



# How Coronation created stakeholder value in 2019

Our focus on achieving the best possible investment returns for our clients also creates value for our other stakeholders – including shareholders, regulators and government, communities and our people. The following area of our Integrated Annual Report provides insight into how we match our activities to meet the needs of our various stakeholder groups.

## 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 for excellence
- Development and career growth
- Commitment to transformation

## CORONATION INPUTS

### INTELLECTUAL CAPITAL

#### HIGHLY SKILLED WORKFORCE

**64%**  
of the investment team is CFA certified

**76%**  
of employees have a NQF Level 7 qualification or higher

**68**  
investment professionals have an average of 10 years of experience at Coronation

### HUMAN CAPITAL

**337**  
employees globally

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

### FINANCIAL CAPITAL

#### REGULATORY CAPITAL

**R341m\***

**R136m**  
investment in information systems and other projects

**R21.1m**  
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

Ongoing negative domestic conditions as weak economic growth depressed local formal savings markets; geopolitics impacting global markets.

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

→ Key risks as detailed in the risk table on page 81

## 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 programmes.

### OUR PEOPLE

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

## HOW WE CREATED VALUE FOR STAKEHOLDERS IN 2019

### CLIENTS → refer to page 30

- Strong long-term investment performance across portfolios
- Stewardship and engagement to enhance shareholder value
- Enhanced client service platforms
- Commenced rebuilding our online transactional website
- Regular distribution of insights and thought leadership communication

### SHAREHOLDERS → refer to page 38

- Dividend policy to distribute at least 75% of after-tax cash profit maintained
- Below industry employee turnover
- Increased engagement with shareholders
- Variable cost model protected shareholders from negative operating leverage

### GOVERNMENT AND REGULATORS → refer to page 42

- No regulatory fines or sanctions received
- Well-established team of experienced compliance professionals
- Total tax paid, including VAT where applicable: R694 million

### COMMUNITIES → refer to page 43

- Coronation's mathematics and literacy programmes benefited more than 13 539 children in the past year
- Increased allocations to programmes supporting job creation, education and skills development.

### OUR PEOPLE → refer to page 47

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