the concept, we believe the existing eligible investment rules are too restrictive and we continue to engage National Treasury to amend the rules accordingly. Coronation introduced a Tax-Free Investment offering during October 2015, providing investors with access to a subset of our funds, which will be extended once the regulatory rules are relaxed.

Our goal of communicating financial terminology in plain, simple language, and in line with the new regulatory disclosure requirements applicable to individual funds, saw us introduce comprehensive fact sheets across the entire fund range. By January 2016, the industry will adopt the disclosure of all transaction costs to investors, and by July 2016, the effective annual cost (EAC) model to aid in product comparison across various providers will be implemented. ASISA has ratified the standard for the calculation and disclosure of performance fees across the collective investments industry, which we fully comply with.

The *Conversations with Coronation* presentation series continues to enjoy significant support from independent financial advisors and remains one of the most highly-rated communication programmes in the industry. These topic-driven events, presented by senior members of our investment team, provide key information-sharing opportunities to the professional advisor market. Held five times a year in nine different locations, they form part of Continued Professional Development training for advisors. Other key communication tools are our information portal *coroconnect* and our quarterly *Corospondent* newsletter, designed for efficient dissemination of product information and thought leadership articles.

As articulated in our strategy on page 9, we remain distribution agnostic, which means that the bulk of inflows to our funds is through the non-affiliated distribution channels of third-party professional advisors. In relation to the continued growth experienced in our self-directed client base, we continue to build on delivering an enhanced client service experience. Key initiatives relate to the prevention of identity theft and cybercrime, transitioning to a new administration system, improvements to our client online system and plans to enhance the quality of our transaction reporting to clients. Our client service team continues to be highly rated by clients, and we have managed to keep service-related complaints significantly below industry standards.

CONCLUSION

Throughout our history, we have built our business on a single-minded commitment to a cogent, rigorous philosophy of investing with a long time horizon, and on meeting the needs of our clients. Putting clients first in an investment-led business remains a core pillar to our success.

We have a proven investment philosophy and value the trust that our clients and shareholders place in our ability to continue to deliver strong long-term investment performance.

CORPORATE GOVERNANCE

Coronation maintains a balanced approach to effective corporate governance. The company has utilised the Governance Assessment Instrument (GAI), as developed and licensed by the Institute of Directors in Southern Africa, as the due process to provide assurance that every recommended practice in King III has been considered. Please refer to our website (www.coronation.com) for the detail of our King III evaluation. The directors are of the opinion that Coronation has applied the principles of the Code of Corporate Practices and Conduct during the 2015 financial year as set out in King III. In the instances where the business has elected not to apply certain aspects, the board has provided explanations as below.

It is recommended that the group's remuneration policy is proposed to shareholders for a non-binding advisory vote and that the remuneration of the senior executives be disclosed.

- Coronation is a uniquely people-driven business. In terms of our remuneration policy and founding agreements, the bonus pool element of Coronation's remuneration is contractually calculated as 30% of audited annual consolidated net operating profit before taxation. This has been the case since the company's inception and has been a cornerstone of the company's success because it assists greatly in attracting and retaining world-class talent and it contributes to our owner-managed culture. This contractually entrenched policy was included in our pre-listing statement in 2003 and has subsequently been communicated on a continuous basis to all stakeholders.

Sustainability reporting and disclosure should be independently assured.

- Given the elements of measuring sustainability, the board does not consider independent assurance to be necessary.

BOARD OF DIRECTORS

In compliance with the recommendations of King III, Coronation's unitary board as at 30 September 2015, comprised two executive directors and five independent non-executive directors. The chairman is an independent non-executive director. The board is responsible for appointing the chief executive officer; the roles of chairman and chief executive officer have been specifically separated. The non-executive directors have the integrity, skills and experience to provide independent insight and value at board meetings. Profiles of the directors are detailed on page 27.

The board provides strategic direction to management and approves the implementation of strategy to create sustainable value for all its stakeholders. The board is accountable to shareholders and is responsible for managing relationships with the various stakeholders. In fulfilling its responsibilities, the board is aware of the importance of achieving economic performance while conforming to governance principles.

In terms of King III, any tenure in office exceeding a period of nine years by an independent non-executive director is subjected to a rigorous review by the board. As at September 2015, Mr Shams Pather is the only independent non-executive director who has been a member of the board for longer than nine years. The board considered various assessment criteria which would likely affect, or appear to affect, Mr Pather's character and judgement. These criteria consisted of relationships and circumstances which could give rise to a material interest in the company. The board concluded that, in each circumstance, the independence of Mr Pather's character and judgement was not impaired by his length of service.

CORPORATE GOVERNANCE

CONTINUED

The board selects and appoints the company secretary and recognises the importance of this role in entrenching good corporate governance. All directors have unlimited access to the services of the company secretary, who in turn has access to appropriate resources in the provision of this support. All directors are also entitled to seek independent professional advice with regard to the affairs of the company. The company secretary may assist directors, board committees and their members in obtaining professional advice.

Ms Lee-Anne Parenzee was appointed as company secretary by the board in accordance with the Companies Act, No. 71 of 2008, as amended, with effect 8 November 2012. In accordance with the JSE Listings Requirements, a detailed assessment was conducted by the board to consider and satisfy itself of the competence, qualifications and experience of the company secretary. The board agreed that all the requirements had been met, was satisfied with her performance and is confident in her ability to meet the responsibilities of the position. She does not serve as a director of the board and the assessment confirmed her arm's length relationship with the board.

The board guides and reviews corporate strategy, considering major initiatives and risk management. Senior management is accountable to the board for the development and implementation of strategy and policies. The board regularly reviews group performance, matters of strategic concern and any other matters it regards as material.

Based on the recommendation from the remuneration and nominations committee, the board considers the nomination of new directors for appointment, or re-appointment in the case of existing directors, and recommends same to shareholders. In line with company policy, at least one-third of the directors are required to retire from their appointment each year. The directors who are required to retire are those who have been in office the longest since their last election or appointment. The retiring directors may make themselves eligible for re-election. The board has full and effective control of the group, which is exercised through senior management and the subsidiary boards (refer page 78 for details regarding those directors who are retiring this year).

Non-executive directors receive fees for their services as directors of the board and for services as members of committees. These fees were determined and agreed by the board on the recommendation of the remuneration and nominations committee (refer page 79).

The board meets a minimum of four times a year, with additional meetings as required. Material decisions may be taken between meetings by way of written resolution, as provided for in the memorandum of incorporation. The non-executive directors are provided with comprehensive information on the business and are updated on business developments between board meetings. The board met on five occasions during the 2015 financial year.

An appraisal by the board and its committees has been concluded during the financial year with reference to the respective charters. The board and its committees are satisfied with the performance of its members.

The composition of the board and its three committees, the audit and risk committee, the social, ethics and transformation committee and the remuneration and nominations committee, as at 30 September 2015, are detailed on the following page. All board committee charters are available for review on our website (www.coronation.com).

	BOARD OF DIRECTORS	AUDIT AND RISK COMMITTEE	SOCIAL, ETHICS AND TRANSFOR- MATION COMMITTEE	REMUNE- RATION AND NOMINA- TIONS COMMITTEE
Shams Pather ^{1*}	Chairman	Member		Member
Lulama Boyce ¹	Director			
Judith February ¹	Director		Chairman	
Jock McKenzie ^{1^}	Director	Member		Chairman
Alexandra Watson ¹	Director	Chairman	Member	
Anton Pillay ²	CEO		Member	
John Snam ²	CFO			
Llewellyn Smith ³			Member	
Heidi Kornmuller ⁴			Member	

¹ Independent non-executive

* Chair on matters relating to the nomination and appointment of individuals

[^] Chair on matters relating to remuneration

² Executive

³ Chief operating officer

⁴ Head of human resources

Attendance at the meeting of the board and the committees as at 30 September 2015 was as follows:

	BOARD OF DIRECTORS	AUDIT AND RISK COMMITTEE	SOCIAL, ETHICS AND TRANSFOR- MATION COMMITTEE	REMUNE- RATION AND NOMINA- TIONS COMMITTEE
Shams Pather	100%	100%		100%
Lulama Boyce	60%			
Judith February	100%		100%	
Jock McKenzie	100%	100%		100%
Alexandra Watson	100%	100%	100%	
Anton Pillay	100%		100%	
John Snam	100%			
Llewellyn Smith			100%	
Heidi Kornmuller			100%	

AUDIT AND RISK COMMITTEE

The audit and risk committee is chaired by an independent non-executive director and consists of a further two independent non-executive directors, one of whom is the chairman of the board. This is in accordance with the provisions stipulated in the JSE rules.

The committee meets at least three times a year, in May, August and November, as well as on an ad hoc basis if required. The committee met on three occasions during the 2015 financial year.

The board has established the audit and risk committee to assist in the oversight and review of the financial, operational and risk management of the group's activities, including information technology risks. The audit and risk committee is responsible for ensuring the integrity of the financial reporting process, the risk management system, internal reporting and controls, management of strategic and major financial and operational risks, and the external audit process, based on sound principles of accountability, transparency and responsibility.

The audit and risk committee discharges its responsibilities on behalf of the group and all subsidiaries. It serves in an advisory capacity to the board and assists the directors in discharging their duties relating to the safeguarding of assets, the operation of adequate systems, risk management and internal controls, the review of financial information and the preparation of the annual financial statements, as well as their oversight responsibility for the integrated annual report. This includes satisfying the board that adequate internal, operating and financial controls are in place and that material risks have been identified and are being effectively managed and monitored.

In fulfilling its responsibility of assisting the board in discharging its duty to shareholders, the committee is guided by an audit and risk committee charter (available on our website www.coronation.com) to ensure the integrity of the audit process and financial reporting, and to maintain a sound risk management and internal control system.

Management is accountable to the audit and risk committee for ensuring that the risk management process is incorporated into the day-to-day activities of the business, which includes design, implementation and monitoring thereof. The chairman of the committee reports on the status of the external and internal audit, compliance and risk management functions at the meetings of the board of directors.

The financial director, internal and external auditors, as well as the global head of risk and compliance, have unrestricted access to the chairman of the committee, which ensures that their independence is not compromised.

The audit and risk committee is satisfied with the expertise and adequacy of resources within the finance function, as well as with the performance and competency of the chief financial officer, John Snalam. The committee is of the opinion that he has the appropriate expertise and experience to meet his responsibilities in that position, as required by the JSE. In making these assessments, feedback was obtained from both external and internal audit. Based on the processes and assurances obtained, the committee is of the view that the accounting practices are effective.

During the year, the committee approved the external auditor's terms of engagement and scope of work and also reviewed the internal auditor's coverage plan aimed at providing assurance in respect of the various levels of operation. The committee received regular internal and external audit reports on the results of the audits conducted.

Based on the recommendation of King III, the board reviewed the performance of the audit and risk committee and is of the opinion that the committee has effectively discharged its responsibilities, as contained in its terms of reference, for the year under review.

REMUNERATION AND NOMINATIONS COMMITTEE

The remuneration and nominations committee is a combined committee that is consistent with the recommendation of King III. The chairman of the board chairs the meeting on matters relating to the nomination and appointment of individuals. An independent non-executive director chairs on matters relating to remuneration. In compliance with King III, the chief executive officer is not a member of the committee but attends all meetings by invitation.

The committee meets three times a year, in April, September and October, as well as on an ad hoc basis if required. The committee met on three occasions during the 2015 financial year.

The committee's main objective is to ensure that the board comprises individuals equipped to fulfil the role of company directors and to ensure that the company recruits and retains the appropriate calibre of management. The committee also ensures appropriate succession planning is in place. It adds value by ensuring that optimal remuneration structures are in place, approves the company's remuneration philosophy and policies, and ensures that directors, senior executives and other employees are appropriately rewarded for their contribution to the performance of the business, with specific focus on incentives and longer-term remuneration structures. Local and international remuneration levels and trends are taken into consideration. For further details refer to page 58.

① SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE

The social, ethics and transformation committee is chaired by an independent non-executive director and consists of one other independent non-executive director in addition to members of management. The committee met on two occasions during the 2015 financial year.

In line with the company's vision and corporate governance requirements, the objectives of the committee are to ensure that high ethical standards are applied in all areas of the business, as well as to review and approve the policy, strategy and structure for managing transformation and social issues.

The committee oversees the monitoring, implementation, assessment and measurement of the company's activities in the following key areas, relating to transformation, good corporate citizenship and social responsibility, the environment, consumer relationships and engagement with stakeholders:

- Code of ethics and conduct
- Environmental, social and governance
- Transformation
- Human resource development
- Enterprise development
- Corporate social investment

The committee also fulfils a monitoring role of the company's labour and employment practices. In discharging these responsibilities, it considers the legal and regulatory frameworks, industry scorecards and the company's vision.

The committee relies on management for the implementation of strategies and initiatives, of which the primary contributors are the executive committee, employment equity and corporate social investment committees.

The committee identifies business areas where transformation will be effected. It also monitors all transformation strategies and measures their respective impact. The committee reviews the results of any surveys undertaken and assesses management's response to transformation initiatives. Ultimately, it ensures that true transformation is taking place within the business with regard to recruitment, staff retention, work environment and career development.

RISK MANAGEMENT AND COMPLIANCE

① RISK MANAGEMENT

Risk is an inherent part of any business. Risk management is a multi-faceted process which involves independent monitoring, frequent communication, the application of judgement and detailed knowledge of specialised products and markets. The risk management process involves the identification, assessment and prioritisation of risks that may impact the achievement of strategic and business objectives. The management, monitoring and reporting of these risks ensure that resources are used to minimise the probability of negative events or to maximise the realisation of opportunities. The business recognises that, in a complex financial services environment, risk management processes and strategies are evolutionary and subject to ongoing review and modifications, taking into account risk appetite, risk tolerance and risk resilience of the business.

The board is ultimately responsible for ensuring that risks are managed effectively. The board sets the risk appetite, which is the level of risk that it is willing to take in order to deliver its strategic objectives. The risk appetite is aligned with the risk and business strategy and is intended to be the link between business strategy and the risk management framework by bringing strategic context to identified risks.

Risks are evaluated using the approved risk measurement methodology as defined in the risk management framework. The business has determined a risk tolerance level above which risks are immediately addressed and mitigating controls implemented. This process of risk evaluation determines the strategy of managing the identified risk, ranking and determining whether the risk should be terminated, tolerated or managed.

The board has delegated responsibility for the implementation of the risk management framework to senior management in the operating companies. Senior management takes an active role in the risk management process and is ultimately responsible for compliance with the risk management framework. This function, which is subject to review by the audit and risk committee, is also responsible for identifying the risks faced by the company, ensuring that the controls established to manage those risks are effective, and for monitoring their application. The risk management function is responsible for ensuring that consistent policies and procedures are established for measuring, managing and reporting risk. The board is kept informed through interaction between the executive members of the board and senior managers responsible for risk management. More structured feedback at board meetings is provided by the chairman of the audit and risk committee. In addition, the responsibilities of the audit and risk committee include independent monitoring of risk management and compliance.

Nothing has come to the attention of the board to indicate that there has been any material breakdown in the risk management function, processes or systems during the year under review.

Coronation's risk management objectives are to:

- Create awareness and understanding of risks at all levels of the organisation by training employees and by management providing guidance.
- Integrate risk consciousness into the organisation's daily decision-making and implementation processes.
- Identify and manage risks within the risk appetite and risk tolerance parameters, which are aligned to the board's strategy and objectives.

RISK MANAGEMENT AND COMPLIANCE

CONTINUED

- Improve the group's ability to prevent, detect, correct, escalate and respond to critical risk issues by executing risk management plans, recommendations and monitoring effectively.
- Comply with appropriate risk management practices in terms of corporate governance guidelines and King III.

The business has identified various risks as being of particular significance. Coronation has developed, implemented and continuously improves the risk management framework to ensure that the management of risk is integrated into the organisation's overall corporate governance structures, strategy, planning, reporting processes, policies, values and culture.

RISK MATRIX

Outlined below are the major risk types facing the business, along with the relevant mitigating controls which have been implemented:

RISK	DEFINITION	MANAGEMENT AND MITIGATION
Credit and counterparty risk	The risk of loss resulting from a counterparty's inability to meet its obligations in terms of an existing contract, or failure to service its debt timeously	<ul style="list-style-type: none"> • The business has a credit and counterparty risk committee, chaired by an independent chairman who is responsible for setting credit policy, reviewing credit risk limits and authorisations, reviewing concentrations of credit risk and making decisions in cases requiring the highest level of authority. • A dedicated credit analyst utilises conservative credit analysis methodologies together with proprietary credit models. Exposure to high-risk counterparties and excessive exposure to any single counterparty, rating class or product is avoided. • Coronation manages and controls settlement risk primarily by limiting authorised counterparties to quality entities. • A thorough due diligence is performed prior to appointing a new counterparty. • Periodic monitoring of counterparty relationships takes place, which includes monitoring of adherence to service level agreements, financial condition, and general control environment of the counterparty. • Selected service providers are reviewed on an annual basis. • Credit risk limits, stipulated in the counterparty and credit risk policy, are monitored for compliance on a daily basis.
Investment performance risk	The risk that the value of Coronation's client positions will be adversely affected by movements in equity and interest rate markets, currency exchange rates and commodity prices, resulting in poor investment performance relative to benchmarks	<ul style="list-style-type: none"> • The business manages market risk through its structured investment process. A strict investment philosophy and process are followed by the investment team in the analysis of potential investments. Team discussions and debates are conducted prior to the authorisation and execution of investment decisions.

RISK	DEFINITION	MANAGEMENT AND MITIGATION
Liquidity risk	The risk that Coronation will not be able to meet its payment obligations as they fall due, or that the group may be forced to liquidate its positions under adverse conditions to meet that obligation	<ul style="list-style-type: none"> Coronation has controls and processes in place to ensure that future liquidity requirements are met. Forecasting and management accounts are conducted on a monthly basis to determine liquidity requirements. Coronation's capital adequacy requirements, as required by relevant regulatory bodies, are calculated by the finance team. Submissions to the regulatory bodies are monitored by the compliance function. Coronation has complied with all regulatory capital adequacy requirements during the period.
Operational risk	The risk arising from the execution of the company's business functions in terms of people, systems and processes	<ul style="list-style-type: none"> A bimonthly operations committee meeting addresses all operational matters, actions and duties. Operational risks are identified through various processes, such as the formal business risk assessment process which is conducted annually, the incident reporting process, internal audit and external assurance provider findings, as well as ongoing review and interaction with the business on a day-to-day basis. The risks identified are evaluated based on impact and likelihood, after taking the effectiveness of the existing controls into account. The business will agree on the most appropriate risk mitigating actions to address the risk. An incident-reporting policy and process exist to ensure that all reported operational risk incidents are analysed, and the risk mitigated to prevent a recurrence.
Reputational risk	The risk that an action, event or transaction may compromise the Coronation brand	<ul style="list-style-type: none"> The business operates with a philosophy that seeks to protect and enhance the brand, its reputation and its ability to conduct business with the highest ethical standards. The business recognises the importance of its reputation and devotes considerable effort to managing all aspects of that reputation. The group has stringent personal account investment rules and complies with the General Code of Conduct for Financial Services Providers and Representatives. A whistle-blowing programme is in place to anonymously report dishonest and unethical practices within or impacting the business.
Outsourcing risk	The risk of financial or reputational loss as a result of poor service delivery from material outsourced service providers	<ul style="list-style-type: none"> Coronation has implemented a number of processes to enhance the monitoring and oversight of the services provided by our material outsourced service providers. Regular meetings and feedback sessions are held with senior management of the outsourced service provider. Service levels are closely monitored to ensure compliance with the requirements of service level agreements. A formal due diligence is conducted on each material service provider on a regular basis.

RISK MANAGEMENT AND COMPLIANCE

CONTINUED

RISK	DEFINITION	MANAGEMENT AND MITIGATION
Human resource risk	The risk of key staff departures	<ul style="list-style-type: none"> Coronation provides personal and career development. As a people-centred business, staff ownership is part of the culture. The remuneration policy is designed to attract and retain skills and talent. The group has an appropriate succession plan in place.
Compliance, regulatory and legal risk	The risk of non-adherence to regulation and legislation	<ul style="list-style-type: none"> Coronation has in-house legal advisors and a compliance department that monitor and assess the impact of legislation, regulatory rules, supervisory requirements and industry codes. This ensures compliance with current and pending legislation. The group may, where required, make use of external experts. The compliance officers and legal advisors are members of appropriate bodies and keep abreast of all industry, legislative and regulatory changes. The compliance officers have direct access to the chairman of the audit and risk committee. External service providers assist on international regulations. Proactive engagement with policymakers, regulators, intermediaries and consumers on policy, regulatory and other important issues of common concern through staff participation in industry body ASISA.
New business risk	The risk associated with new business ventures and products	<ul style="list-style-type: none"> The business launches new innovative products to meet the changing needs of investors. All product development commences with detailed research to assess viability, followed by an exhaustive and strict internal authorisation and approval process.
Information technology (IT) risk	The risk of IT disruption caused by an unforeseen event or disaster	<ul style="list-style-type: none"> Coronation has a dedicated IT department that, together with internal audit, assesses the risk environment for the implementation of world-class IT security. Software and hardware throughout the organisation are updated and tested in terms of the disaster recovery plan. An IT steering committee scrutinises the threats and opportunities relating to IT.
Disaster recovery and business continuity	The risk of the business being unable to operate due to an unforeseen event or disaster	<ul style="list-style-type: none"> A comprehensive business continuity plan has been developed and tested. The plan provides guidance to staff for the complete restoration of the core business functions and IT facilities at head office. Our comprehensive disaster recovery procedure incorporates a full backup of all electronic files daily, which are stored off-site. In the event of a disaster, Coronation has an alternative facility where key management and staff are able to resume the organisation's most critical business functions.

RISK	DEFINITION	MANAGEMENT AND MITIGATION
Tax risk	The threat that an event or action will adversely affect the group's ability to service its tax obligations	<ul style="list-style-type: none"> The group's tax philosophy is to prudently manage tax affairs in a manner that will protect its reputation with all stakeholders. Independent tax specialists are employed in an advisory capacity to perform reviews of tax risks, risk mitigation and monitoring.
Fraud and cyber risk	The threat that Coronation's clients are exposed to and may potentially become victims of fraudulent activities	<ul style="list-style-type: none"> Continual review and enhancement of business processes and controls, in the operations area, are designed to identify and prevent fraudulent activity. External assurance is obtained to ensure consistent application of agreed controls in all high-risk areas. Participation in industry forums focused on fraud prevention assists us in keeping abreast of emerging trends. Coronation's whistle-blowing hotline, managed by an independent third party, enables staff to anonymously report dishonest or unethical behaviour. External assurance providers are engaged to test the effectiveness of IT security procedures.
Regulatory risk	The increasing volume and complexity of regulatory changes may lead to non-compliance with global and local laws and regulation	<ul style="list-style-type: none"> Coronation's global compliance department, with advice from external risk, legal, regulatory and compliance experts, ensures that we comply with the full regulatory universe applicable to our business.

COMBINED ASSURANCE

The audit and risk committee supports our combined assurance framework which comprises the following:

- senior management and staff
- risk officer and compliance officers
- internal risk assurance manager and internal auditors (Deloitte & Touche)
- the audit and risk committee, our traditional independent external assurance providers (EY, KPMG) and various external subject matter experts.

These multiple lines of defence are managed to allow visibility over the extent of assurance obtained and from whom. We continuously strive to enhance our combined assurance framework to ensure maximum value and assurance is obtained, with a view to always optimising our processes, controls and associated risk mitigation measures. The collaborative efforts of the role players in our combined assurance framework assist in bringing about a holistic view of the organisation's risk profile and assurance activities, and increases the level of assurance provided to the audit and risk committee.

The internal audit function has been outsourced to Deloitte & Touche (Deloitte). Deloitte provides the appropriate independence and objectivity to assist the board in discharging its responsibilities, and follows a risk-based approach to audit planning and execution. Annual risk-based internal audit plans are developed and presented for approval to the audit and risk committee. The plan is based on a formal risk assessment together with specific risks identified

RISK MANAGEMENT AND COMPLIANCE

CONTINUED

by management, the internal auditors and the audit and risk committee. Given that new risk areas may be identified as the business evolves, planning is of a continuous nature.

Internal audits are conducted throughout the year with the full co-operation of the board and management. This function aims to assist members of executive management in the effective execution of their responsibilities through an examination and evaluation of the subsidiaries' activities, business risks and systems of internal control. Any material control weaknesses are brought to the attention of management and the audit and risk committee. Internal audit does not assume the function of risk management, which is conducted in-house, but does provide an independent assessment as to the effectiveness of the internal controls.

During the year, consultation occurs between Deloitte, our external auditors, EY, as well as KPMG, who are engaged to provide a reasonable assurance opinion on the design and operating effectiveness of internal controls in accordance with the International Standard on Assurance Engagements – Assurance Reports on Controls at a Service Organisation (ISAE 3402). Utilising three of the 'Big Four' audit firms in a coordinated manner ensures that adequate external assurance is obtained over financial, operational, information technology and compliance controls to mitigate material risks.

In addition, we engage a variety of external subject matter experts to test selected processes and controls, in areas such as information technology and security.

To further enhance our combined assurance framework, a risk assurance manager was appointed in October 2015. The purpose of this role is to further optimise the planning and execution of our combined assurance framework and to conduct in-house assessments of the design and operating effectiveness of operational processes and controls.

Nothing has come to the attention of the audit and risk committee to indicate that there has been any material breakdown in the functioning, procedures or systems during the year under review.

COMPLIANCE

Coronation has a global compliance function which is primarily responsible for monitoring Coronation's compliance with all relevant regulatory obligations in all jurisdictions in which the group operates. We are primarily answerable to the following regulators:

- Financial Services Board (South Africa)
- Financial Conduct Authority (UK)
- Central Bank of Ireland (Ireland)
- Securities and Exchange Commission (USA)

Regulatory compliance is achieved by, firstly, identifying and understanding the full universe of relevant regulation and, secondly, by training employees and embedding compliance requirements in processes and controls. The compliance department manages an ongoing training and awareness programme, which includes induction training for new starters, 'compliance broadcasts' sent by email to all or impacted staff, required regulatory training and specialist training for certain staff segments. In order to test adherence to regulatory obligations our compliance staff execute appropriate risk-based compliance monitoring plans and employ the services of specialist external assurance providers.

Given the nature and scale of our business, and the fact that all key business and operational functions are centralised on one floor in our Cape Town headquarters, interaction between compliance staff and business/operational staff is frequent. In addition, the head of global risk and compliance is in regular direct contact with the chief executive officer, chief operating officer, chief financial officer and senior management, and attends key management and governance meetings. Supplementary to attending the audit and risk committee meetings and reporting to the committee, the head of global risk and compliance holds one-on-one meetings periodically with the independent non-executive chair of the audit and risk committee.

The global compliance function is managed out of Cape Town and consists of the head of global risk and compliance, three South African-based compliance officers, a compliance officer based in Dublin and an external compliance consulting representative in London. In line with our global strategy, we also frequently employ the services of international compliance consultants and law firms to ensure we remain abreast of all material regulatory developments.

Coronation has not had any regulatory penalties, sanctions or fines for contraventions or non-compliance with regulatory obligations imposed on it or any of its directors or officers.

CODE OF ETHICS

We strive to be leaders in promoting the highest standards of ethics and professional excellence. High ethical standards are critical to maintaining stakeholder trust in Coronation, the financial markets and the investment profession. By 'stakeholders' we include the public, regulators, clients, prospective clients, shareholders, employees, colleagues in the investment profession, and other participants in the global capital markets.

All staff are required to conduct themselves in accordance with the code of ethics, client charter and our set of values. In addition, all staff are required to complete a biannual declaration that includes, inter alia, the provision of information and/or declarations in relation to outside interests, broker statements, conflicts of interest, compliance with the requirements of Coronation's compliance manual, confidential information and the Financial Services Board's Treating Customers Fairly (TCF) initiative.

Coronation is supportive of the TCF principles, to the extent relevant to our business, and we believe that they are consistent with the objectives required for a long-term, sustainable investment business. Furthermore, the TCF principles are supported by our client charter and set of values that focus on putting clients first, acting ethically and with integrity.

RISK MANAGEMENT AND COMPLIANCE

CONTINUED

❶ CONFLICT OF INTEREST

Coronation is obliged to render unbiased and fair financial services to clients. Accordingly, we must take all reasonable steps to avoid any business activities and/or practices that may create conflicts of interest between Coronation and employee interests, and the interests of clients. In the event that it is not possible to avoid a conflict of interest, Coronation will take all reasonable steps to mitigate the impact, as well as appropriately disclose any such conflict to clients.

We have identified specific categories of potential conflicts of interest, addressed through the implementation of appropriate policies and procedures, including:

- Gifts and inducements policy
- Outside interests and personal account investing policy
- Insider trading policy

The compliance department monitors compliance with these and related policies. No instances of non-compliance have been noted.

Coronation is committed to conducting business with honesty and integrity that will facilitate the best results for our clients, and maintain our reputation, the long-term sustainability of our business and a stable working environment. To this end, our whistle-blowing hotline enables staff to anonymously report dishonest or unethical behaviour. It is managed by an independent third party and monthly reports are provided jointly to the chief executive officer, the independent chairman of the audit and risk committee and the head of global risk and compliance. No incidents have been reported since its inception.

❷ PERSONAL ACCOUNT INVESTMENTS

All staff are required to conduct their personal account investments in accordance with the requirements of the outside interests and personal account investing policy. Client interests will always take precedence over staff interests. The policy includes requirements such as:

- All personal account investments must be processed via the internal system.
- Pre-trade approval.
- Prioritisation of client orders and no personal account trades permitted if there are open client orders.
- Minimum holding period of 12 months.
- Provision of broker notes post-trade.
- Biannual declaration of broker statements.

In addition, all directors and staff are prohibited from dealing in Coronation shares from the declaration date of a closed period prior to the interim and financial year-end, until the announcement of the interim or annual results on SENS, and during times when a cautionary announcement is made.

Coronation and its subsidiaries comply with the continuing obligations of the Listings Requirements of the JSE as they apply to investing in company shares by the directors and the company secretary.

The directors and the company secretary are required to obtain prior approval from the chairman for all dealings in the company's shares (including off-market transactions). For the chairman's own dealings, prior approval must be obtained from an independent non-executive director.

Once prior approval has been obtained, the company secretary files a written record of such approval and, upon execution of the trade, ensures that disclosure is made on SENS in terms of the Listings Requirements of the JSE.

These obligations apply to company shares held directly, indirectly, beneficially or non-beneficially and also apply to:

- Any associate of the director or company secretary as defined in the Listings Requirements of the JSE.
- Any independent entity, in terms of which any director, the company secretary or their associates may derive any beneficial or non-beneficial interest, either now or in the future.

CLIENT COMPLAINTS

We maintain a complaints policy, as well as a *Complaints Procedure: Guidelines for Clients*, which is available on our website. We have established systems and procedures to identify, investigate and resolve client complaints. The compliance department reviews all complaints received on a monthly basis. Material complaints will be escalated to the executive committee and the audit and risk committee.

FINANCIAL SECTOR CHARTER

The Financial Sector Charter (FSC) provides a benchmark against which we determine our BEE rating. We are currently measured as a Level 3 contributor in terms of the FSC.

Our level of BEE contribution is determined using the 7 pillars of the FSC which includes:

- Ownership and control
- Management
- Employment equity
- Skills development
- Preferential procurement
- Enterprise development
- Corporate social investment

The revised FSC is yet to be gazetted as a sector code in terms of the Broad-Based Black Economic Empowerment Act, No. 53 of 2003. With a change in the Financial Services Charter imminent, the change to the sector code is most likely to impact our BEE rating in the next rating period. This is as a result of the change in measurement criteria within certain areas of the code. The full impact of the amendment is yet to be ascertained.

BUSINESS SUSTAINABILITY

Coronation recognises that the sustainability of the business lies in its ability to produce consistent superior long-term investment performance, provide client service excellence and ensure client and staff retention (as detailed in key focus areas and performance on pages 14 to 20).

At the heart of Coronation's philosophy and behaviour is our commitment to clients. We are conscious that the trust placed in us by clients is not a given or a right, but that it has been hard earned over time, year after year, and can easily be lost. Client satisfaction is key to the sustainability of our business and the essence of our six values and client charter, as has been addressed in the relevant parts of this report.

In striving to always be a good corporate citizen, we recognise our direct footprint in terms of the environment and our social impact on the communities in which we operate. As an investment manager, we also recognise our indirect footprint with regard to the companies in which we invest and our level of shareholder activism.

INVESTMENT DECISION-MAKING PROCESS

Coronation is a long-term, valuation-driven investment house. Our investment philosophy is deeply engrained in our culture and impacts every decision made at both an investment and business level.

In valuing businesses, we incorporate the sustainability of a business, reflected in the discount rate applied to its cash flows. As part of the investment process, an in-depth analysis of the company is performed by the investment analyst; this includes sound quantitative and qualitative analysis of all significant environmental, social and governance-related (ESG) issues. In our ratings of the businesses that we analyse, we therefore implicitly build in the risks relating to the levels of governance and environmental and social obligations. It does not, however, automatically exclude investments in companies that perform poorly on this front, but does force us to carefully consider this as part of the investment decision. In practice, a business with an ambiguous ESG profile requires a much higher hurdle rate to justify its inclusion.

Coronation is committed to the principles of good corporate governance and has a fiduciary duty to its clients to ensure, as far as possible, that the companies in which it invests on behalf of its clients are also committed to adhering to these same principles. Coronation must determine whether the long-term interests of its clients would be best served by avoiding positions in companies that are considered to be poorly governed, or to become more actively involved in the company through discussions with its board of directors, making its views public, exercising its proxy voting right or through any other means in order to enhance shareholder value.

We take a firm view on all corporate governance issues, which are carefully considered and evaluated before being taken into our investment valuation process. Should a governance concern exist in a potential investment, this is fully reflected in our valuation of a company. Furthermore, ESG considerations are applied in the ongoing monitoring of companies that we hold on behalf of clients. Any areas of concern are raised with the company as part of Coronation's active engagement with companies as described on the following page.

Accordingly, where the governance concern arises in an existing investment, appropriate action is taken. This would initially involve engaging with the board of directors. However, should the issue not be resolved and should we consider that further action is required, we will engage with regulators, other shareholders, media and other appropriate parties to ensure our concerns are known and fully understood.

Coronation is an active shareholder in terms of advocating change, in an extreme event, to boards of directors where a board's actions are not in the best interests of its shareholders. As part of the ongoing investment due diligence process, Coronation meets with company management and conducts site and country visits throughout the period in which the company forms part of our investable universe. We engage with business management in instances where we believe management is losing sight of its core deliverables, relating to the long-term sustainability of the company or eroding shareholder value. Detailed records of all such engagements are maintained.

In terms of proxy voting, we comply with strict internal guidelines and maintain detailed records of all voting – a summary of which is detailed in the table below. Ancillary to the guidelines, investment analysts apply considered judgement to each proxy vote in consultation with the chief investment officer. Wherever possible, Coronation will timeously raise its concerns with management so as to afford management the opportunity to address the concerns ahead of voting. A full record of all proxy voting is available in the Stewardship section of our website (www.coronation.com).

As a minority shareholder, Coronation also recognises that there may be instances where collaboration with government, regulators or other institutional investors is required.

The table below represents a log of our proxy voting decisions over the past four years:

	2015	2014	2013	2012
Total number of meetings*	250	200	223	221
Number of resolutions	2 347	2 767	2 898	2 918
Voted in favour	2 223	2 606	2 702	2 721
Voted against	121	157	191	195
Abstained from voting	3	4	5	2

* AGMs, general and extraordinary general meetings

Coronation proactively engages with management on all major corporate issues and maintains detailed records of all ESG issues.

We believe that integrating economic growth with respect to the environment is good business practice. We are committed to the principles of sustainable development, which require the incorporation of ESG factors into our investment process in a manner that is fully consistent with the long-term investment horizon of our clients. As a signatory to the United Nations' Principles for Responsible Investment (UN PRI) since 2007, we consider any factor that may materially affect the sustainable long-term performance of an investment.

Coronation fully supports the Code for Responsible Investing in South Africa (CRISA). We endorse the objectives that underpin the Financial Reporting Council (FRC) UK Stewardship Code and comply, where appropriate, with the code in respect of the delivery of investment management services.

HUMAN CAPITAL

Our people are our greatest asset. The smarter and more diverse we are as a business, the greater is our competitive advantage. Our aim is to attract the best talent, and to build and retain an exceptional team of highly motivated and productive people that will ensure the sustainability of the business.

ATTRACT, MOTIVATE AND RETAIN

We continue to employ talented black individuals who enrich our already diverse staff complement, currently 52% black. Where we encounter a shortage of relevant industry experience among previously disadvantaged individuals, we recruit on the basis of an individual's potential to excel. We are proud of the success we have achieved in hiring suitably qualified candidates who may not have all the required experience, but who have great potential. A natural consequence in developing this highly marketable grouping is an expected level of attrition for reasons of career advancement and varied job experience. We also have a bursary programme that identifies previously disadvantaged learners with academic potential and who want to study commerce. During their studies, students are offered mentorship from within the business and vacation work as preparation for the working world. The intention is that once the bursary students graduate, they would be employed by Coronation. Over the years, we have made a number of successful placements as referenced on page 63.

We regularly review staff notice periods to ensure minimal disruption in the event of resignation and to maintain alignment with dynamics in the market. Future talent is earmarked for succession planning and the appropriate retention mechanisms are put in place to ensure a long-term sustainable business. During 2015, the Coronation Management Think Labs were introduced to develop in both new and existing leaders the skills to manage and retain top talent.

We are a client-centric business that relies on the combined intellect of our human capital – the people who walk the corridors of Coronation day in and day out – no matter the cycle of the markets. While we cannot claim to have 'lifers' at Coronation, we do boast a highly stable investment team, where the average tenure is eight years, and an average of six years across the business.

Confidential career discussions are offered by members of the human resources team to support all employees with their career development plans. Over the year, we experienced an increase in applications from internal candidates, and limited natural attrition. Staff turnover for 2015 remained unchanged from 2014.

INTEGRATION

New starters are welcomed through the introduction of *Own it!* – a self-driven online induction programme of senior management video clips detailing all the important aspects of our culture and business. Staff are required to complete the programme with a 100% pass rate within the first two weeks of employment. A further essential for successful integration is to have read and understood Coronation's ethics, policies, strategy and business information.

An important leg of integration for new staff is the completion of our group coaching programme *Ignite*. Introduced in 2011, this two-month programme of biweekly two-hour sessions is led by an external qualified coach within the first six months of employment. The approach creates shared learning and leverages individual strengths to assist in tackling potential short and medium-term challenges of operating in a high-performance-driven culture. *Ignite* has proved highly successful and has been recognised by participants as a focused learning methodology that has enhanced individual career development and performance.

The protection and survival of our culture are critical to our long-term success, and of particular importance given the growth of the business in recent years and consequent increase in headcount.

TRANSFORMATION AND SKILLS DEVELOPMENT

Transformation and the creation of sustainable broad-based black economic empowerment (B-BBEE) is an integral part of Coronation's business strategy, with a goal to exceed the imperatives as defined in the Financial Sector Code. Transformation is a business imperative which makes practical business sense, the benefits of which extend to clients, partners, shareholders, staff and the South African economy.

We believe that the effective development and transfer of skills are essential to the transformation of the local investment management industry. As such, training, mentorship and career planning play integral roles in the advancement of all staff. The Coronation Mentorship Programme enables experienced staff to mentor new employees, providing guidance on company culture and work processes as well as industry insight. We currently have a total of 20 (2014: 20) mentors within the business, some of whom focus specifically on mentoring our bursary students. To ensure that we leverage off the diversity of our staff and facilitate open communication, diversity and culture workshops are integral components of our continued learning and training programme.

Teamwork, individual achievement and continuous learning are all key components of our culture. Staff are encouraged to enhance their knowledge and skills through part-time study and by attending conferences and workshops. The business supports appropriate training initiatives by providing financial assistance towards tuition fees. We continue to direct a large portion of the company's training spend to black staff. In 2015, 41% of total training spend was allocated to black staff. Furthermore, staff are encouraged to diversify their skills by exploring new positions and responsibilities within the business. All opportunities at Coronation are posted on both an internal and external careers site to facilitate career progression.

Staff are responsible for ensuring that they are equipped with the necessary training to successfully fulfil their function. This may take the shape of formal or on-the-job training. In the case of the latter, staff are required to record a monthly report, including detailed content by both the trainer and trainee. To assist in identifying individual development opportunities, we embark on a consultative process between human resources, line management and staff to analyse training trends of prior years and define skills imperatives for the coming year.

The Chartered Financial Analyst (CFA) professional credential is highly coveted in our industry. A candidate who successfully completes the programme is also required to have four years of qualifying investment workplace experience.

A significant portion of our total training spend consists of CFA fees and workplace training, as well as international conferences to ensure our staff remain world class. Other areas of training include university qualifications, short courses, including regulatory and product training, as well as softer skills training in the form of individual and group coaching, and mentorship.

In 2015, Coronation introduced an interview skills competency training programme for all managers, called *Hiring Right!* This high-intensity programme involved real Coronation case studies and focused on identifying and selecting top talent.

We continue with our successful Coronation workplace experience internship programme (spanning 23 months), offering unemployed graduates the opportunity to gain valuable work experience. In 2015, nine interns were included in the programme which, since inception in 2012, has benefited a total of 26 graduates. Twelve are currently on the programme (8 of whom are black) and of the original 26, 11 have been employed in permanent positions within our client-facing business areas (8 of whom are black). To further transform the industry, we launched our external intern programme during the course of the year – a partnership with three of our suppliers to provide graduate internships for a 12-month period. The programme is aimed at developing specific skills currently found to be in short supply in the marketplace. Presently, it extends to a total of three graduates. In addition, our bursary programme also plays an integral role in achieving transformation through skills development. For the 2015 year, we sponsored a total of 22 students from across the country, 14 of whom are black females. Please see page 63 for more information.

B-BBEE OWNERSHIP AND CONTROL

One of the most direct means of increasing meaningful black participation in the economy is through participation in decision-making and ownership of the company. Our chosen B-BBEE partner, the Imvula Trust (Imvula), continues to create tangible benefits for its participants through annual cash distributions and the creation of net asset value.

Coronation established Imvula to facilitate its B-BBEE transaction. On 1 April 2005, Imvula acquired 10% of Coronation Investment Management (Pty) Ltd from Coronation. The acquisition consideration amounted to R148 million and was funded by the issue of redeemable preference shares to a third-party financier. This consideration was based on a price per Coronation share of R3.85. A board of trustees approves beneficiaries who will, on fulfilment of certain conditions, have an interest in the underlying shares held by Imvula. Vesting periods are over three, four and five years.

On 29 August 2012, all debt was settled, and the conversion of the Imvula investment in Coronation Investment Management (Pty) Ltd to listed Coronation shares was completed on 28 February 2013.

On 30 September 2015, black representation at board level was 57% and 75% at executive committee level.

PROCUREMENT

Preferential procurement is where we believe transformation has the greatest impact as it provides real opportunity for the redistribution of wealth. By adhering to a procurement policy that strongly reflects B-BBEE as the central criterion, we are able to influence our suppliers to enhance their B-BBEE credentials, and thereby help create a cycle of enhanced economic activity and wealth creation. The empowerment credentials of all suppliers and service providers are reviewed by independent parties.

In addition to facilitating transformation in established companies, our approach is about assisting young B-BBEE companies where an appropriate opportunity exists.

ENTERPRISE DEVELOPMENT

In 2006, the Coronation Business Support Programme was launched, a groundbreaking and ambitious approach to transforming the South African stockbroking industry. Key to the development of this initiative was the building of sustainable working relationships that would result in fully fledged, stand-alone black stockbroking businesses. Over its 10-year history, the programme has benefited a total of nine black stockbroking companies.

The programme is structured with clearly defined terms of engagement, with Coronation allocating a minimum of 10% of its South African equity annual brokerage over periods of three to five years. While each participant is required to present an annual strategic, operational and financial update, ongoing interaction is maintained throughout the year with our chief executive officer (CEO) and head of dealing to ensure that the necessary balance of operational and strategic guidance is provided.

Critical to the programme's success has been the dedicated allocation to skills development, one of the key criteria for ongoing inclusion. The results of their focused training programmes have been impressive across all participants. This is a clear demonstration that, by committing time and resources to the advancement of black talent, we can empower individuals to advance their careers and enrich the broader industry.

Since inception, Coronation has allocated in excess of R200 million in brokerage to the programme participants. As a result, a number of the businesses have evolved into sustainable stockbroking houses with value-added offerings to the investment community as a whole. For both the industry and these companies, the transformation has been material and meaningful.

Over the years, our role in shaping the asset management industry has been marked by a number of significant milestones: in 1997 we partnered in the launch of the first Namibian-controlled asset manager to form Namibia Asset Management; two years later we established and funded African Harvest Asset Management, and in 2001 we launched Kagiso Asset Management, a joint venture with Kagiso Trust Investments.

① ALWAYS PUT CLIENTS FIRST

Coronation is a client-centric business. This fact is illustrated across our values and forms the fabric of our client charter. In recent years the business has experienced significant asset growth in both the institutional and retail target segments. Consequently, 21% of our total training spend was dedicated to the continued training and development of client-facing staff over the past year.

① REMUNERATION

The group's philosophy is to remunerate all of its employees fairly in relation to the market and nature of services provided. The objective of our remuneration policy is to ensure that we are able to attract, retain and encourage employees at all levels.

The remuneration and nominations committee reviews all staff salaries annually. An individual's total remuneration reflects relative skill, experience and performance. Annual increases in base pay are determined with reference to the scope of the employee's role, competence and performance as well as projected inflation. Thirty percent of annual group pre-tax profit is allocated to the bonus pool. The bonus pool is utilised to incentivise and retain staff in accordance with their performance and contribution to the business.

Payments from the bonus pool take the form of cash bonuses, any restraint payments, and a significant proportion is contributed to the Coronation Bonus Pool Trust (BPT). The BPT was established in 2006 to house portions of the annual bonus pool utilised for long-term incentives on behalf of its beneficiaries, who only comprise the staff of Coronation at time of allocations.

The BPT is a fully independent trust, with an independent board of trustees. Coronation's remuneration and nominations committee presents the trustees with proposed allocations and investments for their consideration.

The purpose of the BPT is to facilitate a significant portion of the bonus pool to long-term allocations. It does this through a vesting mechanism which defers payments allocated to its beneficiaries for up to seven years. This represents a fundamental cornerstone to the remuneration structure and, by acting as a retention mechanism for key staff, aligns the interests of staff and other stakeholders in the business.

Coronation contributed a total of 20% of salary towards retirement funding of executive directors and employees.

The remuneration and nominations committee ensures that corporate governance and legal requirements are adhered to when existing remuneration policies are reviewed and new plans and policies are put in place. This ensures that shareholder interests are protected and that all systems and policies are in alignment with the group's risk profile.

In respect of non-executive directors, the remuneration and nominations committee proposes fees to be paid for membership of the board and its committees (refer special resolution 1 on page 79). Such fees are market-related, commensurate with the time required to execute the required duties, and are approved by the board. Approved fees are set for the year and are subject to attendance. Such remuneration is not linked to the performance of the group or its share performance. Executive directors are not employed on fixed-term contracts. The termination of employment period for the CEO and chief financial officer (CFO) are 12 and three months respectively. In addition, restraints of trade are in place for both directors – 12 months for the CEO and six months for the CFO.

Please refer to the corporate governance report on page 37 for further explanations regarding King III non-compliance.

STAFF DEMOGRAPHICS

The commitment to our disciplined recruitment and selection process is reflected in our staff demographics spanning all levels of the business. Within the South African investment team of 63 individuals, 30% are black, of whom 6% are black females. As at 30 September 2015, the South African staff complement is split as follows:

OCCUPATIONAL LEVELS	MALE				FEMALE				FOREIGN NATIONALS		TOTAL
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	1	1	2	0	0	1	0	0	0	5
Senior management	1	2	1	8	0	1	1	1	0	0	15
Professionally qualified and experienced specialists and mid-management	6	16	5	55	5	17	5	25	5	0	139
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	2	14	5	7	15	32	5	26	1	0	107
Semi-skilled and discretionary decision-making	0	2	0	0	1	5	0	0	0	0	8
Unskilled and defined decision-making	0	0	0	0	0	0	0	0	0	0	0
Total permanent	9	35	12	72	21	55	12	52	6	0	274
Temporary employees	0	0	0	1	0	0	0	2	0	0	3
Total SA staff	9	35	12	73	21	55	12	54	6	0	277

A – African C – Coloured I – Indian W – White

BUSINESS SUSTAINABILITY

CONTINUED

DIRECTORS' EMOLUMENTS

EXECUTIVE DIRECTORS	SALARY AND OTHER BENEFITS R'000	BONUS R'000	2015 R'000	2014 R'000
Anton Pillay	1 414	11 275	12 689	15 271
John Snalam	1 414	2 183	3 597	3 403
Total	2 818	13 458	16 286	18 674

For non-cash emoluments, refer to the share-based payments and related party notes in the audited annual financial statements on our website (www.coronation.com).

NON-EXECUTIVE DIRECTORS	BASIC FEE R'000	BOARD MEETINGS R'000	AUDIT AND RISK COMMITTEE MEETINGS R'000	REMUNE- RATION AND NOMINA- TIONS COMMITTEE MEETINGS R'000	SOCIAL, ETHICS AND TRANS- FORMATION COMMITTEE MEETINGS R'000	TOTAL 2015 R'000	TOTAL 2014 R'000
Shams Pather	90	375	129	129	-	723	601
Judith February	90	215	21	-	45	371	328
Jock McKenzie	90	215	129	135	-	569	446
Alexandra Watson	90	215	210	-	43	558	467
Lulama Boyce	90	129	-	-	-	219	-
Total	450	1 149	489	264	88	2 440	1 842

In addition, emoluments for services rendered to subsidiary companies for the year ended 30 September 2015 were as follows:

NON-EXECUTIVE DIRECTORS	BASIC FEE R'000	BOARD MEETINGS R'000	AUDIT AND RISK COMMITTEE MEETINGS R'000	REMUNE- RATION AND NOMINA- TIONS COMMITTEE MEETINGS R'000	SOCIAL, ETHICS AND TRANS- FORMATION COMMITTEE MEETINGS R'000	TOTAL 2015 R'000	TOTAL 2014 R'000
Shams Pather	-	60	-	-	-	60	60
Lulama Boyce	-	60	-	-	-	60	87
Alexandra Watson	-	60	-	-	-	60	60
Total	-	180	-	-	-	180	207

● SOCIAL AND ENVIRONMENTAL CAPITAL

Manufacturing and natural capitals are not material to our business model. We do, however, recognise our corporate responsibilities towards both the environment and the community in its various roles as investor, employer and consumer.

All direct and indirect environmental impacts are identified and managed in a responsible manner. We have taken steps to reduce our carbon footprint through internal measures and in how we communicate with clients. We limit air travel and utilise video-conferencing facilities in our Cape Town, Johannesburg, Dublin and London offices. We have also implemented the 'greening' of our Cape Town head office workspace, which is sensitive to natural light and motion through the UV treatment of windows and efficient use of lighting. All used paper and toner cartridges are recycled. Where appropriate, we have introduced e-reporting to clients, which has significantly reduced paper use.

Coronation plays an active role in making a meaningful contribution to the development of the communities in which it operates.

🕒 CORPORATE SOCIAL INVESTMENT

The upliftment of society is an objective shared by all citizens of South Africa. At Coronation, we believe that, fundamental to achieving this goal, is the empowerment of individuals and communities. Consequently, our approach to corporate social investment (CSI) is about becoming involved in long-term programmes that result in quantifiable change to people's lives.

The CSI committee meets four times a year and comprises selected staff members from across the business. Regular agenda items include the review of all activities and discussion points around specific issues relating to strategy and budget allocation.

The framework and guiding principles of all our CSI engagements are governed by a clearly defined policy aligned to our business objectives. The CSI spend totalled R19.7 million for the 2015 financial year (2014: R19 million), including R7.2 million (2014: R7 million) which was targeted for consumer financial education.

In line with our philosophy of investing for the long term, our commitment to social interventions is no less than three years. All partner programmes report on the progress of clearly articulated objectives and desired outcomes biannually. During the 2015 financial year, an independent review confirmed that all partner programmes had delivered against stated goals and objectives.

● Unlocking Potential

Through our involvement in projects designed to empower and develop educators, we acknowledge the critical and influential role played by teachers in the development of children. In terms of implementation, we believe that successful intervention relies on programmes that cater for the needs of both the educator and the learner.

The improvement in the quality of education in South Africa is an urgent and critical challenge. Our engagement focuses on programmes aimed at greatly enhancing the literacy and numeracy skills of learners at foundation phase.

Our current involvement extends to two key programmes:

The Coronation Reading Adventure Rooms

The Coronation Reading Adventure Rooms programme, launched in January 2010, is an intervention to improve English literacy outcomes at indigent primary schools in the Cape Town area. The programme, run in collaboration with Living Through Learning, addresses foundation phase learning through dual targeting of learners and educators.

The programme's comprehensive literacy curriculum supplements and integrates with the National Department of Basic Education's Curriculum Assessment Policy Statements. Educators are provided with specialised training sessions and monthly educator forums to enhance teaching ability. In addition, mentorship and motivation is offered by on-site facilitators and all the necessary resources, such as educator manuals and stationery, games and workbooks for learners, are provided.

To build a new and inspirational frame of reference for learners, the programme takes place in a pre-selected classroom within partner schools. Each room is transformed with mural landscapes to create a fun and adventure-themed learning environment that facilitates active, compounded learning.

Over the past financial year, an additional five schools adopted the programme, bringing the total number of participating schools to 19. This created a direct benefit to 60 educators (2014: 39) and in excess of 2 500 learners (2014: 1 500) which, over its five-year history, amounts to indirect beneficiaries of more than 200 educators and 8 000 learners. The programme has resulted in an impressive 72% average literacy pass rate at participating schools, in comparison to the average national literacy rate of 63%.

Counting with Coronation

Research has shown that early difficulty with foundation-phase mathematical concepts has lasting and cumulative negative effects as children progress through their school career. By focusing on the first three years, learners are equipped with the skills required to achieve success in the intermediate phase.

Counting with Coronation was launched in July 2012. The programme comprises intensive foundation-phase mathematics training for teachers, which is run in collaboration with the Western Cape Primary Science Programme Trust. Currently, the programme, which functions as a two-year cycle, is in place in 15 primary schools situated in the most disadvantaged communities, involving a total of 229 foundation-phase teachers.

- Recognising Keen Minds

The youth are the future of the nation, and the best means of empowering young people is to provide them with opportunities to better and further their education. We are currently involved in two inspiring programmes that we believe create such opportunity:

Teacher Development

Statistics show that South Africa produces only one-third of the 25 000 teachers required per year, particularly in the key learning areas of maths and science. Furthermore, due to poor teacher utilisation, teachers qualified in these subjects are often deployed in the instruction of non-scarce subjects. Research has also found that nearly 80% of Grade 6 maths teachers are unable to successfully complete the very curriculum that they teach to their pupils. (*Source: Centre for Development and Enterprise.*)

The LEAP Science and Maths Schools' Future Leaders Programme aims to create a teacher development model that addresses the severe shortage of qualified teachers in the country. The programme includes practical classroom training, dedicated mentoring and specialised tuition for students studying Bachelor of Education through Unisa. Currently, a total of 50 students are enrolled in the programme, of whom 13 are fully integrated into the teaching staff. Since our involvement, a total of 55 students have completed the programme.

The Coronation Bursary Programme

Founded in 1993, this programme provides full tertiary bursaries to a number of bright young previously disadvantaged South Africans. Funding is awarded based on merit and financial need. Students come from across the country and can elect to study at any recognised university within South Africa. Bursary students are matched with a Coronation mentor to assist in the integration to university life, and offered additional support by trained tutors. During the life of the bursary contract, students can gain valuable practical work experience through vacation work, primarily in our Cape Town head office.

Coronation recognises that education is a key catalyst in addressing inequality in South Africa and we continue to refine the programme to ensure relevance and effectiveness, particularly in relation to an individual's professional development. Our intentions are to absorb as many of our successful bursars into our business, and to equip those to whom we are unable to offer employment with the necessary skills for inclusion within the financial industry.

Talented candidates also have the opportunity to be financed by the Staff Bursary Fund. This is a fund created in 2007 through voluntary donations made by staff, where the only obligation placed on the selected students is to pass their chosen course of study.

- **Building Sustainable Communities**

By equipping people with the skills and knowledge to build a sustainable and dignified future, significant strides can be taken in alleviating poverty. At Coronation, we support a number of projects that aim to empower South Africans to thrive and provide for their families:

The Coronation Growing Entrepreneurs Programme

Pioneered in 2004, in collaboration with the South African Institute for Entrepreneurship, the Coronation Growing Entrepreneurs Programme has positively impacted rural and peri-urban communities' economic development, job creation and poverty alleviation, especially among small-scale agricultural farmers.

The programme trains small-scale emerging farmers across South Africa in the areas of good governance, financial management, practical and legal aspects of farm operations, and recordkeeping, with the aim of commercialising their efforts into a sustainable business. In 2015, 14 cooperatives received training and mentorship support, benefiting 387 individual farmers.

Since inception, a total of 357 agricultural development facilitators have assisted more than 4 705 small-scale black emerging farmers across South Africa, and approximately 65% of the cooperatives have secured access to markets, supplying produce to supermarkets such as Boxer, with an average monthly sales' income ranging from R500 to as much as R15 000.

The youth element to Coronation Growing Entrepreneurs is the school garden programmes that have become a source of vegetable supply for school nutrition programmes or feeding schemes. For 2015, we are pleased to report that 479 learners, 15 educators and eight caretakers across the country benefited, bringing the cumulative total since roll-out in 2010 to approximately 6 059 school learners, 89 educators and 34 school caretakers.

Habitat for Humanity

Habitat for Humanity works in partnership with communities in need by providing housing that contributes to bringing about sustainable change. For more than a decade, Coronation has been involved in the one-week physical build across the Western Cape. In 2015, our participation took the shape of a financial donation to the integrated human settlements drive in Pelican Park in the Western Cape.

Consumer Financial Education

Consumer financial education, as defined by the Organisation for Economic Co-operation and Development and as adopted by National Treasury, the FSB and ASISA, assists financial consumers/investors to improve their understanding of financial products, concepts and risks and, through information, instruction and/or objective advice, develop the skills and confidence to become more aware of financial risks and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial wellbeing.

Coronation is proactively involved in promoting and raising the levels of financial literacy and savings in South Africa through a number of interventions.

During the year, we contributed to ASISA's Retirement Fund Trustee Education programme. The programme covers investment fundamentals and active ownership, as well as retirement fund governance and the role of trustees. The workshops were developed and presented by the ASISA Academy and subject to independent monitoring and evaluation.

In addition, we contributed towards the FSB's Financial Consumer Education Foundation, a discretionary trust founded by the FSB and governed by an independent board of trustees as a separate entity. The sole purpose of the Foundation is to fund the financial consumer education initiatives implemented by the Consumer Education Department of the FSB.

The objectives of the Foundation are to:

- Fund, promote or otherwise support consumer financial education, awareness, confidence and knowledge regarding consumer rights, financial products, institutions and services supervised and regulated by the founder.
- Promote the use of regulated financial services by those who have not yet availed themselves of financial products and services available, including the poor and needy.
- Educate pension fund trustees to promote the responsible management of pension funds and protection of pension fund members.
- Educate financial services providers on consumer protection.
- Promote the education of consumers, pension fund trustees and financial services providers so as to serve the needs, interests and well-being of the general public in the field of financial services.
- Promote formal education.

Coronation supports the Foundation with a number of these initiatives which are targeted at consumers in rural communities, the youth in school and out of school, including trustees of private pension funds and members. Examples include:

- Train-the-trainer project, a national initiative in partnership with community-based organisations and government departments aimed at transferring knowledge to identified groups.
- Industrial theatre performances and exhibitions targeted at the youth and low-income consumers.
- Creation of case study DVDs for the trustee toolkit handbook as supplementary content.

FINANCIAL PERFORMANCE

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2015

	Audited 30 Sept 2015 R million	% Change	Audited 30 Sept 2014 R million
Fund management activities			
Revenue	4 442	(7)	4 774
Other income	28		14
Operating expenses	(2 090)	(4)	(2 171)
Share-based payment expense	(11)		(1)
Other expenses	(2 079)		(2 170)
Results from operating activities	2 380	(9)	2 617
Finance and dividend income	32		42
Finance expense	(15)		(4)
Share of profit of equity-accounted investee	8		7
Profit from fund management	2 405	(10)	2 662
Income attributable to policyholder linked assets and investment partnerships	25		41
Net fair value gains on policyholder and investment partnership financial instruments	54		59
Administration expenses borne by policyholders and investors in investment partnerships	(29)		(18)
Profit before income tax	2 430	(10)	2 703
Income tax expense	(620)		(699)
Taxation on shareholder profits	(595)		(658)
Taxation on policyholder investment contracts	(25)		(41)
Profit for the year	1 810	(10)	2 004
Other comprehensive income (to be reclassified to profit or loss in future periods)	53		31
Foreign currency translation differences for foreign operations	99		22
Net change in fair value of available-for-sale financial assets	(46)		9
Total comprehensive income for the year	1 863		2 035
Profit attributable to:			
- equity holders of the company	1 812	(9)	2 001
- non-controlling interest	(2)		3
Profit for the year	1 810		2 004
Total comprehensive income attributable to:			
- equity holders of the company	1 865	(8)	2 032
- non-controlling interest	(2)		3
Total comprehensive income for the year	1 863		2 035
Earnings per share (cents)			
- basic	517.9	(9)	572.1
- diluted	517.9	(9)	572.1
Note to the statement of comprehensive income			
Headline earnings per share (cents)			
- basic	516.0	(10)	571.6
- diluted	516.0	(10)	571.6
Dividend per share (cents)			
- interim	246.0	(11)	275.0
- final	270.0	(9)	296.0

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2015

	Audited 30 Sept 2015 R million	Audited 30 Sept 2014 R million
Assets		
Intangible assets	1 088	1 088
Equipment	37	22
Investment in equity-accounted investees	41	38
Deferred tax asset	145	166
Investments backing policyholder funds and investments held through investment partnerships	66 256	73 721
Investment securities	751	234
Taxation receivable	2	-
Trade and other receivables	509	760
Cash and cash equivalents	728	832
Total assets	69 557	76 861
Liabilities		
Long-term borrowings (note 3)	300	152
Deferred tax liabilities	78	76
Policyholder investment contract liabilities and liabilities to holders of interests in investment partnerships	66 181	73 647
External investors in consolidated funds	124	-
Taxation payable	-	59
Trade and other payables	705	731
Total liabilities	67 388	74 665
Net assets	2 169	2 196
Equity		
Share capital and premium	256	256
Retained earnings	1 757	1 841
Reserves	156	92
Total equity attributable to equity holders of the company	2 169	2 189
Non-controlling interest	-	7
Total equity	2 169	2 196

FINANCIAL PERFORMANCE

CONTINUED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2015

R million	Share capital and premium	Foreign currency translation reserve
Balance at 30 September 2013 (audited)	256	42
Total comprehensive income for the year		
Profit for the year		
Other comprehensive income (available to be recycled to profit and loss in future periods)		
Currency translation differences		22
Revaluation of available-for-sale financial assets		
Total other comprehensive income	-	22
Total comprehensive income for the year	-	22
Transactions with owners recorded directly in equity		
Share-based payments		
Transfer to retained earnings		
Dividends paid		
Total transactions with owners	-	-
Balance at 30 September 2014 (audited)	256	64
Total comprehensive income for the year		
Profit for the year		
Other comprehensive income (available to be recycled to profit and loss in future periods)		
Currency translation differences		99
Revaluation of available-for-sale financial assets		
- net change in fair value		
- reclassified to profit or loss on disposal		
Total other comprehensive income	-	99
Total comprehensive income for the year	-	99
Transactions with owners recorded directly in equity		
Share-based payments		
Dividends paid		
Closure of subsidiary		
Total transactions with owners	-	-
Balance at 30 September 2015 (audited)	256	163

Retained earnings	Share-based payment reserve	Revaluation reserve	Issued capital and reserves attributable to equity holders of the company	Non-controlling interest	Total equity
1 570	127	8	2 003	4	2 007
2 001			2 001	3	2 004
			22		22
		9	9		9
-	-	9	31	-	31
2 001	-	9	2 032	3	2 035
	1		1		1
117	(117)				
(1 847)			(1 847)		(1 847)
(1 730)	(116)	-	(1 846)	-	(1 846)
1 841	11	17	2 189	7	2 196
1 812			1 812	(2)	1 810
			99		99
		(46)	(46)		(46)
		(40)	(40)		(40)
		(6)	(6)		(6)
-	-	(46)	53	-	53
1 812	-	(46)	1 865	(2)	1 863
	11		11		11
(1 896)			(1 896)		(1 896)
				(5)	(5)
(1 896)	11	-	(1 885)	(5)	(1 890)
1 757	22	(29)	2 169	-	2 169

FINANCIAL PERFORMANCE

CONTINUED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS* FOR THE YEAR ENDED 30 SEPTEMBER 2015

	Audited 30 Sept 2015 R million	Audited 30 Sept 2014 R million
Cash flows from operating activities		
Profit from fund management	2 405	2 662
Non-cash and other adjustments	(21)	(38)
Operating profit before changes in working capital	2 384	2 624
Working capital changes	238	271
Cash flows from policyholder and investment partnership activities	(6 171)	(772)
Cash (utilised)/generated from operations	(3 549)	2 123
Interest paid	(15)	(2)
Income taxes paid	(634)	(664)
Net cash from operating activities	(4 198)	1 457
Cash flows from investing activities		
Finance and dividend income	32	42
Acquisition of equipment	(27)	(18)
Net acquisition of investment securities	(435)	(40)
Net cash from investing activities	(430)	(16)
Cash flows from financing activities		
Issue of preference shares	150	150
Dividends paid	(1 896)	(1 847)
Net cash from financing activities	(1 746)	(1 697)
Decrease in cash and cash equivalents	(6 374)	(256)
Net (decrease)/increase in cash and cash equivalents – shareholders	(203)	516
Net decrease in cash and cash equivalents – policyholders and investment partnerships	(6 171)	(772)
Cash and cash equivalents at beginning of year	14 842	15 076
Cash and cash equivalents at beginning of year – shareholders	832	294
Cash and cash equivalents at beginning of year – policyholders and investment partnerships	14 010	14 782
Effect of exchange rate fluctuations on cash held	99	22
Cash and cash equivalents at end of year	8 567	14 842
Cash and cash equivalents at end of year – shareholders	728	832
Cash and cash equivalents at end of year – policyholders and investment partnerships	7 839	14 010

* The above cash flows include the policyholder and investment partnership activities. These cash flows represent net contributions and withdrawals by policyholders and investment partnerships and the related investing activities. Cash and cash equivalents of policyholders and investment partnerships are not available for use by the shareholders of the group.

RECONCILIATION OF HEADLINE EARNINGS

	Audited 30 Sept 2015 R million	Audited 30 Sept 2014 R million
Earnings attributable to shareholders	1 810	2 004
Non-controlling interest	2	(3)
Earnings attributable to ordinary shareholders	1 812	2 001
Profit on disposal of available-for-sale financial assets	(6)	-
Gain on disposal of group operations	(1)	(2)
Headline earnings attributable to ordinary shareholders	1 805	1 999

DILUTED NUMBER OF SHARES

	Audited 30 Sept 2015 '000	Audited 30 Sept 2014 '000
Weighted average number of shares in issue during the year	349 799	349 799
Weighted average number of shares potentially in issue	349 799	349 799
Actual number of shares in issue at the end of the year	349 799	349 799

FINANCIAL PERFORMANCE

CONTINUED

CONDENSED CONSOLIDATED SEGMENT REPORT

	AFRICA		INTERNATIONAL		GROUP	
R million	Audited 30 Sept 2015	Audited 30 Sept 2014	Audited 30 Sept 2015	Audited 30 Sept 2014	Audited 30 Sept 2015	Audited 30 Sept 2014
Segment external revenue	3 008	3 260	1 434	1 514	4 442	4 774
Segment operating expenses	(1 356)	(1 427)	(734)	(744)	(2 090)	(2 171)
Segment profit	1 652	1 833	700	770	2 352	2 603
Share of income of equity-accounted investee	8	7	-	-	8	7
Net finance and other income/(expense)	27	56	18	(4)	45	52
Profit from fund management	1 687	1 896	718	766	2 405	2 662
Income*					25	41
Profit before income tax					2 430	2 703
Segment assets	1 373	1 329	652	519	2 025	1 848
Investments*					67 532	75 013
Total assets					69 557	76 861

* Income and investments are attributable to and backing policyholder funds and investments held through investment partnerships and other assets.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The financial information has been prepared in accordance with the framework concepts and the measurement and recognition requirements of the International Financial Reporting Standards ("IFRS"); the International Accounting Standard 34 Interim Financial Reporting; the Listings Requirements of the JSE Limited; the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, as well as the South African Companies Act, Act 71 of 2008. The condensed consolidated financial statements do not include all of the information required for a complete set of IFRS annual financial statements.

These condensed consolidated financial statements have been prepared in accordance with the historical cost basis except for certain financial instruments, which are stated at fair value. The condensed consolidated financial statements are presented in rand, rounded to the nearest million. The accounting policies applied in the presentation of the condensed financial statements are in terms of IFRS and are consistent with those presented in the previous annual financial statements.

These reviewed results have been prepared under the supervision of H Rawoot CA(SA).

2. RELATED PARTY TRANSACTIONS

Related party transactions for the current year are similar to those disclosed in the group's annual financial statements for the year ended 30 September 2014. No new significant related party transactions arose during the current year.

3. LONG-TERM BORROWINGS

Cumulative redeemable preference shares of R150 million were issued by Coronation Investment Management (Pty) Ltd on 31 March 2014 in order to recapitalise licensed subsidiary companies for regulatory capital adequacy requirements. Dividends, linked to prime, are payable on a quarterly basis with capital repayment being due on 31 March 2017. A further R150 million was issued during March 2015 to recapitalise international subsidiaries that had previously held back profits to seed new investment funds. This amount is due on 31 March 2018 and is subject to the same terms.

4. FAIR VALUE DISCLOSURE

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities. The fair value of policyholder and investment partnership liabilities that are included in Level 1 of the hierarchy are measured with reference to the quoted prices in an active market of the investments underlying the liabilities.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as closing prices) or indirectly (i.e. derived from closing prices). The majority of Level 2 investments are deposits held with financial institutions. The fair values of these deposits are determined using a discounted cash flow valuation methodology based on market rates, reflecting the time value of money and counter party credit risk. The fair values of the policyholder and investment partnership liabilities included in Level 2 are measured with reference to the fair values of the mentioned assets underlying these liabilities.
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

FINANCIAL PERFORMANCE

CONTINUED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

R million	Level 1	Level 2	Level 3	Total
30 September 2015				
Investments backing policyholder funds and investments held through investment partnerships	56 909	6 075	-	62 984
Investment securities	717	-	34	751
	57 626	6 075	34	63 735
Policyholder and investment partnership liabilities	56 909	6 003	-	62 912
30 September 2014				
Investments backing policyholder funds and investments held through investment partnerships	59 482	8 563	-	68 045
Investment securities	206	-	28	234
	59 688	8 563	28	68 279
Policyholder and investment partnership liabilities	57 171	8 449	-	65 620

During the current reporting period, it was determined that transfers between levels of the assets and liabilities held at fair value occurred. R810 million in debentures were transferred from Level 1 to Level 2 as these are now considered to be held in an inactive market.

5. The condensed consolidated financial statements are extracted from audited information, but is not itself audited. The directors take full responsibility for the preparation of these condensed consolidated financial statements, and the financial information has been correctly extracted from the underlying audited annual financial statements on which Ernst & Young Inc. expressed an unqualified opinion.

AUDITOR INDEPENDENCE

The committee appraised the independence, expertise and objectivity of Ernst & Young Inc., as the external auditor, as well as approving the terms of engagement and the fees paid to Ernst & Young Inc., which are disclosed in the annual financial statements. The external auditor has unrestricted access to the group's records and management. The company has received confirmation from the external auditor that the partners and staff responsible for the audit comply with all legal and professional requirements with regard to rotation and independence.

The audit and risk committee is satisfied that the external auditor is independent of the company.

GLOSSARY OF TERMS

- ASISA** • Association for Savings and Investment South Africa
- ASP** • Automotive Supplier Park
- AUM** • Assets Under Management
- B-BBEE** • Broad-based Black Economic Empowerment
- CFA** • Chartered Financial Analyst
- CRISA** • Code for Responsible Investing in South Africa
- CSDP** • Central Securities Depository Participant
- CSI** • Corporate Social Investment
- EAC** • Effective Annual Costs
- ESG** • Environmental, Social and Governance
- FRC** • Financial Reporting Council
- FSB** • Financial Services Board
- FSC** • Financial Sector Code
- FSR** • Financial Sector Regulation
- GAI** • Governance Assessment Instrument
- GEM** • Global Emerging Markets
- GIPS** • Global Investment Performance Standards
- GRI** • Global Reporting Initiative
- ICI** • Investment Company Institute
- IDASA** • The Institute for Democracy in South Africa
- IDC** • Industrial Development Corporation
- IFRS** • International Financial Reporting Standards
- IIRC** • International Integrated Reporting Council
- IIRF** • International Integrated Reporting Framework
- IRCSA** • Integrated Reporting Council of South Africa
- ISAE** • International Standard on Assurance Engagements
- IT** • Information Technology
- King III** • King Code of Governance for South Africa 2009
- MOI** • Memorandum of Incorporation
- RDR** • Retail Distribution Review
- SAICA** • South African Institute of Chartered Accountants
- SARB** • South African Reserve Bank
- SENS** • Stock Exchange News Service
- TCF** • Treating Customers Fairly
- UN PRI** • United Nations' Principles for Responsible Investment
- USD** • US Dollar

NOTICE TO SHAREHOLDERS

Coronation Fund Managers Limited
(Incorporated in the Republic of South Africa)
(Registration number 1973/009318/06)
ISIN: ZAE000047353 Share code: CML

Notice is hereby given that the 42nd annual general meeting ('Meeting') of Coronation Fund Managers Limited ('the company') will be held, subject to any cancellation, postponement and adjournment, in the boardroom of the offices of the company at 7th Floor, MontClare Place, Cnr Campground and Main Roads, Claremont, Cape Town, on Tuesday, 12 January 2016, at 10:00.

The record date to receive the notice of the Meeting, determined in accordance with section 59(1)(a) of the Companies Act, No. 71 of 2008, as amended ('the Act'), is Friday, 27 November 2015, being the date on which a person must be registered as a shareholder of the company for purposes of being entitled to receive a notice of the Meeting. The record date for the Meeting, determined in accordance with section 59(1)(b) of the Act, is Thursday, 31 December 2015, being the date on which a person must be registered as a shareholder of the company for purposes of being entitled to participate in and vote at the Meeting. The last day to trade to be able to participate in and vote at the Meeting is Wednesday, 23 December 2015.

References to all page numbers are in relation to the annual financial statements and the integrated annual report as indicated.

Votes at the Meeting will be taken by way of a poll and not on a show of hands. Any shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend, speak, act and, on a poll, vote in his or her stead. The proxy so appointed need not be a shareholder of the company. A form of proxy is attached to this notice.

Kindly note that, in accordance with section 63(1) of the Act, participants (including proxies) are required to provide satisfactory identification before being entitled to attend or participate in a shareholders' meeting. In addition, the person presiding at the meeting must be reasonably satisfied that the right of that person to participate and vote, either as a shareholder or proxy, has been reasonably verified. Suitable forms of identification include a valid identity document, a driver's licence or a passport.

AUDITED FINANCIAL STATEMENTS

The audited annual financial statements of the company for the year ended 30 September 2015, together with the reports by the directors, the external auditors and the audit and risk committee have been approved by the board of directors of the company on 20 November 2015, and are available on the company's website: www.coronation.com.

PRESENTATION OF SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE REPORT

In accordance with Regulation 43(5)(c) of the Companies Regulations, 2011, the social, ethics and transformation committee will report, through one of its members, to the shareholders at the Meeting on the matters within its mandate.

NOTICE TO SHAREHOLDERS

CONTINUED

① ORDINARY RESOLUTIONS

ORDINARY RESOLUTION NUMBER 1

- a) To re-elect, by way of a separate vote, Mr Shams Pather, who retires by rotation in accordance with the provisions of the company's memorandum of incorporation (MOI), but is eligible and available for re-election.
- b) To re-elect, by way of a separate vote, Mr Anton Pillay, who retires by rotation in accordance with the provisions of the company's MOI, but is eligible and available for re-election.
- c) To re-elect, by way of a separate vote, Mr John Snalam, who retires by rotation in accordance with the provisions of the company's MOI, but is eligible and available for re-election.

A profile in respect of each director is set out on page 27 of the Integrated Report. The re-election of the directors of the board will be conducted by way of a separate vote in respect of each individual.

ORDINARY RESOLUTION NUMBER 2

To appoint, as recommended by the audit and risk committee, EY as the company's registered auditors and to note Mr MP Rapson as the designated audit partner.

ORDINARY RESOLUTION NUMBER 3

To re-elect the audit and risk committee members as required in terms of the Act and recommended by the King Code of Governance for South Africa 2009 (King III) (Chapter 3). The following individuals are recommended for re-election to the audit and risk committee:

- a) Prof Alexandra Watson
- b) Mr Shams Pather
- c) Mr Jock McKenzie

A profile in respect of each member recommended for re-election to the audit and risk committee is contained on page 27 of the Integrated Report. The re-election of the members of the audit and risk committee will be conducted by way of a separate vote in respect of each individual.

① SPECIAL RESOLUTIONS

SPECIAL RESOLUTION NUMBER 1

To approve the company's remuneration to non-executive directors for their services as directors in respect of the following:

	Year ending 30 September 2016 R'000
Basic fees	
Chairman	96
Non-executive director	96
Attendance fees per meeting	
Board – chairman	80
Board – non-executive director	46
Audit and risk committee – chairman	75
Audit and risk committee – non-executive director	46
Social, ethics and transformation committee – chairman	55
Social, ethics and transformation committee – non-executive director	46
Remuneration and nominations committee – chairman	55
Remuneration and nominations committee – non-executive director	46
Invitee fees for all committees – non-executive director	23

Reason for and effect of special resolution number 1

To approve the company's remuneration to non-executive directors of the company in terms of section 66(9) of the Act and as per the recommendation of King III. The above authority and approval shall not endure beyond the earlier of the next annual general meeting of the company or beyond fifteen (15) months from the date of the Meeting.

SPECIAL RESOLUTION NUMBER 2

That the board of directors be hereby authorised, by way of a renewable general authority, to approve the purchase by the company of its own ordinary shares or to approve the purchase of ordinary shares in the company by any subsidiary of the company at such price, and in such manner and subject to such terms and conditions as the board of directors may deem fit, provided that:

- This general authority shall be valid until the company's next annual general meeting or for 15 months from the date of this resolution, whichever period is shorter.
- The ordinary shares be purchased through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and/or the relevant subsidiary and the counterparty.

NOTICE TO SHAREHOLDERS

CONTINUED

- An announcement complying with paragraph 11.27 of the Listings Requirements of the JSE be published by the company (i) when the company and/or its subsidiaries have cumulatively repurchased 3% of the ordinary shares in issue as at the time the general authority was given (the initial number); and (ii) for each 3% in aggregate of the initial number of ordinary shares acquired by the company and/or its subsidiaries.
- The general repurchase by the company of its own ordinary shares shall not in the aggregate in any one financial year exceed 20% of the company's issued share capital of that class, provided that the acquisition of ordinary shares as treasury stock by a subsidiary of the company shall not exceed 10% in the aggregate of the number of issued shares in the company.
- Repurchases are not to be made at a price more than 10% above the weighted average of the market value for the ordinary shares for the five business days immediately preceding the date upon which the transaction is effected.
- At any point in time, the company may only appoint one agent to effect any repurchase on the company's behalf or on behalf of any of its subsidiaries.
- A resolution is passed by the board of directors authorising the repurchase, that the company passed the solvency and liquidity test and that since this test was done there have been no material changes to the financial position of the group.
- The company and its subsidiaries do not repurchase ordinary shares during a prohibited period (as defined in the Listings Requirements of the JSE), unless they have in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and has been submitted to the JSE in writing prior to the commencement of the company's prohibited period. The company will instruct an independent third party, which makes its investment decisions in relation to the company's securities independently of, and uninfluenced by, the company, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE.
- Such repurchase shall be subject to compliance with the Act, the company's MOI and the Listings Requirements of the JSE.

Reasons and effect of special resolution number 2 and the statement required in terms of paragraph 11.26 of the Listings Requirements of the JSE

To grant the board of directors the general authority to contract the company and/or any of its subsidiaries to acquire shares in the company, should the board of directors consider it appropriate in the circumstances.

The effect of special resolution number 2 is that the directors will be granted the general authority, subject to the provisions set out in the resolution, to acquire shares in the company, should they deem it appropriate in the circumstances and should the company comply with the relevant statutes and authority applicable thereto.

The board of directors, as at the date of this notice, has no definite intention of repurchasing shares. It is, however, proposed that the board of directors believes it to be in the best interests of the company that shareholders pass this resolution.

The board of directors shall not make any payment in whatever form to acquire any shares issued by the company as contemplated in special resolution number 2 if, after the directors have considered the effects of the maximum repurchase or payment, there are reasonable grounds for believing that:

- The company and the group are, or will, at any time during the period of 12 months after the date of this notice, be unable, in the ordinary course of business, to repay their debts as they become due.
- The company's and the group's consolidated assets, recognised and measured according to the accounting policies used in the latest audited annual financial statements and IFRS, will not be more than their consolidated liabilities for a period of 12 months after the date of this notice.
- The ordinary share capital and reserves of the company and the group will not be adequate for ordinary business purposes for a period of 12 months after the date of this notice.
- The company and group will not have sufficient working capital to meet its needs for a period of 12 months after the date of this notice.
- Any repurchases shall comply with the limitations set out in special resolution number 2, the requirements of the Listings Requirements of the JSE and the Act.

In compliance with paragraph 11.26(b) of the Listings Requirements of the JSE, the information listed below has been included in the annual financial statements as indicated, in which this notice is included, at the places indicated:

- Major shareholders (page 55 in the annual financial statements).
- Share capital (page 37 in the annual financial statements).

Other than the facts and developments reported on in the annual financial statements, there have been no material changes in the affairs, and in the financial or trading position of the group since the financial period ended 30 September 2015 and the signature date of this notice.

The directors, whose names are set out on page 27 of the integrated annual report, collectively and individually accept full responsibility for the accuracy of the information contained in special resolution number 2 and certify that to the best of their knowledge and belief there are no other facts, the omission of which would make any statement false or misleading, and that they have made all reasonable queries in this regard and that the notice of the Meeting contains all information required by law and the Listings Requirements of the JSE.

VOTING AND PROXIES

Each ordinary resolution to be considered at the Meeting requires the support of more than 50% of the voting rights exercised on the resolution in order to be adopted, unless otherwise stipulated.

Each special resolution to be considered at the Meeting requires the support of at least 75% of the voting rights exercised on that resolution, in order to be adopted.

In terms of the Listings Requirements of the JSE, equity securities held by a share trust or scheme established by the company will not have their votes at the Meeting taken into account for the purposes of resolutions proposed in terms of the Listings Requirements of the JSE.

Shareholders who have not dematerialised their shares or have dematerialised their shares, but with 'own name' registration (entitled shareholders), may appoint one or more proxies to attend, speak and vote or abstain from voting in such shareholders' stead. A form of proxy is attached for the use of those entitled shareholders who wish to be so represented.

NOTICE TO SHAREHOLDERS

CONTINUED

Shareholders who have already dematerialised their shares (other than those with 'own name' registration) are required to inform their duly appointed Central Securities Depository Participant (CSDP) or broker, as the case may be, of their intention to attend the Meeting and request that their duly appointed CSDP or broker, as the case may be, issue them with the necessary letters of representation to attend or provide their duly appointed CSDP or broker, as the case may be, with their voting instruction should they not wish to attend the Meeting in person, but wish to be represented thereat.

The attention of the shareholders is drawn to the fact that, if it is to be effective, the completed form of proxy is to reach the company's transfer secretaries in Johannesburg at least 48 hours before the time appointed for the Meeting (which period excludes Saturdays, Sundays and South African public holidays).

ELECTRONIC PARTICIPATION

Should any shareholder (or a representative or proxy for a shareholder) wish to participate in the Meeting by way of electronic participation, that shareholder should make an application in writing (including details as to how the shareholder or its representative (including its proxy) can be contacted) to so participate, to the company secretary, PO Box 44684, Claremont 7735, South Africa, or via email: Rswart@coronation.co.za, to be received by the company secretary at least 7 business days prior to the Meeting (i.e. Tuesday, 5 January 2016) in order for the company secretary to arrange for the shareholder (or its representative or proxy) to provide reasonable satisfactory identification to the company secretary for the purposes of section 63(1) of the Act and for the company secretary to provide the shareholder (or its representative or proxy) with details as to how to access the Meeting by means of electronic participation. Shareholders participating electronically will not be able to vote electronically and must follow the standard voting arrangements indicated above. The company reserves the right not to provide for electronic participation at the Meeting in the event that it determines that it is not practical to do so, or an insufficient number of shareholders (or their representatives or proxies) request to so participate.

By order of the board

Lee-Anne Pareznee
Company secretary

20 November 2015

Registered office
7th Floor, MontClare Place
Cnr Campground and Main Roads
Claremont 7708
Cape Town
South Africa

FORM OF PROXY



Coronation Fund Managers Limited
(Incorporated in the Republic of South Africa)
(Registration number 1973/009318/06)
ISIN: ZAE000047353 Share code: CML
(‘the company’)

42nd annual general meeting of shareholders

To be completed by certificated shareholders and dematerialised shareholders with ‘own name’ registration only.

I/We _____

of (address) _____

Telephone number: _____ Cellphone number: _____

Email address: _____

being a shareholder of the abovementioned company

and holding _____ (number of shares)

hereby appoint (1) _____ or failing him/her,

(2) _____ or failing him/her,

the chairman of the annual general meeting,

as my/our proxy to vote for me/us on my/our behalf at the annual general meeting of the company to be held in the boardroom of the offices of the company at 7th Floor, MontClare Place, Cnr Campground and Main Roads, Claremont, Cape Town, on Tuesday, 12 January 2016, at 10:00 and any cancellation, postponement and adjournment thereof.

Dated this _____ day of _____, 20____

Signature/s _____

		Mark with an X whichever is applicable		
	I/We desire to vote as follows:	Vote for	Vote against	Abstain
	Ordinary resolutions			
1.	a) To re-elect, by way of a separate vote, retiring director Mr Shams Pather who is eligible and available for re-election			
	b) To re-elect, by way of a separate vote, retiring director Mr Anton Pillay who is eligible and available for re-election			
	c) To re-elect, by way of a separate vote, retiring director Mr John Snalam who is eligible and available for re-election			
2.	To confirm the appointment of EY as the company’s registered auditors and to note Mr MP Rapson as the designated audit partner			
3.	To re-elect audit and risk committee members each by way of a separate vote:			
	a) To re-elect Prof Alexandra Watson			
	b) To re-elect Mr Shams Pather			
	c) To re-elect Mr Jock McKenzie			
	Special resolutions			
1.	To approve the company’s remuneration to non-executive directors in respect of the financial year ending 30 September 2016, as set out in the notice of annual general meeting			
2.	To provide the directors with a general authority to repurchase up to 20% of the company’s issued share capital			

FORM OF PROXY

CONTINUED

① SHAREHOLDERS HOLDING CERTIFICATED SHARES OR DEMATERIALISED SHARES REGISTERED IN THEIR OWN NAME

1. Only shareholders who hold certificated shares and shareholders who have dematerialised their shares with 'own name' registration may use this form of proxy.
2. Each shareholder is entitled to appoint one or more proxies (none of whom needs be a shareholder of the company) to attend, speak and, on a poll, vote in place of that shareholder at the annual general meeting, by inserting the name of the proxy or the names of two alternate proxies of the shareholder's choice in the space provided, with or without deleting 'the chairman of the meeting'. The person whose name stands first on the form of proxy and who is present at the meeting will be entitled to act as the proxy to the exclusion of those whose names follow.
3. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate box(es) provided. Failure to comply with the above will be deemed to authorise the chairman of the meeting, if he is the authorised proxy, to vote in favour of the resolutions at the annual general meeting, or any other proxy to vote or to abstain from voting at the annual general meeting, as he deems fit, in respect of all the shareholder's votes exercisable thereat.
4. A shareholder or his proxy is not obliged to vote in respect of all the shares held or represented by him, but the total number of votes for or against the resolutions in respect of which any abstention is recorded may not exceed the total number of votes to which the shareholder or his proxy is entitled.
5. Forms of proxy must be lodged and/or posted to the company's transfer secretaries (Computershare Investor Services (Pty) Ltd) at 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown 2107), to be received by the transfer secretaries by not later than 10:00 on Friday, 8 January 2016.
6. The completion and return of this form of proxy in accordance with point 5 above will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
7. A minor must be assisted by the minor's parent or guardian, unless the relevant documents establishing the minor's capacity are produced or have been registered by the company.
8. Any alterations or corrections to this form of proxy must be initialled by the signatory(ies).
9. This form of proxy must be signed by all joint shareholders. If more than one of those shareholders are present at the annual general meeting either in person or by proxy, the person whose name stands first in the register shall alone be entitled to vote.
10. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company's transfer office or waived by the chairman of the annual general meeting.
11. The chairman of the annual general meeting may reject or accept any form of proxy which is completed and/or received other than in accordance with these instructions, provided that he is satisfied as to the manner in which a shareholder wishes to vote.

① SHAREHOLDERS HOLDING DEMATERIALISED SHARES

1. Shareholders who have dematerialised their shares through a Central Securities Depository Participant (CSDP) or broker (except those shareholders who have elected to dematerialise their shares with 'own name' registration) and all beneficial shareholders holding their shares (dematerialised or certificated) through a nominee should provide such CSDP, broker or nominee with their voting instructions in sufficient time to allow them to advise the transfer secretaries of the company of their voting instructions before the closing time as detailed in point 5 above.
2. All such shareholders wishing to attend the meeting in person may do so only by requesting their CSDP, broker or nominee to issue the shareholder with a letter of representation in terms of the custody agreement. Such letter of representation must also be lodged with the transfer secretaries before the closing time as detailed in point 5 above.

① SUMMARY OF THE RIGHTS OF A SHAREHOLDER TO BE REPRESENTED BY PROXY

Shareholders' rights regarding proxies in terms of section 58 of the Act are as follows:

- At any time, a shareholder of a company may appoint any individual, including an individual who is not a shareholder of that company, as a proxy to participate in, and speak and vote at, a shareholders' meeting on behalf of the shareholder.
- Give or withhold written consent on behalf of the shareholder to a decision contemplated in section 60 of the Act.

A proxy appointment:

- must be in writing, dated and signed by the shareholder; and
- remains valid for:
 - one year after the date on which it was signed; or
 - any longer or shorter period expressly set out in the appointment unless it is revoked in a manner contemplated in subsection (4)(c); or expires earlier as contemplated in subsection (8)(d) of the Act.

Except to the extent that the MOI of a company provides otherwise:

- a shareholder of that company may appoint two or more persons concurrent as proxies, and may appoint more than one proxy to exercise voting rights attached to the different securities held by the shareholder;
- a proxy may delegate the proxy's authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
- a copy of the instrument appointing a proxy must be delivered to the company, or to any other person on behalf of the company, before the proxy exercises any rights of the shareholder at a shareholders' meeting.

Irrespective of the form of instrument used to appoint a proxy:

- the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;
- the appointment is revocable unless the proxy appointment expressly states otherwise; and
- if the appointment is revocable, a shareholder may revoke the proxy appointment by:
 - cancelling it in writing, or making a later inconsistent appointment of a proxy; and
 - delivering a copy of the revocation instrument to the proxy and to the company.

The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder.

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