



# **March 2012 Reviewed Interim Results**

**15 May 2012**

# Agenda



- Financial highlights
- Overview of company
- Financial results
- Business review
  - ❖ Retail
  - ❖ Institutional
  - ❖ International
  - ❖ Transformation
- Conclusion



# Market movements

31 March 2012



<b>Economic group</b>	<b>3 months</b>	<b>6 months</b>	<b>12 months</b>
	<b>%</b>	<b>%</b>	<b>%</b>
All Share	6.0	14.9	7.5
All Share (Capital Return)	4.9	13.1	4.2
All Share (Dividend Return)	1.1	1.8	3.3
Basic Materials	-2.0	3.8	-12.0
Small Caps	10.4	17.9	17.8
Industrials	18.2	20.6	24.9
Financials	12.8	22.6	20.2





# Financial highlights

# Financial highlights



➤ AUM	R296 bn	+28%
❖ Net inflows of R19.1 bn in H1		
➤ Headline earnings	94 cps	+5%
➤ Headline earnings (diluted)	86.7 cps	+6%
➤ Dividend		
❖ Interim	95.0 cps	+19%*

\* Period on period change applicable to Dividends Tax exempt investors



# Financial highlights (Rm)



➤ Revenue (from fund management)	912	+11%
➤ Profit (from fund management)	450	+2%
➤ PAT	297	-1%
➤ Cashflow	374	+64%

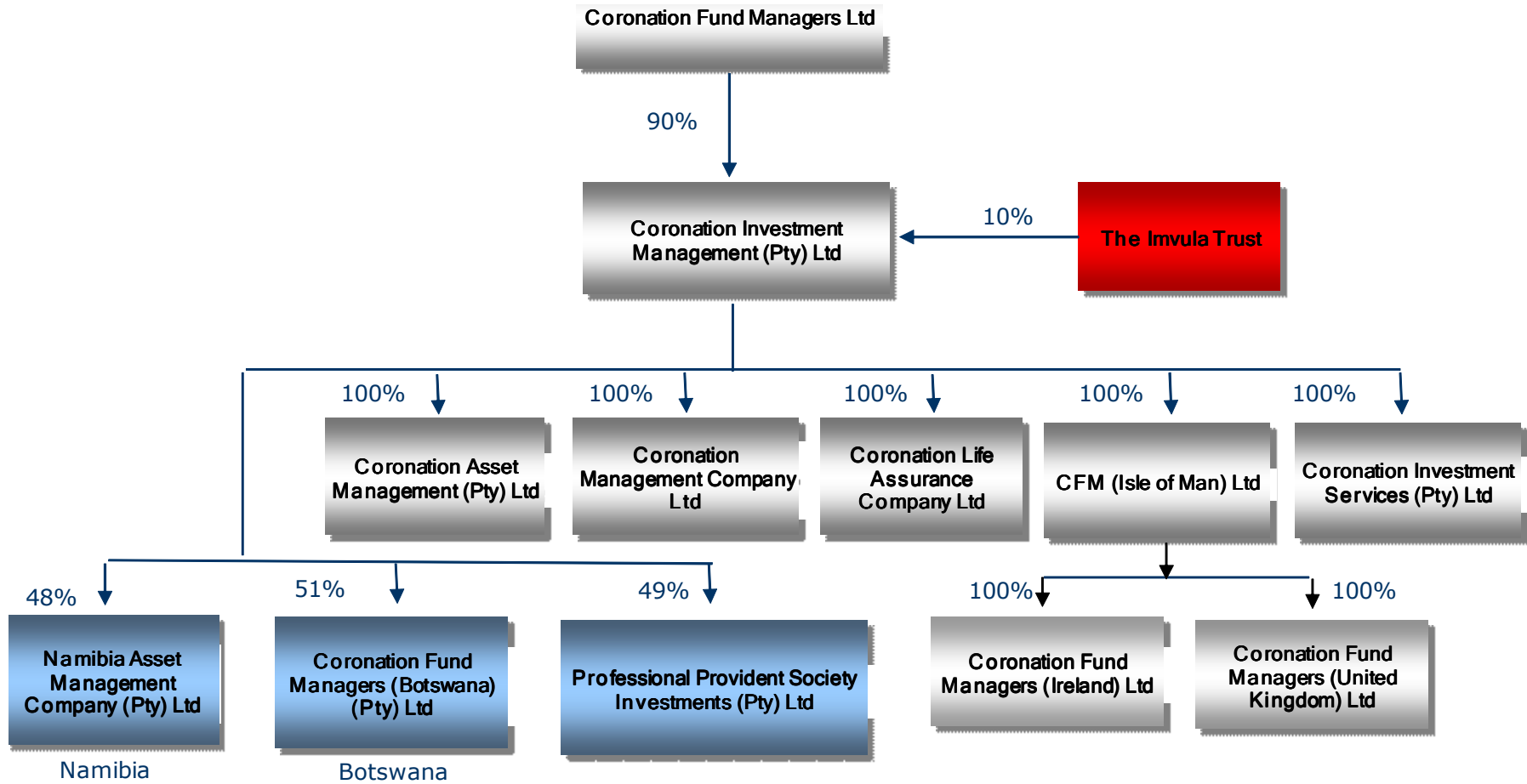




# Company overview

# Company structure

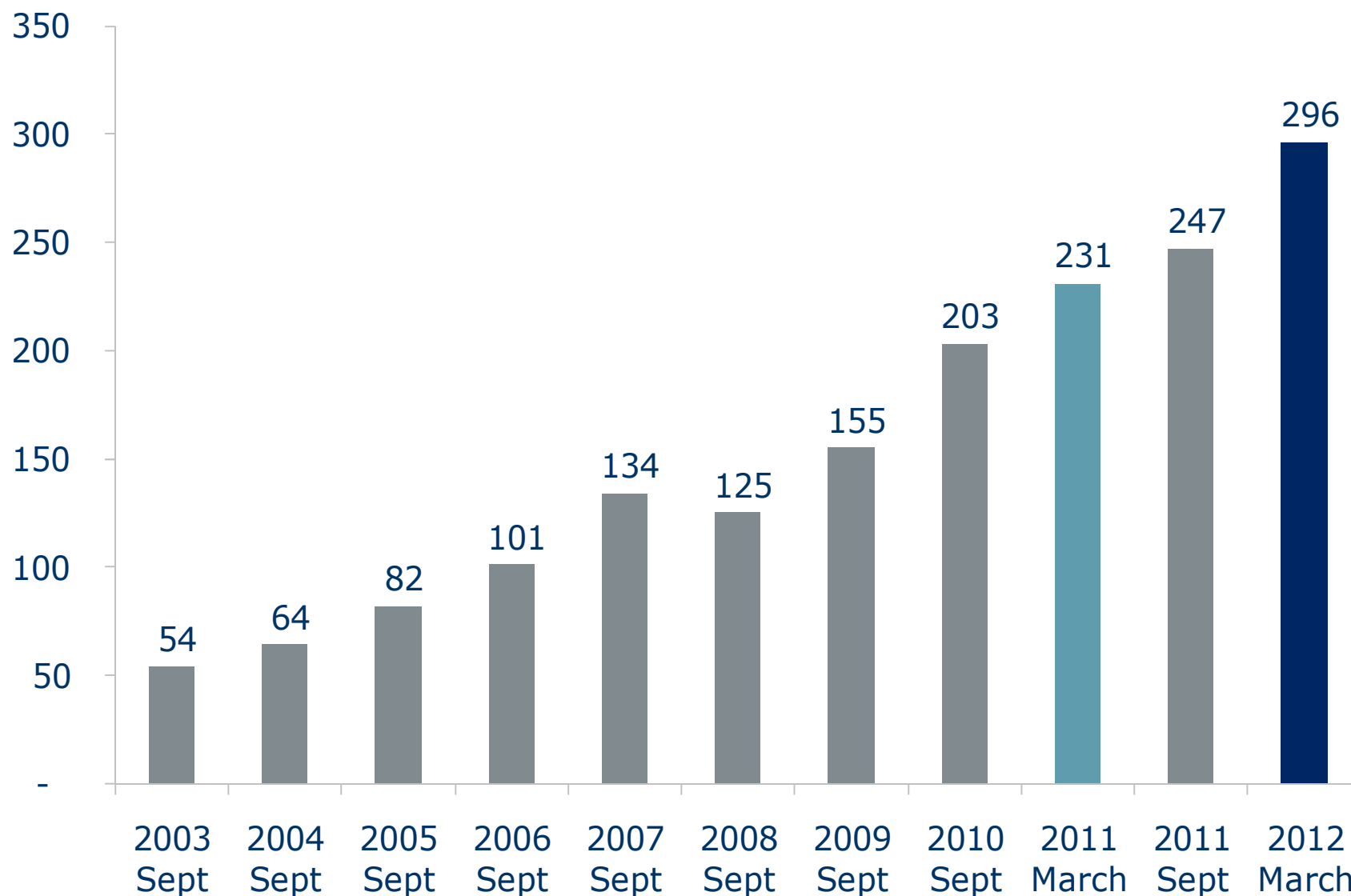
at 31 March 2012





# Assets under management (Rbn)

2003 – 31 March 2012



Domestic: Equity 60.9%; Fixed Interest and Cash 23.8%  
Foreign: Equity 12.6%; Fixed Interest and Cash 2.7%  
As at 31 March 2012





# Financial results

# Earnings



	Change %	March 2012	March 2011
Attributable earnings (R'000) <sup>1</sup>	(1)	295,876	298,842
EPS (cents)	(1)	94.0	94.9
Headline earnings (R'000)	5	295,876	280,711
HEPS (cents) <sup>2</sup>	5	94.0	89.2
Diluted HEPS (cents)	6	86.7	81.7
Weighted average shares in issue - 31 March	-	314,819,192	314,819,192
Actual shares in issue - 31 March	0	314,819,195	314,819,192
Interim DPS <sup>3</sup>	19	95	80

## Notes

1. Additional STC charge in H1 2012 of R3m (not in H1 2011)
2. EPS-HEPS difference as result of R18m NAM valuation in 2011
3. DPS not comparable due to tax change - STC v DT



# Earnings

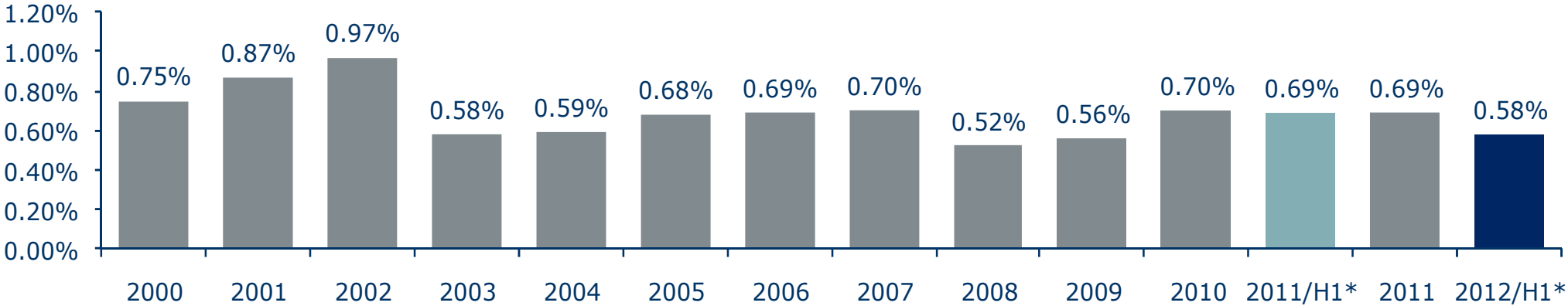


	Change %	March 2012	March 2011
Cost to income	(6.5)	51.3	48.0
EBITDA (R'000)	1.9	454,269	445,843
Market capitalisation (R'000)	60.1	8,972,347	5,603,782
Share price @ 31 March (Rands)	60.1	28.50	17.80
Price earnings per share*	51.9	15.2	10.0

\*PE earnings – share price/annualised historic HEPS



# Total net fee (annualised revenue) as at 31 March 2012



\*H1 figures – annualised revenue  
•Fees calculated using annualised fixed and performance fees to 31 March 2012



# Cost comparison



	Change %	2012 R'000	2011 R'000
Fixed operational costs	(5.1)	142,422	135,558
Variable costs	(23.7)	326,851	264,141
IFRS 2	30.7	1,427	2,061
<b>TOTAL OPERATIONAL COSTS</b>	<b>(17.2)</b>	<b>470,700</b>	<b>401,760</b>
Other costs (Interest expense*)	52.9	1,487	3,160
<b>TOTAL COSTS</b>	<b>(16.6)</b>	<b>472,188</b>	<b>404,920</b>
<b>* Interest</b>			
Imvula interest		1,012	2,560
Bank overdraft		475	600
		1,487	3,160

**Interest cover**

**302.3 times**

**139.9 times**



# CFM expenses



	Change %	March 2012 R'000	March 2011 R'000
<b>Fixed costs</b>	<b>(5.1)</b>	<b>142,422</b>	<b>135,558</b>
<i>Major contributors:</i>			
Staff costs	<b>(16.5)</b>	73,413	62,994
Travel costs	<b>(28.3)</b>	4,196	3,270
Marketing	<b>(5.8)</b>	22,994	21,732
Information technology	<b>(96.1)</b>	13,624	6,947
<i>Staff numbers</i>		<b>212</b>	<b>198</b>
<b>Variable costs</b>	<b>(23.7)</b>	<b>326,851</b>	<b>264,141</b>





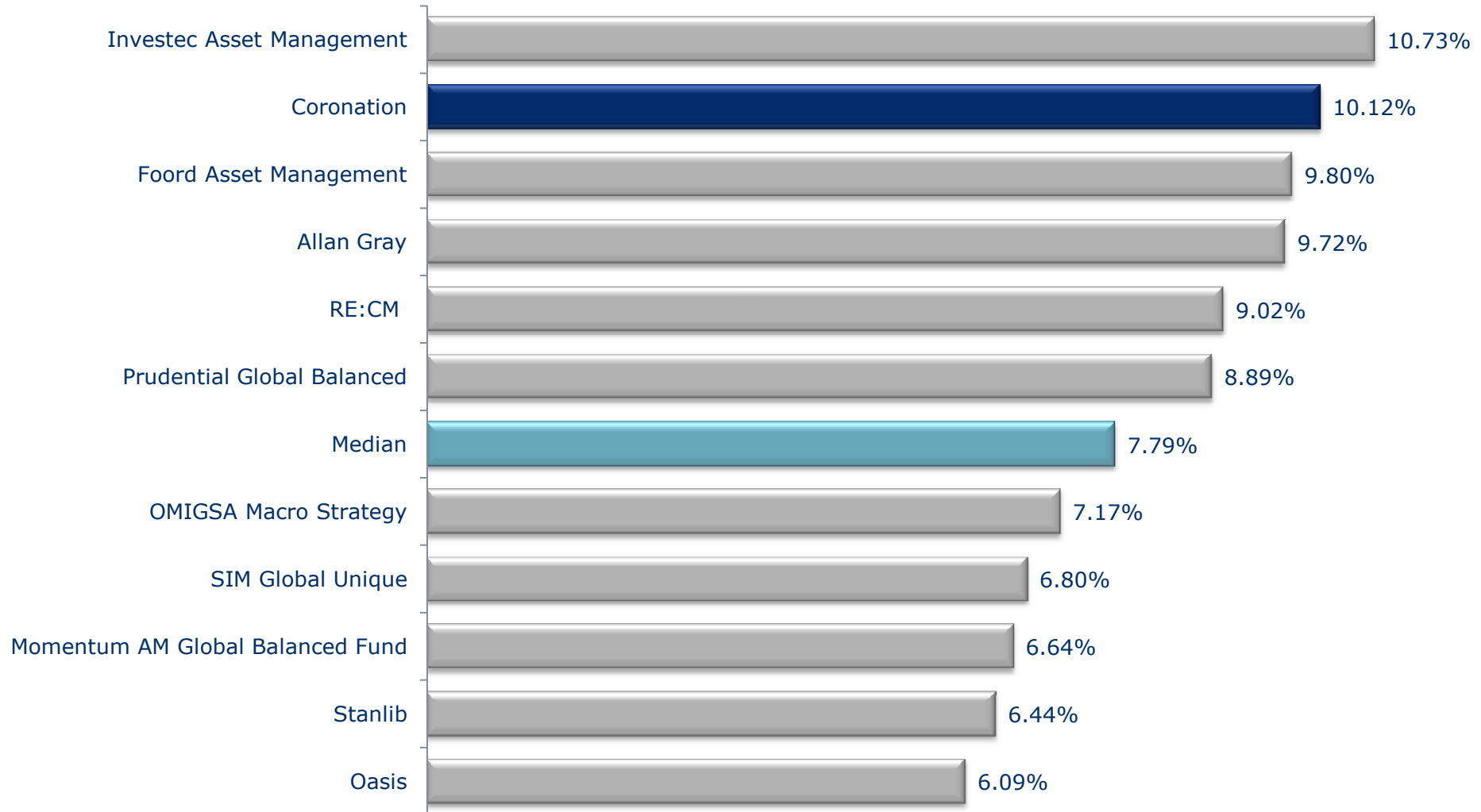
# **Business overview**

## **Institutional**



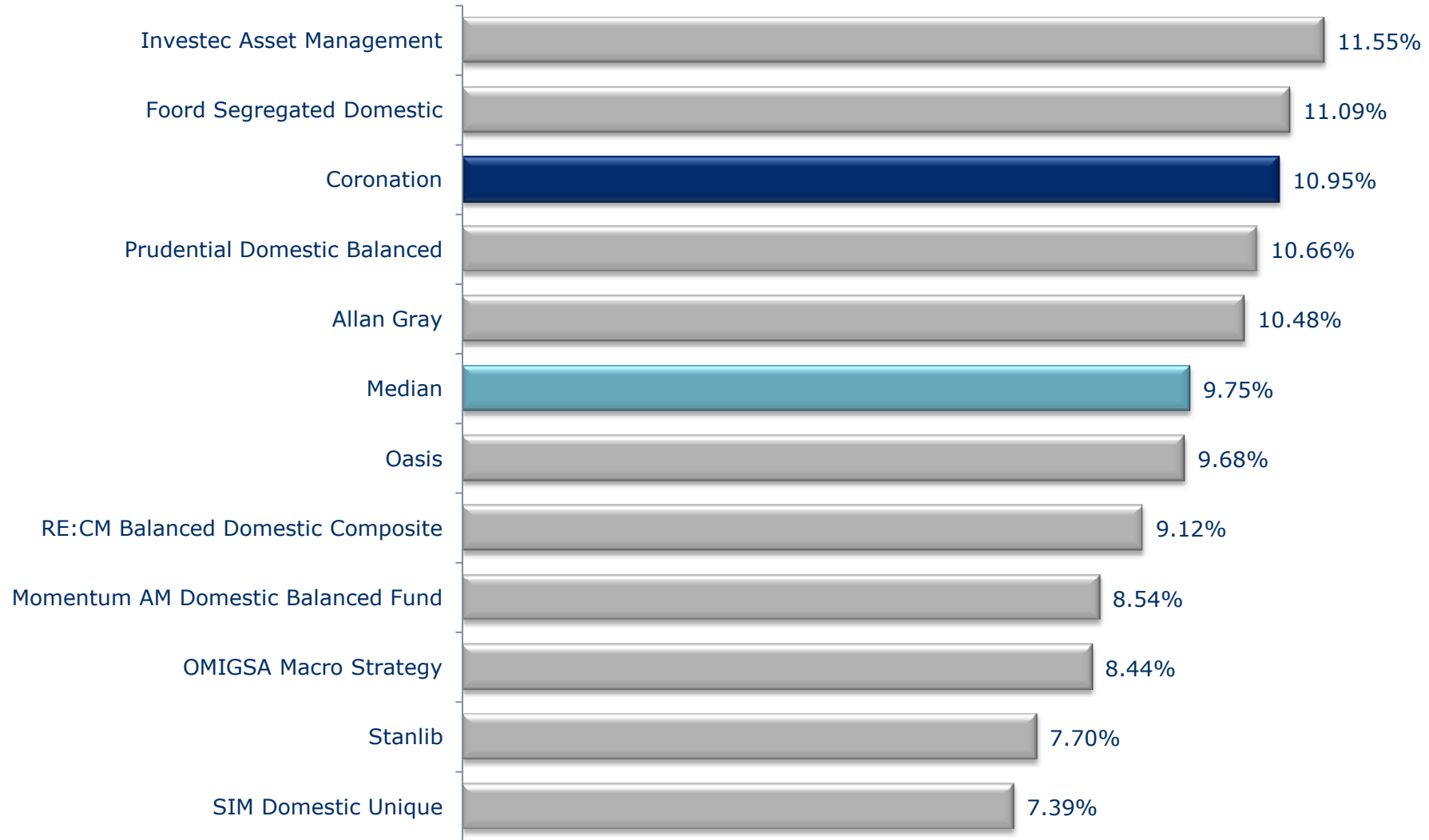
# Performance

Alexander Forbes Global Large Manager Watch™  
5 years ending 31 March 2012



# Performance

Alexander Forbes SA Large Manager Watch™  
5 years ending 31 March 2012



# Performance

Coronation Global Absolute Fund  
Periods ending 31 March 2012



	1 Year	3 Years (p.a.)	5 Years (p.a.)	10 Years (p.a.)	Since Inception*
Global Absolute Fund	11.3%	17.3%	10.4%	17.2%	17.8%
CPI	6.0%	6.1%	7.0%	6.1%	6.5%
CPI +6%	12.0%	12.1%	13.0%	12.1%	12.5%

\*Since inception – August 1999  
Source: Independent Retirement Fund Survey



# Performance

Coronation Core Equity Fund  
periods ending 31 March 2012



	1 year	3 years (p.a.)	5 years (p.a.)	Since Inception*
Core Equity Fund	11.4%	25.1%	11.6%	22.5%
Benchmark**	11.6%	22.6%	8.0%	19.5%
Outperformance	-0.2%	2.5%	3.6%	3.0%

\*Since inception – March 2004

\*\*FTSE/JSE Shareholder Weighted Index

Source: Independent Retirement Fund Survey





# **Business overview**

## **Retail**

# Business Performance 2012 FYTD

## League table: long-term funds



Manager	AUM (Rbn)			FLOWS (Rbn)		
	March 2012	Sep 2011	Sep 2010	FYTD2012*	FY2011	FY2010
1.	124	113	107	4	-3	11
2. Coronation	78	62	40	10	20	12
3.	73	59	50	10	7	5
4.	52	40	35	9	4	1
5.	49	42	37	3	4	4

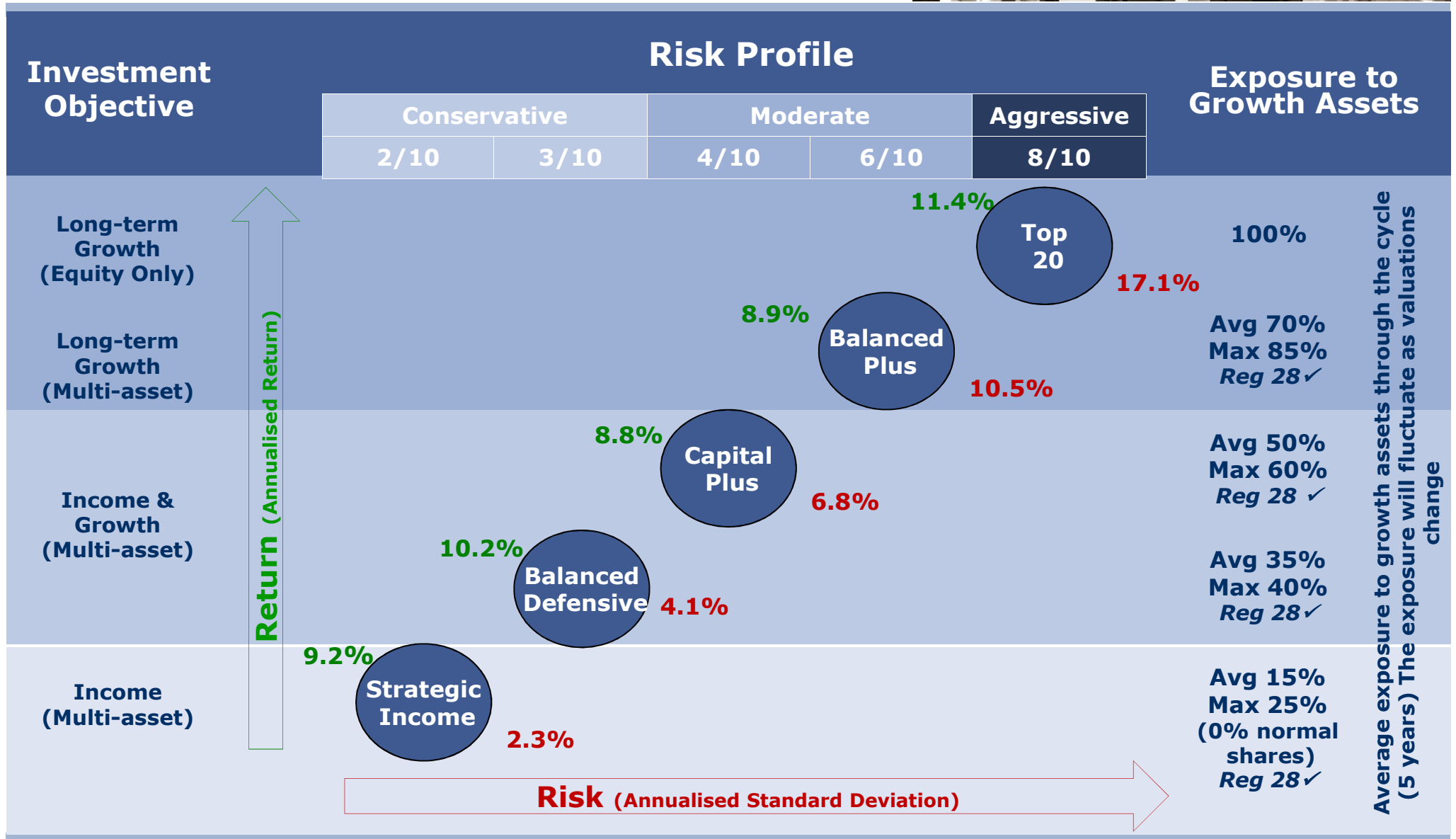
Source: ASISA statistics/ Morningstar, Coronation classification. \*Data to end-March 2012.

Long-term funds include all regulated retail CIS but excludes money market & near-cash funds



# Focused flagship fund range

## Meeting our clients' key investment needs



5-Year Performance & Risk quoted from Morningstar as at 31 March 2012 for a lump sum investment with income distributions reinvested. Growth Assets are defined as domestic/foreign equities, listed property & commodities.



# Domestic Flagship Funds

Consistent top quartile returns



	<b>Fund</b>	<b>3-year ranking</b>	<b>5-year ranking</b>	<b>10-year ranking</b>	<b>S.I. ranking</b>
<b>LT Growth (equity only)</b>	Top 20	1 <sup>st</sup> Quartile	1 <sup>st</sup> Quartile	1 <sup>st</sup> Quartile	1 <sup>st</sup> Quartile
<b>LT Growth (multi asset)</b>	Balanced Plus	1 <sup>st</sup> Quartile	1 <sup>st</sup> Quartile	1 <sup>st</sup> Quartile	1 <sup>st</sup> Quartile
<b>Income &amp; Growth</b>	Capital Plus	1 <sup>st</sup> Quartile	1 <sup>st</sup> Quartile	1 <sup>st</sup> Quartile	1 <sup>st</sup> Quartile
	Balanced Defensive	1 <sup>st</sup> Quartile	1 <sup>st</sup> Quartile	-	1 <sup>st</sup> Quartile
<b>Income only</b>	Strategic Income	1 <sup>st</sup> Quartile	1 <sup>st</sup> Quartile	2 <sup>nd</sup> Quartile	1 <sup>st</sup> Quartile





# International funds aimed at retail investors



	<b>Fund</b>	<b>3-year ranking</b>	<b>5-year ranking</b>	<b>10-year ranking</b>	<b>S.I. ranking</b>
<b>LT Growth (equity only)</b>	GEM Flexible	1 <sup>st</sup> Quartile	-	-	1 <sup>st</sup> Quartile
	World Equity	3 <sup>rd</sup> Quartile	1 <sup>st</sup> Quartile	2 <sup>nd</sup> Quartile	1 <sup>st</sup> Quartile
<b>LT Growth (multi asset)</b>	Global Managed	-	-	-	1 <sup>st</sup> Quartile
<b>Preservation</b>	Global Capital Plus	2 <sup>nd</sup> Quartile	-	-	2 <sup>nd</sup> Quartile





# **International**

# Strong international track record (US dollar returns)



International USD Funds	Annual Alpha*	Launch date	Fees
Global Equity Alternative Strategy Fund of Funds	3.94%	1 Aug 96	Net
Global Equity Fund of Funds	1.62%	1 Jul 00	Net
Global Emerging Markets	7.13%	14 Jul 08	Gross
Global Bond	2.50%	1 Oct 09	Gross
Africa Frontiers	7.18%	1 Oct 08	Gross
Global Capital Plus	7.96%	1 Sep 09	Gross
Global Managed	1.10%	1 Mar 10	Gross

\*Annual alpha for institutional portfolios since launch to end March 2012



# UK and Ireland



- AUM up from \$2.73bn (Sept 11) to \$3.87bn (Mar 12)
- Investment performance remains strong with all funds ahead of benchmarks
  - ❖ Global Equity Alternative Strategy Fund of Funds: 8.51% annualised dollar return since launch to end March 2012 versus 5.86% p.a. for MSCI World Index
  - ❖ Global Equity Fund of Funds: 3.54% annualised dollar return since launch to end March 2012 versus 1.92% for MSCI World Index



# Africa



- Africa fund offering delivering excellent relative performance
  - ❖ Africa Frontiers Fund: 12.78% p.a. dollar return since launch in 2008 to end March 2012 versus -9.53% p.a. for the FTSE JSE Africa Ex-SA 30
  - ❖ 'Best Africa Manager of the Year' – 2010 Africa investor Index Series Awards
- Namibian AUM up from NAM\$9.35bn (Sept 11) to NAM\$11.1bn (Mar 12)
  - ❖ Good relative performance
- Botswana AUM at BWP4 bn
  - ❖ Good relative performance



# Global Emerging Markets (GEM)



- Excellent relative performance since inception
  - ❖ Global Emerging Markets Fund: 7.1% p.a. (gross of fees) ahead of MSCI Emerging Markets Index as at end March 2012
  - ❖ Won Raging Bull award for Best Foreign Equity Fund over 3 years
  - ❖ Relative performance position versus GEM peers – 4<sup>th</sup> out of 55 over 3 years to end March 2012





# **Transformation**

# Transformation



- Level III contributor in terms of DTI codes
- Staff ownership scheme (Imvula)
  - ❖ Debt fully settled
  - ❖ 10% shareholding in CIM likely to be swapped for shareholding at the CFM level
  - ❖ All impacts fully accounted for in diluted earnings calculations
- Enterprise development
  - ❖ Providing business support to selected BEE stockbrokers







**Q & A**

# Disclaimer

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This presentation contains certain forward-looking statements. These forward-looking statements are based on current information and expectations, and involve a number of risks and uncertainties. Although Coronation believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Actual results may differ materially from those projected in such statements due to various factors, including but not limited to changes in economic and market conditions, changes in regulatory environment, fluctuations in security prices and exchange rates, and business and operational risk management.





**Thank you**