




-  Assets under management of **R599 billion**, down 1.8%
-  Diluted headline earnings per share of **447.6 cents**, down 13.3%
-  Total dividend per share of **447 cents**

REVIEWED PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

Coronation Fund Managers Limited (Coronation) delivered results that are in line with management expectations for the 12 months to 30 September 2016. Amid heightened levels of volatility, our client portfolios produced encouraging performance as they continued to benefit from significant inflection points in emerging markets and commodities at the start of the calendar year. For the 12-month period, the MSCI Emerging Markets Index delivered a 16.8% return, versus the 12.0% of the MSCI All Country World Index (both in US dollar terms). The FTSE/JSE All Share Index generated a return of 6.6% for the period. Following significant declines in the final quarter of 2015, the rand recovered to strengthen by 0.8% against the US dollar (to close at R13.72), and by 0.2% against the euro (to close at R15.42) over the 12-month period.

Results

As a cyclical business, Coronation's revenue stream is highly geared to the returns of the market and the level of outperformance it generates on behalf of its clients. Due to a decline in the level of performance fees generated compared to the prior corresponding period, combined with the impact of the implementation of our new retail fee structure, revenue for the current period declined by 9.0% to R4.0 billion (September 2015: R4.4 billion). This, in turn, led to a 13.3% decline in diluted headline earnings per share to 447.6 cents (September 2015: 516.0 cents).

Assets under management declined to R599 billion (September 2015: R610 billion) over the period on the back of total net outflows of R79 billion, the bulk of which were offset by capital appreciation.

Business update

We are an active manager with a valuation-driven investment philosophy. The key driver of our success is our ability to create long-term value on behalf of clients. Both our institutional and retail businesses are acknowledged as industry leaders in the South African market.

Over our 23-year history, we have built a compelling track record of producing outperformance on behalf of clients. Very few fund managers deliver market-beating portfolios over multi-decade periods as Coronation has done. A key illustration of this is our flagship domestic equity portfolio, Houseview Equity, which has produced an active return of 3% p.a. (gross of fees) since its inception in 1993.

Institutional business

We are a significant manager of institutional assets in South Africa. We manage assets for more than 80% of the top 200 retirement funds in the country, which constitutes a total market share of close to 15%. Our client portfolios total R374 billion (September 2015: R387 billion).

We operate in a net outflow market within the South African retirement space, which coupled with portfolio rebalancing, contributed to a total net outflow of R61 billion from our institutional business for the year. Furthermore, we remain closed to new investors in our top-performing SA Equity and Multi-Asset portfolios, a decision implemented more than four years ago to protect the investment outcomes for our existing clients.

The long-term track records of our global portfolios remain hugely compelling and continue to attract the attention of international investors.

- The Coronation Global Emerging Markets Equity Strategy has generated an active return of 5.2% p.a. (gross of fees) since inception in July 2008.

We are proud of the compelling investment returns achieved by our institutional clients who have been invested with us for the long term:

- more than 95% of our institutional portfolios have outperformed their respective benchmarks over the past 10 years;
- 100% of our institutional portfolios have outperformed their benchmarks over the past 20 years; and
- more than 95% of those clients who have been invested with us for more than 10 years have outperformed their benchmarks since inception.

Retail business

We are one of the country's foremost managers of long-term assets in the collective investment schemes industry, with a market share of 13.1% (September 2015: 14.6%). As anticipated, following a sustained period of rapid growth and disproportionate allocation of industry flows, our fund range experienced net outflows, totalling R18 billion for the year. Total retail assets under management are R225 billion (September 2015: R222 billion).

Coronation was named runner-up Raging Bull South African Management Company of the Year and runner-up Best Large Fund House at the 2016 Morningstar South Africa Awards. Highlights across our domestic and international fund range are detailed below, reflecting 1st quartile rankings in their respective Morningstar categories:

- Coronation Top 20, a top-performing general equity fund, has outperformed its benchmark by 4.8% p.a. (net of fees) since inception in October 2000.
- Coronation Balanced Plus, the no. 1 balanced fund in South Africa since its launch in April 1996, has outperformed its average competitor by 2.5% p.a. (net of fees) over the past 20 years.
- Coronation Capital Plus, the no. 1 multi-asset medium equity fund since its inception in July 2001, has outperformed inflation by 7.2% p.a. (net of fees) over the 15-year period.
- Coronation Balanced Defensive, a top-performing conservative fund, has outperformed inflation by 4.2% p.a. (net of fees) since its launch in February 2007.
- Coronation Strategic Income, the no. 1 multi-asset income fund since its launch in July 2001, has outperformed cash by, on average, 2.8% p.a. (net of fees) over this same period.
- Coronation Global Opportunities Equity [ZAR] Feeder, the no. 1 global equity general fund since its launch in August 1997, has outperformed the global equity market by 1.1% p.a. (net of fees) over its almost 20-year history.

- Coronation Global Managed [ZAR] Feeder, the no. 1 global multi-asset high equity fund in South Africa since its launch in October 2009, has outperformed its average competitor by 1.4% p.a. (net of fees) over this same period.

We successfully implemented a comprehensive fee and benchmark adjustment across our retail fund range during the year. This process was completed on 1 October 2016.

Transformation

Coronation is a truly South African business that is committed to transformation. We continue to build on the meaningful and sustainable transformation achieved in all areas of our business, as well as within the financial services industry. Key highlights include:

- Coronation is 21.5% black owned, as measured by the Financial Sector Charter, which includes our employee-owned empowerment vehicle, the Imvula Trust.
- More than half of our employee complement in South Africa are black, of which more than 60% are female.
- Within our South African-focused investment team, three out of four leadership roles are held by black employees, while 43% of our senior portfolio managers are black.
- At executive committee level, black representation is 75%, while at board level the figure is 57%.
- The highly successful Coronation Business Support Programme, which has directly benefited nine black South African stockbroking companies over the past decade, has inspired the creation of a broader industry programme. This new initiative, launched on 1 August 2016, is a collaboration between the Association for Savings and Investment South Africa (Asisa) and six leading industry participants (sponsors), of which Coronation is one.

Final dividend

We continue to reward shareholders through regular and significant distributions of free cash flow generated. We endeavour to distribute at least 75% of after-tax cash profit. After assessing any projected future cash requirements, a final gross dividend of 218.0 cents per share has been declared for the year ended 30 September 2016, which has resulted in a final net dividend of 185.3 cents per share for shareholders subject to Dividends Tax (DT). Together with the interim gross dividend of 229.0 cents per share, this amounts to a total gross dividend of 447.0 cents per share for the year.

Last day to trade	Tuesday, 6 December 2016
Shares trade ex dividend	Wednesday, 7 December 2016
Record date	Friday, 9 December 2016
Payment date	Monday, 12 December 2016

Share certificates may not be dematerialised or rematerialised between Wednesday, 7 December 2016 and Friday, 9 December 2016, both dates inclusive. In terms of DT, the following additional information is disclosed:

- The local DT rate is 15%.
- The number of ordinary shares in issue at the date of this declaration is 349 799 102.
- Coronation's tax reference number is 9 675 107 719.

Prospects

The sustainability of our business is anchored in our relentless commitment to long-term investing. As an active manager, volatile markets create opportunities for the patient, long-term investor to take positions that will ultimately deliver compelling returns for clients over meaningful periods of time. The recent performance of our funds is encouraging and gives us confidence for the years ahead.

While the likelihood of continued near-term volatility and uncertainty persists, our robust investment philosophy and approach continue to act as a compass, which enables us to make the appropriate long-term decisions for the benefit of our clients. Our success in achieving this will generate long-term value for all stakeholders.

External audit review

The external auditor, EY, reviewed the preliminary condensed consolidated statements of financial position of Coronation as at 30 September 2016 and the related condensed consolidated statement of comprehensive income, changes in equity and cash flows for the year then ended, and other explanatory notes. The review has been conducted in accordance with the International Standard on Review Engagements 2410. Copies of the unqualified report of EY are available for inspection at the registered office of the company. The auditor's report does not necessarily report on all of the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office.

Shams Pather Chairman	Anton Pillay Chief Executive Officer	John Snalam Chief Financial Officer
Cape Town		
15 November 2016		



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Reviewed 30 Sept 2016 R million	Audited 30 Sept 2015 R million	% Change
Fund management activities			
Revenue	4 046	4 442	(9)
Other income	20	28	
Operating expenses	(2 019)	(2 090)	(3)
Share-based payment expense	(7)	(11)	
Other expenses	(2 012)	(2 079)	
Results from operating activities	2 047	2 380	(14)
Finance and dividend income	35	32	
Finance expense	(22)	(15)	
Share of profit of equity-accounted investee	9	8	
Profit from fund management	2 069	2 405	(14)
Income attributable to policyholder linked assets and investment partnerships	20	25	
Net fair value gains on policyholder and investment partnership financial instruments	58	54	
Administration expenses borne by policyholders and investors in investment partnerships	(38)	(29)	
Profit before income tax	2 089	2 430	(14)
Income tax expense	(515)	(620)	
Taxation on shareholder profits	(495)	(595)	
Taxation on policyholder investment contracts	(20)	(25)	
Profit for the year	1 574	1 810	(13)
Other comprehensive income (to be reclassified to profit or loss in future periods)	37	53	
Foreign currency translation differences for foreign operations	(8)	99	
Net change in fair value of available-for-sale financial assets	45	(46)	
Total comprehensive income for the year	1 611	1 863	
Profit attributable to:			
- equity holders of the company	1 574	1 812	(13)
- non-controlling interest	-	(2)	
Profit for the year	1 574	1 810	
Total comprehensive income attributable to:			
- equity holders of the company	1 611	1 865	(14)
- non-controlling interest	-	(2)	
Total comprehensive income for the year	1 611	1 863	
Earnings per share (cents)			
- basic	450.0	517.9	(13)
- diluted	450.0	517.9	(13)
Note to the statement of comprehensive income			
Headline earnings per share (cents)			
- basic	447.6	516.0	(13)
- diluted	447.6	516.0	(13)
Dividend per share (cents)			
- interim	229.0	246.0	(7)
- final	218.0	270.0	(19)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Reviewed 30 Sept 2016 R million	Audited 30 Sept 2015 R million
Assets		
Intangible assets	1 088	1 088
Equipment	31	37
Investment in equity-accounted investees	37	41
Deferred tax asset	162	145
Investments backing policyholder funds and investments held through investment partnerships	64 007	66 256
Investment securities	1 097	751
Taxation receivable	-	2
Trade and other receivables	498	509
Cash and cash equivalents	538	728
Total assets	67 458	69 557
Liabilities		
Long-term borrowings (note 3)	150	300
Deferred tax liabilities	25	78
Policyholder investment contract liabilities and liabilities to holders of interests in investment partnerships	63 988	66 181
Short-term portion of long-term borrowings (note 3)	150	-
External investors in consolidated funds	269	124
Taxation payable	4	-
Trade and other payables	694	705
Total liabilities	65 280	67 388
Net assets	2 178	2 169
Equity		
Share capital and premium	256	256
Retained earnings	1 586	1 757
Reserves	200	156
Total equity attributable to equity holders of the company	2 042	2 169
Non-controlling interest in consolidated funds (note 5)	136	-
Total equity	2 178	2 169

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Reviewed 30 Sept 2016 R million	Audited 30 Sept 2015 R million
Cash flows from operating activities		
Profit from fund management	2 069	2 405
Non-cash and other adjustments	27	(21)
Operating cash flows before changes in working capital	2 096	2 384
Working capital changes	(18)	238
Cash flows from policyholder and investment partnership activities	833	(6 171)
Cash generated from/(utilised by) operations	2 911	(3 549)
Interest paid	(22)	(15)
Income taxes paid	(502)	(634)
Net cash from operating activities	2 387	(4 198)
Cash flows from investing activities		
Finance and dividend income	35	32
Acquisition of equipment	(13)	(27)
Net acquisition of investment securities	(13)	(435)
Net cash from investing activities	9	(430)
Cash flows from financing activities		
Issue of preference shares	-	150
Dividends paid	(1 745)	(1 896)
Net cash from financing activities	(1 745)	(1 746)
Increase/(decrease) in cash and cash equivalents	651	(6 374)
Net decrease in cash and cash equivalents - shareholders	(182)	(203)
Net increase/(decrease) in cash and cash equivalents - policyholders and investment partnerships	833	(6 171)
Cash and cash equivalents at beginning of year	8 567	14 842
Cash and cash equivalents at beginning of year - shareholders	728	832
Cash and cash equivalents at beginning of year - policyholders and investment partnerships	7 839	14 010
Effect of exchange rate fluctuations on cash held	(8)	99
Cash and cash equivalents at end of year	9 210	8 567
Cash and cash equivalents at end of year - shareholders	538	728
Cash and cash equivalents at end of year - policyholders and investment partnerships	8 672	7 839

The above cash flows include the policyholder and investment partnership activities. These cash flows represent net contributions and withdrawals by policyholders and investment partnerships and the related investing activities. Cash and cash equivalents of policyholders and investment partnerships are not available for use by the shareholders of the group.

EARNINGS PER SHARE

	Reviewed 30 Sept 2016 R million	Audited 30 Sept 2015 R million
Earnings attributable to shareholders	1 574	1 810
Non-controlling interest	-	2
Earnings attributable to ordinary shareholders	1 574	1 812
Profit on disposal of financial assets available for sale	(7)	(6)
Profit on disposal of group operations	(2)	(1)
Headline earnings attributable to ordinary shareholders	1 565	1 805

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R million	Share capital and premium	Foreign currency translation reserve	Retained earnings	Share-based payment reserve	Re-valuation reserve	Issued capital and reserves attributable to equity holders of the company	Non-controlling interest	Total equity
Balance at 30 September 2014 (audited)	256	64	1 841	11	17	2 189	7	2 196
Total comprehensive income for the year			1 812			1 812	(2)	1 810
Other comprehensive income (available to be recycled to profit and loss in future periods)								
Currency translation differences		99				99		99
Revaluation of available-for-sale financial assets					(46)	(46)		(46)
-net change in fair value					(40)	(40)		(40)
- reclassified to profit or loss on disposal					(6)	(6)		(6)
Total other comprehensive income		99			(46)	53		53
Total comprehensive income for the year		99	1 812		(46)	1 865	(2)	1 863
Transactions with owners recorded directly to equity								
Share-based payments				11		11		11
Dividends paid			(1 896)			(1 896)		(1 896)
Closure of subsidiary							(5)	(5)
Total transactions with owners			(1 896)	11		(1 885)	(5)	(1 890)
Balance at 30 September 2015 (audited)	256	163	1 757	22	(29)	2 169	-	2 169
Total comprehensive income for the year			1 574			1 574		1 574
Other comprehensive income (available to be recycled to profit and loss in future periods)								
Currency translation differences		(8)				(8)		(8)
Revaluation of available-for-sale financial assets					45	45		45
- net change in fair value					52	52		52
- reclassified to profit or loss on disposal					(7)	(7)		(7)
Total other comprehensive income		(8)			45	37		37
Total comprehensive income for the year		(8)	1 574		45	1 611		1 611
Transactions with owners recorded directly to equity								
Share-based payments				7		7		7
Dividends paid			(1 745)			(1 745)		(1 745)
Non-controlling interest in consolidated funds (note 5)							136	136
Total transactions with owners			(1 745)	7		(1 738)	136	(1 602)
Balance at 30 September 2016 (reviewed)	256	155	1 586	29	16	2 042	136	2 178

CONDENSED CONSOLIDATED SEGMENT REPORT

R million	Africa		International		Group	
	Reviewed 30 Sept 2016	Audited 30 Sept 2015	Reviewed 30 Sept 2016	Audited 30 Sept 2015	Reviewed 30 Sept 2016	Audited 30 Sept 2015
Segment external revenue	2 690	3 008	1 356	1 434	4 046	4 442
Segment operating expenses	(1 501)	(1 356)	(518)	(734)	(2 019)	(2 090)
Segment profit	1 189	1 652	838	700	2 027	2 352
Share of income of equity-accounted investee	9	8	-	-	9	8
Net finance and other income/(expense)	36	27	(3)	18	33	45
Profit from fund management	1 234	1 687	835	718	2 069	2 405
Income*					20	25
Profit before income tax	1 286	1 373	878	652	2 089	2 430
Segment assets	1 286	1 373	878	652	2 164	2 025
Investments*					65 294	67 532
Total assets	1 286	1 373	878	652	67 458	69 557

* Income and investments are attributable to and backing policyholder funds and investments held through investment partnerships and other assets.

DILUTED NUMBER OF SHARES

	Reviewed 30 Sept 2016 '000	Audited 30 Sept 2015 '000
Weighted average number of shares in issue during the year	349 799	349 799
Weighted average number of shares potentially in issue	349 799	349 799
Actual number of shares in issue at the end of the year	349 799	349 799

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies
The financial information has been prepared in accordance with the framework concepts and the measurement and recognition requirements of the International Financial Reporting Standards ("IFRS"); the International Accounting Standard 34 Interim Financial Reporting; the Listings Requirements of the JSE Limited; the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, as well as the South African Companies Act, Act 71 of 2008. The condensed consolidated financial statements do not include all of the information required for a complete set of IFRS annual financial statements.

These condensed consolidated financial statements have been prepared in accordance with the historical cost basis except for certain financial instruments which are stated at fair value. The condensed consolidated financial statements are presented in rand, rounded to the nearest million. The accounting policies applied in the presentation of the condensed financial statements are in terms of IFRS and are consistent with those presented in the previous annual financial statements.

These reviewed results have been prepared under the supervision of H Rawoot CA(SA).

2. Related party transactions
Related party transactions for the current year are similar to those disclosed in the group's annual financial statements for the year ended 30 September 2015. No new significant related party transactions arose during the current year.

3. Long-term and short-term borrowings
Cumulative redeemable preference shares with dividends linked to prime are payable on a quarterly basis, with R150m capital repayments due on 31 March 2017 and 31 March 2018.

4. Fair value disclosure
The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:
- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities. The fair value of policyholder and investment partnership liabilities that are included in Level 1 of the hierarchy are measured with reference to the quoted prices in an active market of the investments underlying the liabilities.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as closing prices) or indirectly (i.e. derived from closing prices). The majority of Level 2 investments are deposits held with financial institutions. The fair values of these deposits are determined using a discounted cash flow valuation methodology based on market rates, reflecting the time value of money and counter party credit risk. The fair values of the policyholder and investment partnership liabilities included in Level 2 are measured with reference to the fair values of the mentioned assets underlying these liabilities. Cash and cash equivalent balances along with their related liabilities of R2 170 million (2015: R3 272 million) have been excluded from the below table in current and prior years respectively.
- Level 3: Inputs for the asset or liability that are not based on observable market data (significant unobservable inputs).

R million	Level 1	Level 2	Level 3	Total
September 2016 (reviewed)				
Investments backing policyholder funds and investments held through investment partnerships	54 520	7 317	-	61 837
Investment securities	1 060	-	37	1 097
	55 580	7 317	37	62 934
Policyholder, external investor and investment partnership liabilities	54 789	7 298	-	62 087
September 2015 (audited)				
Investments backing policyholder funds and investments held through investment partnerships	56 909	6 075	-	62 984
Investment securities	717	-	34	751
	57 626	6 075	34	63 735
Policyholder, external investor and investment partnership liabilities	56 909	6 003	-	62 912

During the current year, a net amount of R381 million in debentures were transferred from Level 2 to Level 1 as these are now considered to be held in an active market.

The carrying amount of all other financial assets and liabilities approximate fair value.

5. Non-controlling interest in consolidated funds
The non-controlling interest in consolidated funds arises as a result of the continued consolidation of the Coronation Global Frontiers Fund.

Sponsor

Deutsche Bank
Deutsche Securities (SA) (Proprietary) Limited
(A non-bank member of the Deutsche Bank Group)

CORONATION
TRUST IS EARNED™