



INTERIM REPORT
for the six months ended 31 March 2017



Assets under management of **R576 billion**



Diluted headline earnings per share of **220.7 cents**



Interim dividend per share of **220.0 cents**

Coronation Fund Managers Ltd (Coronation) delivered satisfactory results in line with management expectations for the six months to 31 March 2017.

RESULTS

As a cyclical business, Coronation’s revenue stream is highly geared to the returns of the market and the outperformance we generate for clients.

Our client portfolios have performed well, notwithstanding another period of anaemic returns in the South African market. For the six-month period, the MSCI All Country World Index delivered a return of 8.2% (in US dollar terms), while the FTSE/JSE All Share Index gained 1.6%. Despite a sharp weakening at the end of March, the rand ended the six-month period 2.3% higher against the US dollar (to close at R13.41), and strengthened 7.9% against the euro (to close at R14.30).

Revenue for the current period declined by 6% to R1.9 billion (March 2016: R2.1 billion). Due to our variable cost structure and focused cost control, diluted headline earnings per share decreased by only 4% to 220.7 cents (March 2016: 229.7 cents). Assets under management declined to R576 billion (September 2016: R599 billion) over the period, following total net outflows of R34.6 billion.

BUSINESS UPDATE

We are an active manager with a valuation-driven investment philosophy. The key driver of our success is our ability to create long-term value on behalf of clients. Both our institutional and retail businesses are acknowledged as industry leaders in the South African market. Over our 24-year history, we have built a track record of producing long-term outperformance. Very few fund managers have delivered market-beating portfolios over multi-decade periods as Coronation has done. All our portfolios have outperformed their benchmarks over periods of 20 years.

INSTITUTIONAL BUSINESS

We are a significant manager of institutional assets in South Africa. We manage assets for more than 80% of the top 200 retirement funds in the country. Our client portfolios total R350 billion (September 2016: R374 billion). We operate in a net outflow market within the South African retirement space, with a total net outflow of R30 billion from our institutional business for the six-month period.

In 2012, we closed our top-performing SA Equity and Multi-Asset portfolios to new institutional clients with the aim of protecting our ability to deliver on long-term performance objectives for our existing clients. After careful consideration, these strategies have been re-opened in March 2017. Our complete and diversified range of portfolios is now available to clients. In addition, we continue to gain recognition among global asset allocators for our international capabilities that have been built out over the past decade.

The long-term track records of Coronation portfolios remain compelling.

- Our specialist equity portfolios: Coronation Houseview Equity produced a return of 17.7% p.a. since its inception in 1993, delivering an active return (alpha) of 2.9% p.a. Coronation Aggressive Equity produced a return of 18.2% p.a. since its launch in 2002, delivering alpha of 2.9% p.a.
- Our flagship balanced strategies: Coronation Global Houseview produced a return of 16.5% p.a. since its launch in 1993, delivering alpha of 1.4% p.a. Coronation Managed produced a return of 17% p.a. since its launch in 1996, delivering alpha of 3% p.a.
- Our fixed interest strategies: Coronation Strategic Bond delivered a return of 10% p.a. since its inception in 2008, while Coronation Active Bond produced 11.6% p.a. since its launch in 2000.
- The Coronation Global Emerging Markets Equity Strategy has generated alpha of 4.7% p.a. since its inception in July 2008.

All institutional performance returns are stated gross of fees.



We are proud of the investment returns achieved by our institutional clients who have been invested with us for the long term. All of our institutional portfolios have outperformed their benchmarks over the past 15 and 20 years.

RETAIL BUSINESS

We are one of the country's foremost managers of long-term assets in the collective investment schemes industry, with a market share of 12.8% (as at December 2016). As anticipated, following a sustained period of rapid growth in the industry and a disproportionate allocation of industry flows, our fund range has seen net outflows in recent years. There has been a stabilisation in outflows from our funds, totalling R4 billion for the period under review. After taking capital appreciation into account, retail assets under management rose to R226 billion (September 2016: R225 billion).

Highlights across our domestic and international fund range are detailed below, reflecting first quartile rankings in their respective Morningstar categories:

- Coronation Top 20, a top-performing general equity fund, has outperformed its benchmark by 4.6% p.a. since its inception in October 2000.
- Coronation Balanced Plus, the no. 1 balanced fund in South Africa since its launch in April 1996, has outperformed its average competitor by 1.48% p.a. over the past 20 years.
- Coronation Capital Plus, the no. 1 multi-asset medium equity fund since its inception in July 2001, has outperformed inflation by 6.80% p.a. over the 15-year period.
- Coronation Balanced Defensive, a top-performing conservative fund, has outperformed inflation by 3.8% p.a. since its launch in February 2007.
- Coronation Strategic Income, the no. 1 multi-asset income fund since its launch in July 2001, has outperformed cash by, on average, 2.7% p.a. over this same period.
- Coronation Global Opportunities Equity [ZAR] Feeder, a top-performing global equity general fund since its launch in August 1997, has outperformed the global equity market by 0.99% p.a. over its almost 20-year history.
- Coronation Global Managed [ZAR] Feeder, the no. 1 global multi-asset high equity fund in South Africa since its launch in October 2009, has outperformed its average competitor by 1.73% p.a. over this same period.

All retail performance returns are stated net of fees.

TRANSFORMATION

Coronation is a truly South African business that is committed to transformation. We continue to build on the meaningful and sustainable transformation achieved in all areas of our business, as well as in the financial services industry.

Key highlights include:

- Coronation is 23.2% black owned, as measured by the Financial Sector Charter, which includes our employee-owned empowerment vehicle, the Imvula Trust.
- More than half of our employee complement in South Africa is black, of whom more than 60% is female.
- Within our South African-focused investment team, three out of every four leadership roles are held by black employees, while 47% of our portfolio managers are black.
- At executive committee level, black representation is 75%, while at board level the figure is 63%.
- The successful Coronation Business Support Programme, which has directly benefited nine black South African stockbroking companies over the past decade, has inspired the creation of a broader industry programme. The Association for Savings and Investment South Africa launched this new initiative last year, together with six leading industry participants, including Coronation.

INTERIM CASH DIVIDEND

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 gross dividend of 220.0 cents per share has been declared for the interim period ended 31 March 2017, resulting in a net dividend of 176.0 cents per share for shareholders subject to Dividends Tax (DT).

In compliance with the Listings Requirements of the JSE Ltd, the following dates are applicable:

| | |
|--------------------------|------------------------|
| Last day to trade | Monday, 12 June 2017 |
| Shares trade ex dividend | Tuesday, 13 June 2017 |
| Record date | Thursday, 15 June 2017 |
| Payment date | Monday, 19 June 2017 |

Share certificates may not be dematerialised or rematerialised between Tuesday, 13 June 2017 and Thursday, 15 June 2017, both dates inclusive. In terms of DT, the following additional information is disclosed:

- The local DT rate is 20%.
- The number of ordinary shares in issue at the date of this declaration is 349 799 102.
- Coronation's tax reference number is 9 675 107 719.

PROSPECTS

We are focused on long-term investing, which remains the bedrock of our business. Volatile markets offer opportunities to take long-term positions that will ultimately deliver compelling returns for our clients over meaningful periods. We believe our portfolios are well-positioned to manage the risk that recent political uncertainty has created for South African investors. While continued near-term volatility and uncertainty may persist, our robust investment approach enables us to make the appropriate long-term decisions for the benefit of our clients. Our success in achieving this will generate long-term value for all stakeholders.

EXTERNAL AUDIT REVIEW

The external auditors, EY, reviewed the condensed consolidated statement of financial position of Coronation Fund Managers Ltd Group as at 31 March 2017, and the related condensed consolidated statement of comprehensive income, changes in equity and cash flows for the period then ended, and other explanatory notes. The review has been conducted in accordance with the International Standard on Review Engagements 2410. Copies of the unqualified report of EY are available for inspection at the registered office of the company. Any forward-looking information contained in this announcement has not been reviewed or reported on by the company's external auditors.

Shams Pather
Chairman

Anton Pillay
Chief executive officer

John Snalam
Chief financial officer

Cape Town
23 May 2017



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| R million | Six months reviewed 31 March 2017 | Six months reviewed 31 March 2016 | % | Full year audited 30 Sept 2016 |
|---|--|--|--------|---|
| | | | Change | |
| Fund management activities | | | | |
| Revenue | 1 936 | 2 067 | (6) | 4 046 |
| Other income | 1 | 6 | | 20 |
| Operating expenses | (933) | (1 023) | (9) | (2 019) |
| Share-based payment expense | (3) | (4) | | (7) |
| Other expenses | (930) | (1 019) | | (2 012) |
| Results from operating activities | 1 004 | 1 050 | (4) | 2 047 |
| Finance and dividend income | 16 | 15 | | 35 |
| Finance expense | (13) | (11) | | (22) |
| Share of profit of equity-accounted investee | 5 | 4 | | 9 |
| Profit from fund management | 1 012 | 1 058 | (4) | 2 069 |
| Income attributable to policyholder linked assets and investment partnerships | 3 | 7 | | 20 |
| Net fair value gains on policyholder and investment partnership financial instruments | 17 | 15 | | 58 |
| Administration expenses borne by policyholders and investors in investment partnerships | (14) | (8) | | (38) |
| Profit before income tax | 1 015 | 1 065 | (5) | 2 089 |
| Income tax expense | (252) | (261) | | (515) |
| Taxation on shareholder profits | (249) | (254) | | (495) |
| Taxation on policyholder investment contracts | (3) | (7) | | (20) |
| Profit for the period | 763 | 804 | (5) | 1 574 |
| Other comprehensive income (to be reclassified to profit and loss in future periods) | | | | |
| Foreign currency translation differences for foreign operations | (20) | 33 | | (8) |
| Net change in fair value of available-for-sale financial assets | 36 | 26 | | 45 |
| Other comprehensive income for the period | 16 | 59 | | 37 |
| Total comprehensive income for the period | 779 | 863 | | 1 611 |
| Profit attributable to: | | | | |
| - equity holders of the company | 763 | 804 | (5) | 1 574 |
| Profit for the period | 763 | 804 | | 1 574 |
| Total comprehensive income attributable to: | | | | |
| - equity holders of the company | 779 | 863 | (10) | 1 611 |
| Total comprehensive income for the period | 779 | 863 | | 1 611 |
| Earnings per share (cents) | | | | |
| - basic | 218.5 | 229.7 | (5) | 450.0 |
| - diluted | 218.5 | 229.7 | (5) | 450.0 |
| Note to the statement of comprehensive income | | | | |
| Headline earnings per share (cents) | | | | |
| - basic | 220.7 | 229.7 | (4) | 447.6 |
| - diluted | 220.7 | 229.7 | (4) | 447.6 |
| Dividend per share (cents) | | | | |
| - interim | 220.0 | 229.0 | (4) | 229.0 |
| - final | | | | 218.0 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| R million | Reviewed 31 March 2017 | Reviewed 31 March 2016 | Audited 30 Sept 2016 |
|---|------------------------------|------------------------------|----------------------------|
| Assets | | | |
| Intangible assets | 1 088 | 1 088 | 1 088 |
| Equipment | 22 | 38 | 31 |
| Investment in equity-accounted investees | 36 | 38 | 37 |
| Deferred tax asset | 144 | 98 | 162 |
| Investments backing policyholder funds and investments held through investment partnerships | 59 848 | 68 704 | 64 007 |
| Investment securities | 834 | 1 079 | 1 097 |
| Trade and other receivables | 530 | 485 | 498 |
| Cash and cash equivalents | 524 | 498 | 538 |
| Total assets | 63 026 | 72 028 | 67 458 |
| Liabilities | | | |
| Long-term borrowings (note 3) | 300 | 300 | 150 |
| Deferred tax liabilities | 23 | 68 | 25 |
| Policyholder investment contract liabilities and liabilities to holders of interests in investment partnerships | 59 832 | 68 640 | 63 988 |
| Short-term portion of long-term borrowings (note 3) | - | - | 150 |
| External investors in consolidated funds | - | 241 | 269 |
| Taxation payable | 82 | 23 | 4 |
| Trade and other payables | 587 | 515 | 694 |
| Total liabilities | 60 824 | 69 787 | 65 280 |
| Net assets | 2 202 | 2 241 | 2 178 |
| Equity | | | |
| Share capital and premium | 256 | 256 | 256 |
| Retained earnings | 1 587 | 1 617 | 1 586 |
| Reserves | 219 | 219 | 200 |
| Total equity attributable to equity holders of the company | 2 062 | 2 092 | 2 042 |
| Non-controlling interest in consolidated funds (note 5) | 140 | 149 | 136 |
| Total equity | 2 202 | 2 241 | 2 178 |



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| R million | Six months reviewed 31 March 2017 | Six months reviewed 31 March 2016 | Full year audited 30 Sept 2016 |
|--|--|--|---|
| Cash flows from operating activities | | | |
| Profit from fund management | 1 012 | 1 058 | 2 069 |
| Non-cash and other adjustments | 27 | 15 | 27 |
| Operating cash flows before changes in working capital | 1 039 | 1 073 | 2 096 |
| Working capital changes | (145) | (175) | (18) |
| Cash flows from policyholders and investment partnership activities | (391) | 3 997 | 833 |
| Cash generated from operations | 503 | 4 895 | 2 911 |
| Interest paid | (13) | (11) | (22) |
| Income taxes paid | (152) | (181) | (502) |
| Net cash from operating activities | 338 | 4 703 | 2 387 |
| Cash flows from investing activities | | | |
| Finance and dividend income | 16 | 15 | 35 |
| Acquisition of equipment | (2) | (9) | (13) |
| Net sales/(acquisition) of investment securities | 25 | (31) | (13) |
| Net cash from investing activities | 39 | (25) | 9 |
| Cash flows from financing activities | | | |
| Dividends paid | (762) | (944) | (1 745) |
| Net cash from financing activities | (762) | (944) | (1 745) |
| (Decrease)/increase in cash and cash equivalents | (385) | 3 734 | 651 |
| Net increase/(decrease) in cash and cash equivalents – shareholders | 6 | (263) | (182) |
| Net (decrease)/increase in cash and cash equivalents – policyholders and investment partnerships | (391) | 3 997 | 833 |
| Cash and cash equivalents at beginning of period | 9 210 | 8 567 | 8 567 |
| Cash and cash equivalents at beginning of period – shareholders | 538 | 728 | 728 |
| Cash and cash equivalents at beginning of period – policyholders and investment partnerships | 8 672 | 7 839 | 7 839 |
| Effect of exchange rate fluctuations on cash held | (20) | 33 | (8) |
| Cash and cash equivalents at end of period | 8 805 | 12 334 | 9 210 |
| Cash and cash equivalents at end of period – shareholders | 524 | 498 | 538 |
| Cash and cash equivalents at end of period – policyholders and investment partnerships | 8 281 | 11 836 | 8 672 |

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.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| R million | Share capital and premium | Foreign currency translation reserve |
|--|---------------------------|--------------------------------------|
| Balance at 30 September 2015 (audited) | 256 | 163 |
| Total comprehensive income for the period | | |
| Profit for the period | | |
| Other comprehensive income (to be reclassified to profit and loss in future periods) | | |
| Currency translation differences | | 33 |
| Revaluation of available-for-sale financial assets – net change in fair value | | |
| Total other comprehensive income | | 33 |
| Total comprehensive income for the period | | 33 |
| Transactions with owners recorded directly to equity | | |
| Share-based payments | | |
| Dividends paid | | |
| Non-controlling interest in consolidated funds (note 5) | | |
| Total transactions with owners | | |
| Balance at 31 March 2016 (reviewed) | 256 | 196 |
| Total comprehensive income for the period | | |
| Profit for the period | | |
| Other comprehensive income (to be reclassified to profit and loss in future periods) | | |
| Currency translation differences | | (41) |
| Revaluation of available-for-sale financial assets – net change in fair value – reclassified to profit or loss on disposal | | |
| Total other comprehensive income | | (41) |
| Total comprehensive income for the period | | (41) |
| Transactions with owners recorded directly to equity | | |
| Share-based payments | | |
| Dividends paid | | |
| Non-controlling interest in consolidated funds | | |
| Total transactions with owners | | |
| Balance at 30 September 2016 (audited) | 256 | 155 |
| Total comprehensive income for the period | | |
| Profit for the period | | |
| Other comprehensive income (to be reclassified to profit and loss in future periods) | | |
| Currency translation differences | | (20) |
| Revaluation of available-for-sale financial assets | | |
| Total other comprehensive income | | (20) |
| Total comprehensive income for the period | | (20) |
| Transactions with owners recorded directly to equity | | |
| Share-based payments | | |
| Dividends paid | | |
| Change in non-controlling interest in consolidated funds | | |
| Total transactions with owners | | |
| Balance at 31 March 2017 (reviewed) | 256 | 135 |



| Retained earnings | Share-based payment reserve | Revaluation reserve | Issued capital and reserves attributable to equity holders of the company | Non-controlling interest | Total equity |
|-------------------|-----------------------------|---------------------|---|--------------------------|--------------|
| 1 757 | 22 | (29) | 2 169 | | 2 169 |
| 804 | | | 804 | | 804 |
| | | | 33 | | 33 |
| | | 26 | 26 | | 26 |
| | | 26 | 26 | | 26 |
| | | 26 | 59 | | 59 |
| 804 | | 26 | 863 | | 863 |
| (944) | 4 | | 4 (944) | | 4 (944) |
| | | | | 149 | 149 |
| (944) | 4 | | (940) | 149 | (791) |
| 1 617 | 26 | (3) | 2 092 | 149 | 2 241 |
| 770 | | | 770 | | 770 |
| | | | (41) | | (41) |
| | | 19 | 19 | | 19 |
| | | 26 | 26 | | 26 |
| | | (7) | (7) | | (7) |
| | | 19 | (22) | | (22) |
| 770 | | 19 | 748 | | 748 |
| (801) | 3 | | 3 (801) | | 3 (801) |
| | | | | (13) | (13) |
| (801) | 3 | | (798) | (13) | (811) |
| 1 586 | 29 | 16 | 2 042 | 136 | 2 178 |
| 763 | | | 763 | | 763 |
| | | | (20) | | (20) |
| | | 36 | 36 | | 36 |
| | | 36 | 16 | | 16 |
| 763 | | 36 | 779 | | 779 |
| (762) | 3 | | 3 (762) | | 3 (762) |
| | | | | 4 | 4 |
| (762) | 3 | | (759) | 4 | (755) |
| 1 587 | 32 | 52 | 2 062 | 140 | 2 202 |

EARNINGS PER SHARE

| | Six months reviewed 31 March 2017 | Six months reviewed 31 March 2016 | Full year audited 30 Sept 2016 |
|---|---|---|--------------------------------------|
| Weighted average number of ordinary shares in issue during the period | 349 799 102 | 349 799 102 | 349 799 102 |
| Weighted average number of ordinary shares potentially in issue | 349 799 102 | 349 799 102 | 349 799 102 |
| R million | | | |
| Earnings attributable to shareholders | 763 | 804 | 1 574 |
| Non-controlling interest | - | - | - |
| Earnings attributable to ordinary shareholders | 763 | 804 | 1 574 |
| Loss/(profit) on disposal of financial assets available for sale | 8 | - | (7) |
| Gain on disposal of group operations | - | - | (2) |
| Headline earnings attributable to ordinary shareholders | 771 | 804 | 1 565 |
| Actual number of shares in issue at the end of the period | 349 799 102 | 349 799 102 | 349 799 102 |

CONDENSED CONSOLIDATED SEGMENT REPORT

| R million | Africa | | | International | | | Group | | |
|--|---|---|----------------------------|---|---|----------------------------|---|---|----------------------------|
| | Six months reviewed 31 March 2017 | Six months reviewed 31 March 2016 | Audited 30 Sept 2016 | Six months reviewed 31 March 2017 | Six months reviewed 31 March 2016 | Audited 30 Sept 2016 | Six months reviewed 31 March 2017 | Six months reviewed 31 March 2016 | Audited 30 Sept 2016 |
| Segment external revenue | 1 276 | 1 404 | 2 690 | 660 | 663 | 1 356 | 1 936 | 2 067 | 4 046 |
| Segment operating expenses | (710) | (769) | (1 501) | (223) | (254) | (518) | (933) | (1 023) | (2 019) |
| Segment profit | 566 | 635 | 1 189 | 437 | 409 | 838 | 1 003 | 1 044 | 2 027 |
| Share of income of equity-accounted investee | 5 | 4 | 9 | - | - | - | 5 | 4 | 9 |
| Net finance and other income/ (expenses) | 11 | 19 | 36 | (7) | (9) | (3) | 4 | 10 | 33 |
| Profit from fund management | 582 | 658 | 1 234 | 430 | 400 | 835 | 1 012 | 1 058 | 2 069 |
| Income* | | | | | | | 3 | 7 | 20 |
| Profit before income tax | | | | | | | 1 015 | 1 065 | 2 089 |
| Segment assets | 1 126 | 1 362 | 1 286 | 784 | 738 | 878 | 1 910 | 2 100 | 2 164 |
| Investments* | | | | | | | 61 116 | 69 928 | 65 294 |
| Total assets | | | | | | | 63 026 | 72 028 | 67 458 |

* Income and investments are attributable to and backing policyholder funds and investments held through investment partnerships, consolidated funds 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 and containing the information required by the International Financial Reporting Standards (IFRS); the International Accounting Standard 34 Interim Financial Reporting; the Listings Requirements of the JSE Ltd; the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, as well as the South African Companies Act, No 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 consolidated 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 period are similar to those disclosed in the group's annual financial statements for the year ended 30 September 2016. No new significant related party transactions arose during the current period.

3. Long-term and short-term borrowings

Cumulative redeemable preference shares with dividends linked to prime are payable on a quarterly basis, with R150 million capital repayments due on 31 March 2018 and 1 April 2020. The latter was previously due on 31 March 2017, with the terms now renegotiated.

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.

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 value of policyholder and investment partnership liabilities that are included in Level 2 of the hierarchy are measured with reference to the quoted prices in an active market of the investments underlying the liabilities. Cash and cash equivalent balances along with their related liabilities of R2 294 million (R2 170 million: 30 September 2016 and R3 599 million: 31 March 2016) have been excluded from the fair value table on page 11 in current and prior years respectively.

Level 3 Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Fair value disclosure (continued)

| R million | Level 1 | Level 2 | Level 3 | Total |
|---|------------------|------------------|-----------|---------------|
| March 2017 (Reviewed) | *Restated | *Restated | | |
| Investments backing policyholder funds and investments held through investment partnerships | 50 656 | 6 898 | - | 57 554 |
| Investment securities | 834 | - | - | 834 |
| | 51 490 | 6 898 | - | 58 388 |
| Policyholder and investment partnership liabilities | - | 57 538 | - | 57 538 |
| March 2016 (Reviewed) | | | | |
| Investments backing policyholder funds and investments held through investment partnerships | 55 884 | 9 221 | - | 65 105 |
| Investment securities | 1 045 | - | 34 | 1 079 |
| | 56 929 | 9 221 | 34 | 66 184 |
| Policyholder and investment partnership liabilities | 241 | 65 041 | - | 65 282 |
| September 2016 (Audited) | | | | |
| Investments backing policyholder funds and investments held through investment partnerships | 54 520 | 7 317 | - | 61 837 |
| Investment securities | 1 060 | - | 37 | 1 097 |
| | 55 580 | 7 317 | 37 | 62 934 |
| Policyholder and investment partnership liabilities | 269 | 61 818 | - | 62 087 |

* Policyholder, external investor and investment partnership liabilities to the value of R54 520 million as at 30 September 2016 (R55 884 million: 31 March 2016) previously categorised as level 1 have been restated as level 2. These changes have been made to more appropriately reflect the nature of the fair value of the liability.

Fair value for all other financial assets and liabilities have not been presented because they are not carried at fair value and their carrying amounts approximate fair value.

During the current reporting period a net amount of R207 million in debentures were transferred from Level 1 to Level 2 as these are no longer considered to be held in active market.

5. Non-controlling interest and external investors in consolidated funds

The non-controlling interest in consolidated funds arises as a result of the continued consolidation of the Coronation Global Frontiers Fund. The group's interest in the Coronation Global Equity Select Fund was diluted in the period and the fund is no longer consolidated. Investment securities and external investors in consolidated funds were reduced by R269 million on deconsolidation.

6. Contingent liabilities: South African Revenue Service (SARS) matters

From time to time, in common with other organisations, companies in the group are subject to review by SARS. One of our subsidiary companies has been the subject of a review on a matter of principle to which management strongly disagrees and is confident, supported by external advisors, of the company's position. An outflow is not anticipated. Any amount is currently not capable of reliable estimation.

| | |
|------------------------------|--|
| Directors: | S Pather (Chairman)*, A C Pillay (CEO), J A Snalam (CFO), L Boyce*, J G February*, J D McKenzie*, H Nelson*, A Watson* (* Independent non-executive) |
| Registered office: | 7th Floor, MontClare Place, Cnr Campground and Main Roads, Claremont 7708, Cape Town |
| Postal address: | PO Box 44684, Claremont 7735, Cape Town |
| Registration number: | 1973/009318/06 |
| Transfer secretaries: | Computershare Investor Services (Pty) Ltd, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196 |
| JSE share code: | CML |
| ISIN: | ZAE000047353 |
| Website: | www.coronation.com |
| Sponsor: | Deutsche Securities (SA) (Pty) Ltd |



CAPE TOWN 7th Floor, MontClare Place, Cnr Campground and Main Roads, Claremont 7708
PO Box 44684, Claremont 7735
Telephone: +27 (0)21 680 2000 Fax: +27 (0)21 680 2100

JOHANNESBURG 1st Floor, Unit 7B, 3 Melrose Boulevard, Melrose Arch 2196
PO Box 652643, Benmore 2010
Telephone: +27 (0)11 328 8200 Fax: +27 (0)11 684 2187

PRETORIA 1st Floor, Block 4, The Boardwalk Office Park, Eros Street, Faerie Glen 0043
Telephone: +27 (0)12 990 9040 Fax: +27 (0)12 991 6079

DURBAN Suite 6, 15 The Boulevard, Westway Office Park, Westville 3635
Telephone: +27 (0)87 354 0508

LONDON 7th Floor, St Albans House, 57-59 Haymarket, London, SW1Y 4QX, United Kingdom
Telephone: +44 (0)207 389 8840 Fax: +44 (0)207 389 8899

DUBLIN Suite 1, 2 Grand Canal Square, Macken Street, Dublin D02 A342, Ireland
Telephone: +353 (0)1 674 5410 Fax: +353 (0)1 674 5411