



How Coronation creates value for stakeholders

Our focus on achieving the best possible investment returns for our clients in turn creates value for our other stakeholders – including shareholders, regulators and government, communities and our people. The following diagram provides insight into our value-creation process.

STAKEHOLDER NEEDS

CLIENTS

- Strong long-term investment performance
- Appropriate and relevant product offering
- Competitive and transparent fees
- Excellent client service
- Information and investment security

SHAREHOLDERS

- Ethical and sustainable business model
- Return on investment
- Transparent and timely reporting

GOVERNMENT AND REGULATORS

- Compliance with regulations
- Transparent and proactive engagement with regulators and policymakers

COMMUNITIES

- High-quality education
- Economic development and upliftment

OUR PEOPLE

- Sustainable employment
- Recognition and reward of excellence
- Development and career growth
- Commitment to transformation

CORONATION INPUTS

INTELLECTUAL CAPITAL

HIGHLY SKILLED WORKFORCE

53%
of our SA-based employees are professionally qualified specialists or higher

A further **45%**
are academically qualified and skilled

67
investment professionals have an average of 13 years' investment experience

HUMAN CAPITAL

331
employees globally

- Strong ethical culture of excellence
- Seasoned and well-respected leadership team

FINANCIAL CAPITAL

REGULATORY CAPITAL

R490m*

R141m
investment in information systems and other projects

R24.4m
spent on training

* Capital that the various subsidiary companies are legislatively required to hold

SOCIAL AND RELATIONSHIP CAPITAL

- Leveraging off a leading brand in asset management
- Performance and service excellence
- Ongoing investment in education and entrepreneurship
- Corporate citizenship

HOW CORONATION CREATES VALUE

We invest clients' savings to deliver strong long-term growth. All investments are made according to Coronation's investment philosophy:

We invest for the long term in assets that are trading below our assessment of their real long-term value, based on our own exhaustive research to identify opportunities.

KEY RISKS AND CHALLENGES MANAGED

Extremely challenging market conditions, locally and globally; compounded locally by a subpar economy.

→ Key risks as detailed in the risk table on pages 84 to 86

→ Institutional and personal investment-specific risks are on page 8

HOW WE ENSURE VALUE CREATION FOR STAKEHOLDERS

CLIENTS

Consistent execution of investment philosophy; regular fee and benchmark reviews; achieving rigorous client service targets; continuous enhancement of client platforms and correspondence; and world-class security measures.

SHAREHOLDERS

Robust governance structures and ongoing investment in our business to create a world-class asset management company; consistent and sustainable operational performance and cost control; stable investment team; timely reporting and commentary; and regular dividend distribution.

GOVERNMENT AND REGULATORS

Detailed compliance universe and monitoring plans; and continuous engagement with regulators to achieve a safer financial sector.

COMMUNITIES

Strong focus on real outcomes to improve education and community development via our CSI programme.

OUR PEOPLE

Training and development; coaching and mentoring; performance-based remuneration; and employee ownership and empowerment.

VALUE CREATED FOR STAKEHOLDERS IN 2018

CLIENTS → refer to pages 31 to 38

- Strong long-term investment performance across portfolios
- Reduced fees announced on a number of our retail funds
- Improvement to the effective annual cost (EAC) model (total investor holding cost disclosure) for both potential and existing clients for improved transparency
- Enhanced client reporting and improved security

SHAREHOLDERS → refer to pages 39 to 42

- Dividend policy to distribute at least 75% of after-tax cash profit maintained
- Below industry employee turnover
- Increased engagement with shareholders

GOVERNMENT AND REGULATORS → refer to pages 43 to 44

- No regulatory fines or sanctions received
- Well-established team of experienced compliance professionals
- Total tax paid, including VAT where applicable: R833 million

COMMUNITIES → refer to pages 45 to 48

- Coronation's mathematics and literacy programmes benefited more than 15 500 children in the past year
- Capsule launched to create maximum CSI impact
- Increased allocations to programmes supporting job creation, education and skills development (→ refer to page 48)

OUR PEOPLE → refer to pages 49 to 54

- Sustainable employment
- Recognition and reward of excellence
- Skills development and educational support
- Commitment to transformation and diversity