






# 2013 Results Reviewed

12 November 2013

CORONATION   
FUND MANAGERS

# Agenda

-  Overview of company
-  Financial results
-  Business overview
-  Transformation
-  Conclusion

# Company overview



# Market movements

30 September 2013

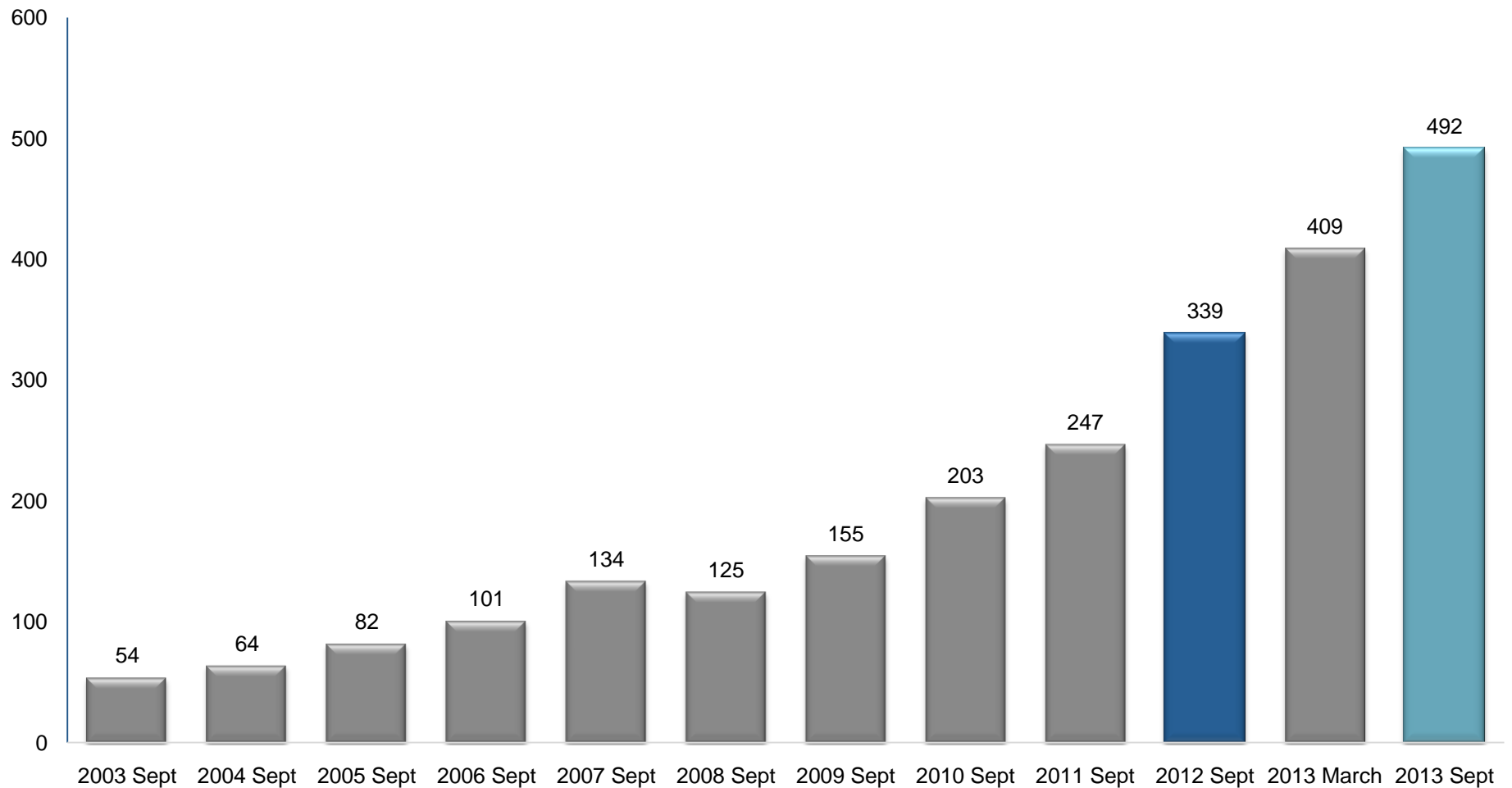
| Economic group              | 3 months<br>Sept 2013<br>% | 6 months<br>Sept 2013<br>% | 12 months<br>Sept 2013<br>% |
|-----------------------------|----------------------------|----------------------------|-----------------------------|
| All Share                   | 12.53                      | 12.28                      | 27.0                        |
| All Share (Capital Return)  | 11.3                       | 10.5                       | 23.1                        |
| All Share (Dividend Return) | 1.3                        | 1.8                        | 3.8                         |
| Basic Materials             | 21.6                       | 4.9                        | 5.6                         |
| Small Cap                   | 12.0                       | 12.4                       | 31.3                        |
| Industrials                 | 4.7                        | 4.6                        | 25.8                        |
| Financials                  | 6.9                        | 5.2                        | 22.5                        |

Source: Deutsche Bank



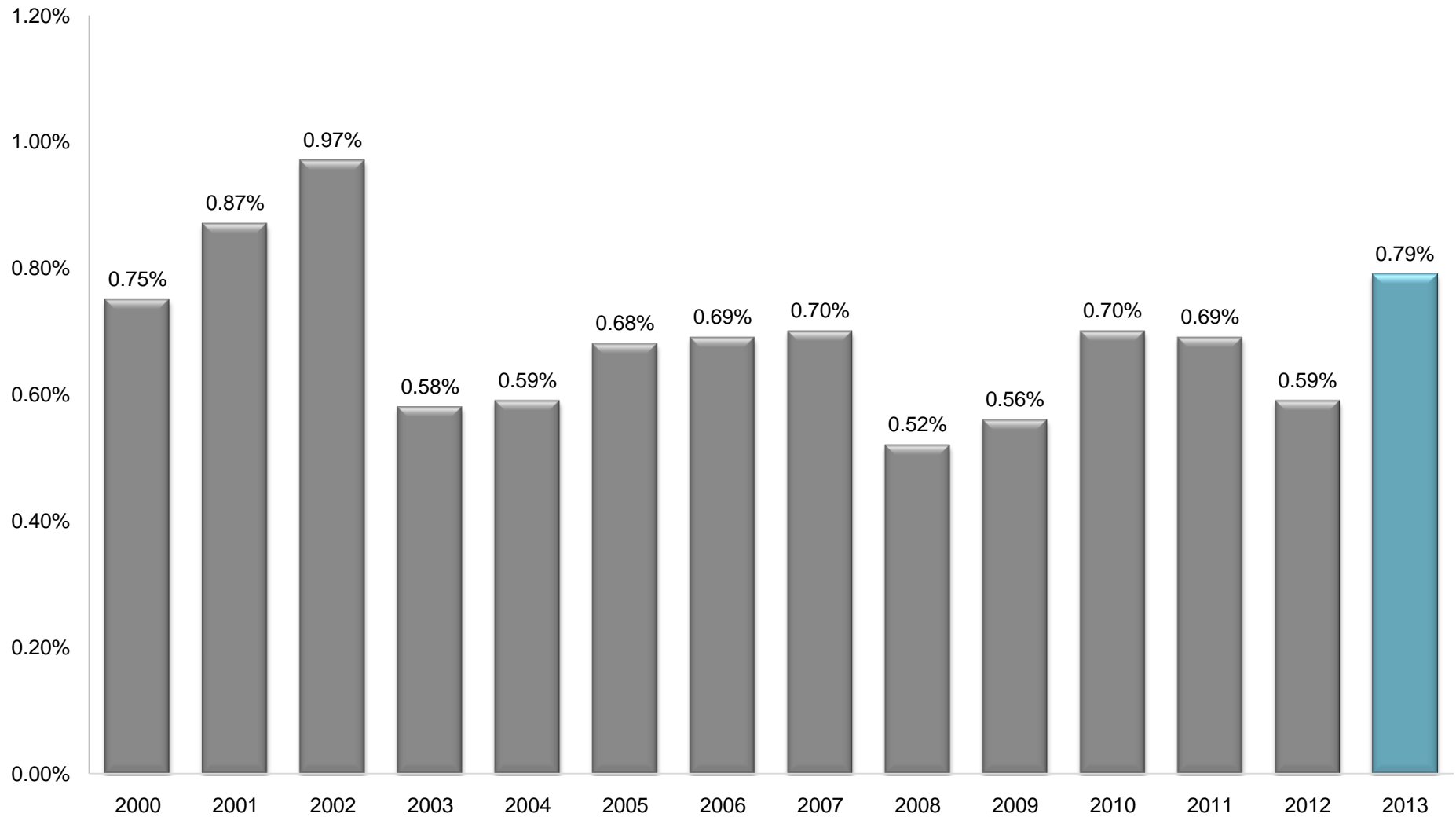
# Assets under management (Rbn)

2003 – 30 September 2013



Local: Equity 53.4%; Fixed Interest and Cash 25.4%; Other 0.6%  
Foreign: Equity 16.4%; Fixed Interest and Cash 3.3%; Other 0.9%

# Total net fee (actual revenue) as at 30 September 2013



# Financial results





# Financial highlights

|                                | 2013    | %<br>Change |
|--------------------------------|---------|-------------|
| Assets under Management        | R492bn  | +45         |
| Revenue (from fund management) | R3 635m | +84         |
| Profit (from fund management)  | R1 975m | +102        |
| Profit before tax              | R2 063m | +102        |
| Headline earnings              | R1 455m | +113        |

# Earnings

|                                     | %<br>Change | Sept<br>2013 | Sept<br>2012 |
|-------------------------------------|-------------|--------------|--------------|
| HEPS (cents)                        | 100         | 433.9        | 217.3        |
| Diluted HEPS (cents )               | 110         | 416.0        | 197.8        |
| Final dividend (cps)                | 128.0*      | 253.0        | 111.0        |
| Actual shares in issue – 30 Sept 13 | 11.1        | 349 799 102  | 314 819 192  |
| Weighted average shares in issue    | 6.5         | 335 327 961  | 314 819 192  |

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

# Earnings

|                                | %<br>Change | Sept<br>2013 | Sept<br>2012 |
|--------------------------------|-------------|--------------|--------------|
| Cost to income                 | (9.6)       | 46.3         | 51.2         |
| EBITDA (R'm)                   | 100.0       | 1 983        | 991          |
| Market capitalisation (R'm)    | 145.9       | 23 996       | 9 759        |
| Share price at 30 Sept (Rands) | 121.3       | 68.6         | 31.0         |
| Price earnings per share*      | 10.8        | 15.8         | 14.3         |

\* PE earnings – share price/annualised historic HEPS

# Cost comparison

|                           | %<br>Change | Sept<br>2013<br>R'm | Sept<br>2012<br>R'm |
|---------------------------|-------------|---------------------|---------------------|
| Fixed operational costs   | (21)        | 341                 | 282                 |
| Variable costs            | (84)        | 1 348               | 731                 |
| IFRS 2                    | (91)        | 6                   | 3                   |
| <b>Operating expenses</b> | <b>(67)</b> | <b>1 695</b>        | <b>1 016</b>        |

Skills development levy and CSI reclassified from fixed to variable costs during the year (comparatives restated)

# Fixed expenses

|                            | %<br>Change | Sept<br>2013<br>R'm | Sept<br>2012<br>R'm |
|----------------------------|-------------|---------------------|---------------------|
| <b>Fixed costs</b>         | (21)        | <b>341</b>          | <b>282</b>          |
| <i>Major contributors:</i> |             |                     |                     |
| Staff costs                | (16)        | 169                 | 146                 |
| Information technology     | (33)        | 36                  | 27                  |
| Professional fees          | (56)        | 33                  | 21                  |
| Marketing                  | (4)         | 48                  | 46                  |
| <i>Staff numbers</i>       |             | <b>246</b>          | <b>220</b>          |

# Business overview



**CORONATION**   
FUND MANAGERS

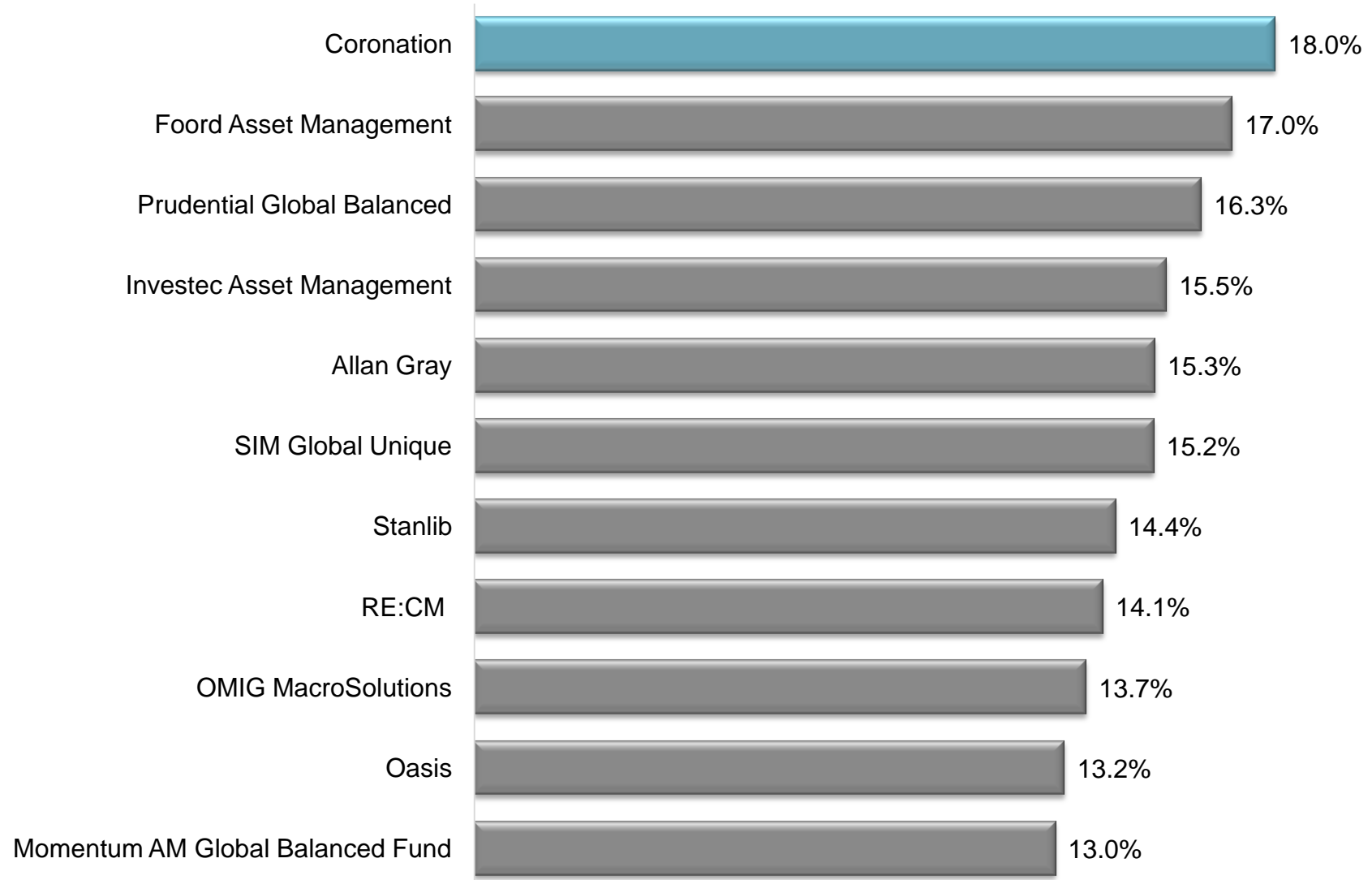
# Introduction

- 👑 Total AUM increased to R492bn (45%)
- 👑 Internationally registered funds: AUM up to \$7.5bn (Sept 2013) from \$4.4bn (Sept 2012)
- 👑 Namibian AUM up to NAM\$15.3bn (Sept 2013) from NAM\$12.2bn (Sept 2012)
- 👑 Botswana AUM up to BWP5.3bn(Sept 2013) from BWP4.1bn (Sept 2012)
- 👑 Total flow for year R54bn (R17bn directly into international products/mandates)
- 👑 Institutional client flows: R21bn
- 👑 Retail Client flows: R33bn
- 👑 Outstanding performance across all products

# Performance

## Alexander Forbes Global Large Manager Watch™

5 years ending 30 September 2013

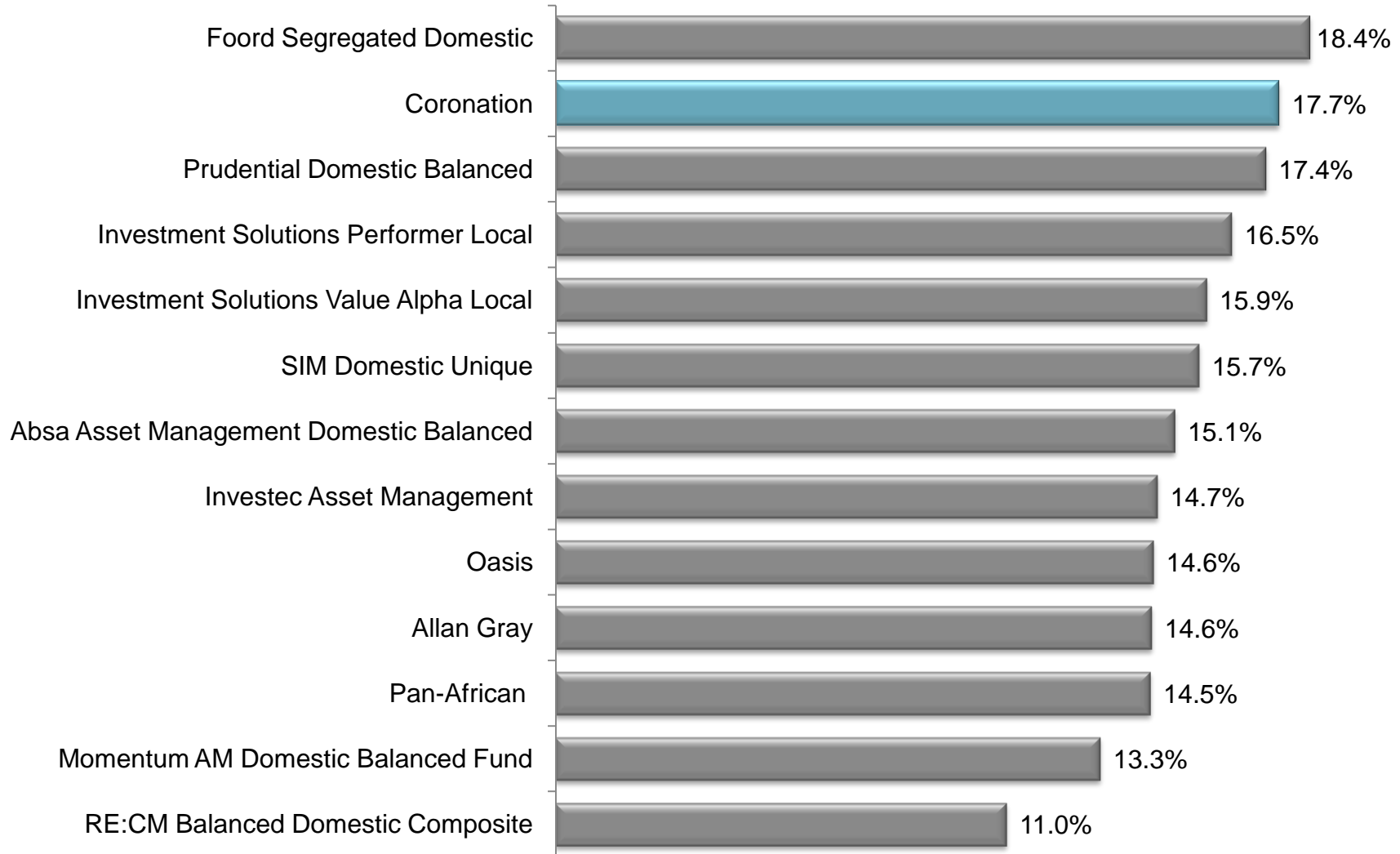




# Performance

## Alexander Forbes SA Large Manager Watch™

5 years ending 30 September 2013



# Coronation Global Absolute

performance for periods ending 30 September 2013

|                          | 1 Year<br>% | 3 Years<br>(p.a.)<br>% | 5 Years<br>(p.a.)<br>% | 10 Years<br>(p.a.)<br>% | * Since<br>Inception<br>% |
|--------------------------|-------------|------------------------|------------------------|-------------------------|---------------------------|
| Coronation Absolute Fund | 22.3        | 15.1                   | 16.1                   | 18.7                    | 17.9                      |
| CPI                      | 6.0         | 5.7                    | 5.2                    | 5.9                     | 6.4                       |
| CPI +6%                  | 12.0        | 11.7                   | 11.2                   | 11.9                    | 12.4                      |
| Outperformance           | 10.3        | 3.4                    | 4.9                    | 6.8                     | 5.6                       |

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

# Coronation Houseview Equity

## as at 30 September 2013

|                             | 1 year<br>% | 3 years<br>% | 5 years<br>% | 10 years<br>% | Since<br>inception*<br>% |
|-----------------------------|-------------|--------------|--------------|---------------|--------------------------|
| Coronation Houseview Equity | 38.0        | 22.2         | 21.1         | 25.5          | 19.5                     |
| Benchmark**                 | 25.3        | 18.3         | 17.1         | 21.2          | 15.9                     |
| Outperformance              | 12.7        | 3.8          | 4.0          | 4.3           | 3.6                      |

\* October 1993

\*\* Benchmark: FTSE/JSE Shareholder Weighted Index

# Retail Business Performance 2013

League Table: Long-term funds  
as at 30 September 2013

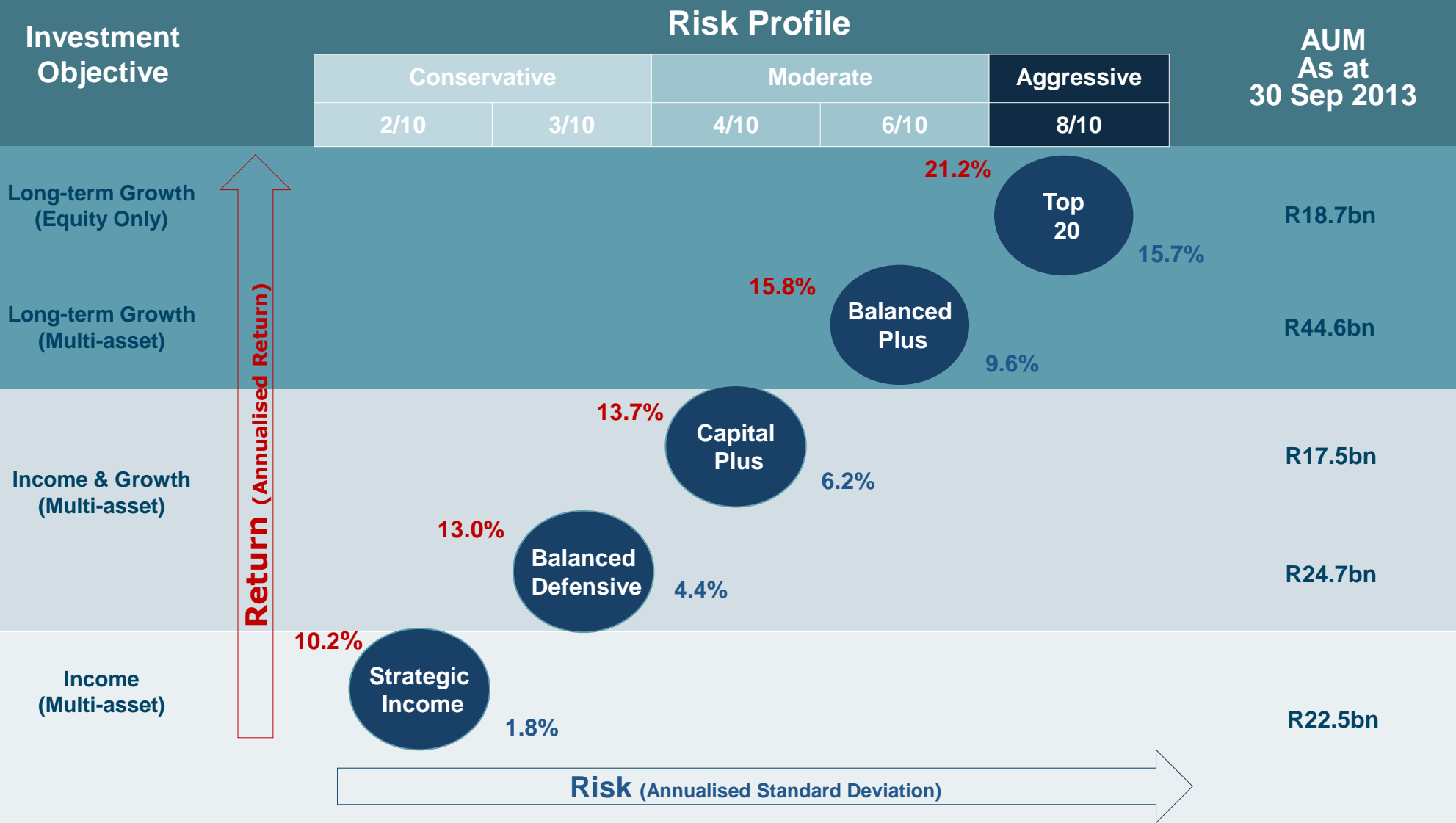
| Manager                      | AUM (Rbn) |         | Flows (Rbn)           |         |
|------------------------------|-----------|---------|-----------------------|---------|
|                              | FY 2013   | FY 2012 | FY 2013               | FY 2012 |
| 1.                           | 168       | 133     | 5                     | 7       |
| 2. Coronation<br>(unchanged) | 155       | 96      | 37 [1 <sup>st</sup> ] | 23      |
| 3.                           | 97        | 73      | 18                    | 28      |
| 4.                           | 93        | 77      | 6                     | 11      |
| 5.                           | 70        | 58      | 2                     | 12      |

Market share increased to 13.6% (from 11.2%) of long-term funds at 30 September 2013

Source: ASISA statistics, Morningstar, using Coronation classification; based on retail single manager funds only.

# Domestic Flagship Funds

Meeting our clients' key investment needs  
as at 30 September 2013



5-Year Performance & Risk quoted from Morningstar as at 30 September 2013 for a lump sum investment with income distributions reinvested.



# Domestic Flagship Funds

Consistent top quartile returns  
as at 30 September 2013

|                                | Fund               | 5-year ranking           | 10-year ranking          | S.I. ranking             |
|--------------------------------|--------------------|--------------------------|--------------------------|--------------------------|
| Long-term growth (equity only) | Top 20             | 1 <sup>st</sup> Quartile | 1 <sup>st</sup> Quartile | 1 <sup>st</sup> Quartile |
| Long-term growth (multi asset) | Balanced Plus      | 1 <sup>st</sup> Quartile | 1 <sup>st</sup> Quartile | 1 <sup>st</sup> Quartile |
| Income & growth                | Capital Plus       | 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 |
| Income only                    | Strategic Income   | 1 <sup>st</sup> Quartile | 1 <sup>st</sup> Quartile | 1 <sup>st</sup> Quartile |

Source: Morningstar as at 30 September 2013.

Note: As per the new ASISA Categories, effective 1 January 2013.

# International Flagship Funds - ZAR

Building a solid track record  
as at 30 September 2013

|                                | Fund                                     | 3-year ranking           | 5-year ranking           | S.I. ranking             |
|--------------------------------|--|--------------------------|--------------------------|--------------------------|
| Long-term growth (equity only) | GEM Flexible [ZAR]                       | 2 <sup>nd</sup> Quartile | 1 <sup>st</sup> Quartile | 1 <sup>st</sup> Quartile |
|                                | Global Opportunities Equity [ZAR] Feeder | 1 <sup>st</sup> Quartile | 1 <sup>st</sup> Quartile | 1 <sup>st</sup> Quartile |
| Long-term growth (multi asset) | Global Managed [ZAR] Feeder              | 1 <sup>st</sup> Quartile | -                        | 1 <sup>st</sup> Quartile |
| Preservation                   | Global Capital Plus [ZAR] Feeder         | 1 <sup>st</sup> Quartile | 1 <sup>st</sup> Quartile | 1 <sup>st</sup> Quartile |

Source: Morningstar as at 30 September 2013.

Note: As per the new ASISA Categories, effective 1 January 2013.

# Strong international track record

(US dollar returns)

| Offshore USD Funds                               | Annual Alpha* % | Launch date |       |
|--|-----------------|-------------|-------|
| Global Equity Alternative Strategy Fund of Funds | 3.4             | 01-Aug-96   | Net   |
| Global Equity Fund of Funds                      | 1.71            | 01-Jul-00   | Net   |
| Global Emerging Markets                          | 9.32            | 14-Jul-08   | Gross |
| Global Bond                                      | 2.69            | 01-Oct-09   | Gross |
| Africa Frontiers                                 | 11.48           | 01-Oct-08   | Gross |
| Global Capital Plus                              | 7.03            | 01-Sep-09   | Gross |
| Global Managed                                   | 3.46            | 01-Mar-10   | Gross |

\* Annual alpha for institutional portfolios since launch to 30 September 2013



## Africa fund offering delivering excellent performance

- Africa Frontiers Fund has delivered a 17.0% p.a. US dollar return (gross of fees) since launch in 2008 versus 5.5% p.a. for the benchmark of 3-month USD Libor + 5%
- The FTSE/JSE Africa Top 30 Ex-SA Index has returned -2.2% p.a. over the same period
- ‘Best Africa Fund Manager’ – 2010 and 2012 Africa investor Index Series Awards
- Total AUM R6.1bn

# Global Emerging Markets (GEM)

## Excellent relative performance since inception

- Global Emerging Markets Fund: has delivered a 11.09% p.a. US dollar return (gross of fees) since launch in 2008 versus 1.77% p.a. for the MSCI Emerging Markets benchmark, resulting in alpha of 9.32% p.a. since inception.
- Have now passed a 5-year track record (launch 14 July 2008)
- Relative performance position versus GEM peers – 2nd out of a peer group of 63 GEM funds since inception (source: Bloomberg data net of fees)
- Total AUM R31bn

# Transformation



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# Transformation

- 👑 Level III contributor in terms of the dti Codes
- 👑 B-BBEE Codes of Good Practice released
- 👑 Staff ownership scheme (Imvula) now unbundled
- 👑 Enterprise development
  - Providing business support to selected BEE stockbrokers

# Conclusion



# Closing remarks

👑 Regulatory environment

👑 Short-term alpha is lumpy

👑 Revenue highly geared to market returns and our ability to deliver alpha

# Local market indicators

periods ending 30 September 2013

|                    | 3 years<br>(p.a.)<br>% | 5 years<br>(p.a.)<br>% | 10 years<br>(p.a.)<br>% |
|--------------------|------------------------|------------------------|-------------------------|
| All Share          | 17.85                  | 16.38                  | 20.72                   |
| All Bond           | 8.53                   | 9.96                   | 9.32                    |
| Listed Property    | 17.89                  | 20.57                  | 24.73                   |
| AF Money Market    | 5.63                   | 6.84                   | 7.96                    |
| MSCI (ZAR)         | 27.02                  | 12.80                  | 12.21                   |
| Global Bonds (ZAR) | 14.10                  | 8.42                   | 8.72                    |
| CPI                | 5.71                   | 5.16                   | 5.87                    |
| USD/ZAR            | -11.47                 | -3.86                  | -3.61                   |

Source: I-Net Bridge

# Disclaimer

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# Thank you



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