

# 2016 Reviewed Interim Results

for the six months ended 31 March 2016

17 May 2016



# Agenda

 Highlights

 Business update

- Institutional
- Retail

 Financial results

 Closing remarks



# Highlights



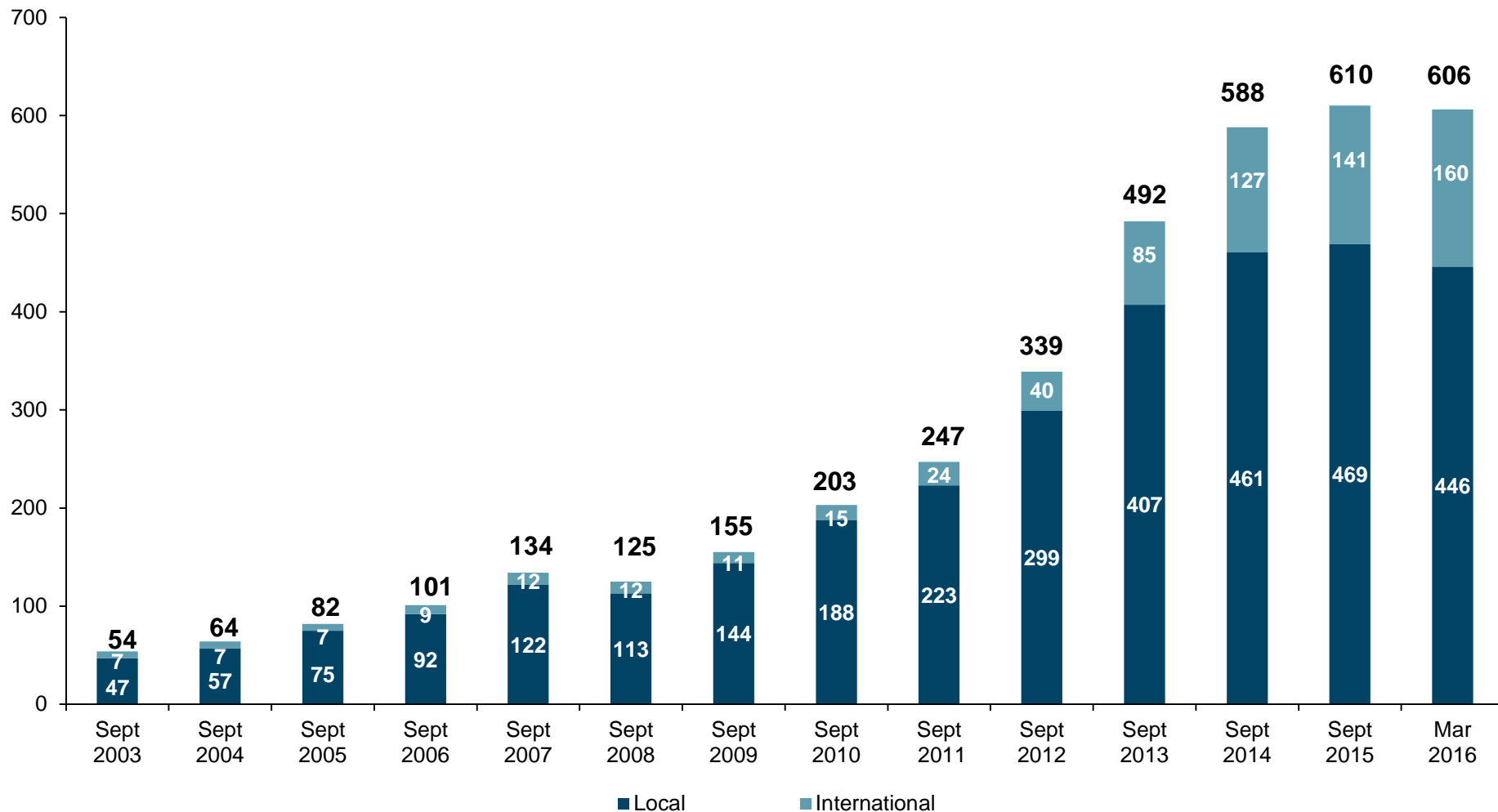
# Highlights

## as at 31 March 2016

- 👑 Total AUM decreased to R606bn (-1%)
- 👑 Total net outflows for the period of R47bn
- 👑 International AUM increased to R160bn (+14%)
- 👑 Revenue decreased to R2.1bn (-5%)
- 👑 Diluted headline earnings per share of 229.7 cents (-7%)
- 👑 Total gross interim dividend of 229.0 cents (-7%)
- 👑 Long-term performance across all core funds highly compelling
- 👑 Level 3 contributor in terms of the Financial Sector Code



# Assets under management (Rbn)



Local: Equity 49.4%; Fixed Interest and Cash 22.2%; Other 0.6%  
 Foreign: Equity 24.1%; Fixed Interest and Cash 3.5%; Other 0.2%  
 As at 31 March 2016



# Business update



# Market movements

31 March 2016


Economic group	3 months March 2016 %	12 months March 2016 %
All Share (ZAR)	3.87	3.17
Resources	<b>18.13</b>	(25.45)
Small Cap	11.39	3.75
Industrials	(0.40)	8.75
Financials	6.22	(0.70)
USD/ ZAR exchange	5.50	(17.19)
MSCI ACWI (USD)	0.38	(3.81)
MSCI Emerging Markets (USD)	<b>5.75</b>	(11.70)

Source: Deutsche Bank



# Institutional business highlights

 Institutional AUM of R380bn

 Expect to continue to experience outflows while we are closed to new SA institutional investors in specific mandates

 Local client net outflows for the period affected by

- Occupational retirement fund market shrinking
- Rebalancing of portfolios
- Soft close on specific institutional mandates

 Total net outflows from local institutional business of R37.4bn

 International client net inflows of R1.4bn

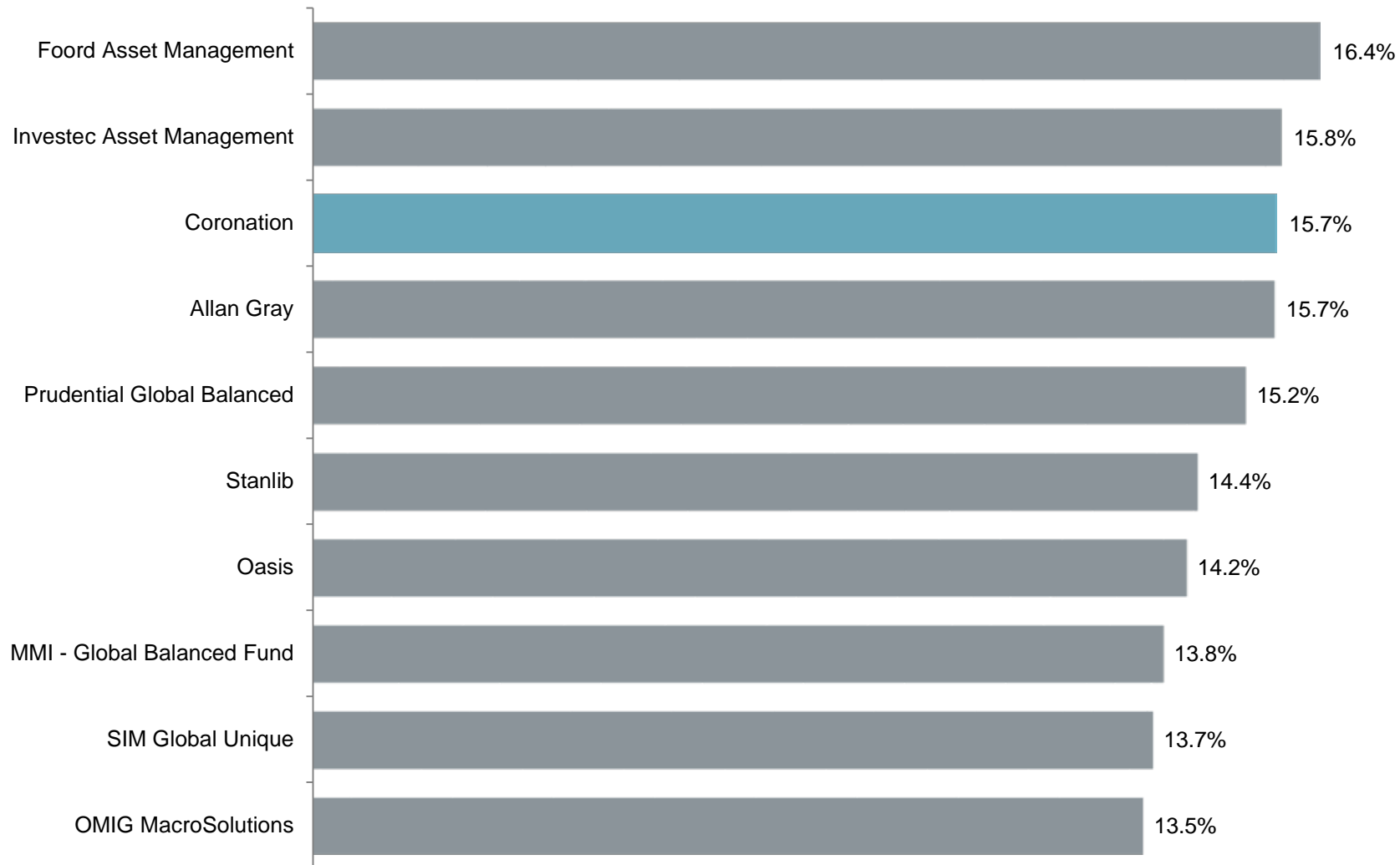
 Total net institutional client outflows of R36bn





# Performance

## Alexander Forbes Global Large Manager Watch™ 5-year period ending 31 March 2016



Source: Alexander Forbes Global Large Manager Watch™ survey to 31 March 2016



# Performance

## Alexander Forbes Global Large Manager Watch™ 10-year period ending 31 March 2016



Source: Alexander Forbes Global Large Manager Watch™ survey to 31 March 2016



# Coronation Houseview Equity portfolio

## performance for periods ending 31 March 2016

	1 Year %	5 Years (p.a.) %	10 years (p.a.) %	*Since inception (p.a.) %
Houseview Equity	0.8	15.5	15.6	18.3
CAPI	3.9	13.9	13.5	15.4
Alpha	(3.1)	1.6	2.1	2.9

\* Since inception - October 1993

Source: Independent Retirement Fund Survey as at 31 March 2016



# Coronation Global Absolute portfolio

## performance for periods ending 31 March 2016

	1 Year %	5 Years (p.a.) %	10 years (p.a.) %	*Since inception (p.a.) %
Global Absolute	4.5	12.6	13.1	16.6
CPI	6.3	5.7	6.3	6.2

\* Since inception – August 1999

Source: Independent Retirement Fund Survey as at 31 March 2016



# Coronation Strategic Bond portfolio

## performance for periods ending 31 March 2016

	1 year %	5 years (p.a.) %	*Since inception (p.a.) %
Strategic Bond	0.5	9.4	9.8
ASSA All Bond Index	(0.6)	7.8	8.1
Alpha	1.1	1.6	1.7

\* Since inception – January 2008

Source: Independent Retirement Fund Survey as at 31 March 2016



# Strong international track record

(US dollar returns)

Offshore USD Funds	Annual Alpha* %	Launch date	
Global Equity Fund of Funds	1.03	01-Jul-00	Net
Global Emerging Markets Strategy	4.97	14-Jul-08	Gross
Global Bond	1.72	01-Oct-09	Gross
Africa Frontiers Strategy	3.29	01-Oct-08	Gross
Global Capital Plus	7.24	01-Sep-09	Gross
Global Managed	1.62	01-Mar-10	Gross


\* Annualised alpha for institutional portfolios since launch to 31 March 2016

Source: Coronation Fund Managers



# Retail business highlights

 Retail assets under management of R226bn

 Coronation remains one of the foremost managers of long-term retail assets  
(13.7% market share)

 Net outflows of R11bn for the period

 Long-term track record compelling

 Launched tax-free savings products

 Fee changes



# Domestic flagship funds

Consistent top quartile returns  
as at 31 March 2016

	Fund	5-year ranking	10-year ranking	Since inception ranking
Long-term growth (equity only)	Top 20	2 <sup>nd</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	3 <sup>rd</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 31 March 2016





# International flagship funds

## Building a solid track record

	Fund	5-year ranking	Since inception ranking
Long-term growth (equity only)	Global Emerging Markets	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
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	2 <sup>nd</sup> Quartile	1 <sup>st</sup> Quartile

Source: Morningstar; Bloomberg as at 31 March 2016



# Financial results

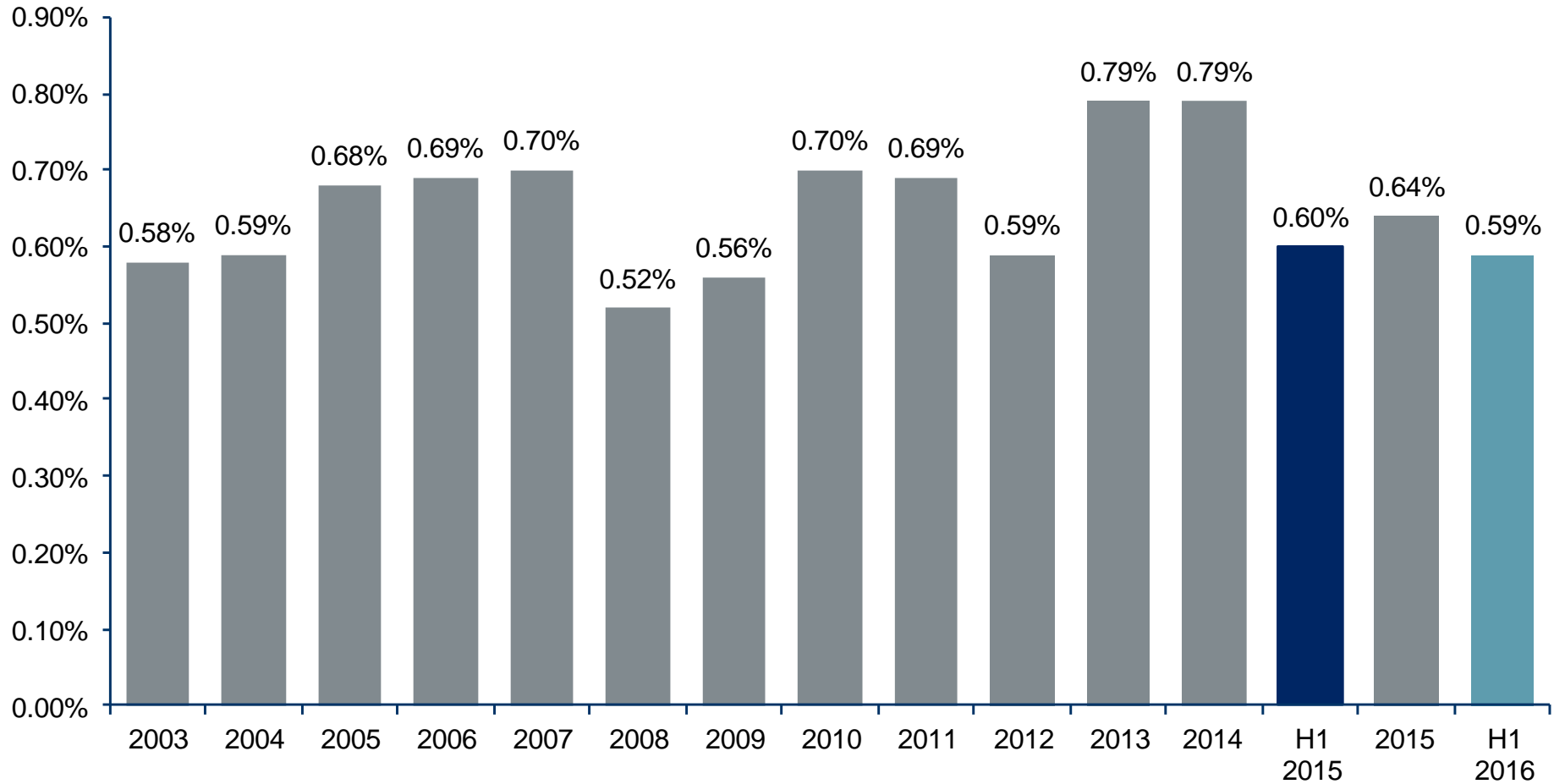


# Financial highlights

	2016	% Change
Revenue (from fund management)	R2 067m	(5)
Profit (from fund management)	R1 058m	(8)
Profit for period	R804m	(7)
Cost to income ratio	49.4%	(4)



# Total net fee (actual revenue) as at 31 March 2016



H1 results reflect fixed fees annualised and actual performance fees for six months



# Earnings and dividend

	% Change	March 2016	March 2015
Diluted HEPS (cents)	(7)	229.7	246.7
Interim dividend per share (cents)	(7)	229	246
Actual shares in issue – 31 March		349 799 102	349 799 102



# Cost comparison

	% Change	March 2016 R'm	March 2015 R'm
Fixed operational costs	(24)	280	225
Variable costs	8	743	810
Operating expenses	1	1 023	1 035



# Fixed expenses

	% Change	March 2016 R'm	March 2015 R'm
Fixed costs	(24)	280	225
Major contributors:			
- Staff costs	(19)	128	107
- Information technology	(41)	41	29
- Professional fees	14	20	23
- Marketing	(39)	45	33
<i>Staff numbers</i>		287	275



# Closing remarks





# Closing remarks

- 👑 Financial markets globally continue to remain uncertain & volatile
- 👑 Funds well positioned for recent unexpected market moves
- 👑 The key driver of Coronation's success is our ability to create long-term value on behalf of clients in our underlying funds.
- 👑 Long-term investment track records of all key funds highly compelling.
  - Over our 23-year history we have previously endured periods of short-term underperformance given our long-term, valuation-driven investment approach
- 👑 We remain singularly focused on producing long-term value for clients, which in turn ensures sustainable benefits for all stakeholders.



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Thank you

