Reviewed preliminary condensed consolidated financial results

FOR THE YEAR ENDED 30 SEPTEMBER 2018



ASSETS UNDER MANAGEMENT (AUM)

R587 billion

DILUTED HEADLINE EARNINGS PER SHARE

420.7 cents

TOTAL DIVIDEND PER SHARE

420.0 cents

Directors:

S Pather (Chairman)*, A C Pillay (CEO),

1D McKenzie*. H A Nelson*, A Watson*

Cnr Campground and Main Roads,

(* Independent non-executive)

7th Floor, MontClare Place.

Claremont 7708, Cape Town

PO Box 44684, Claremont 7735,

Computershare Investor Services

(Pty) Ltd, Rosebank Towers

Registered office:

Postal address:

Registration number:

Transfer secretaries:

15 Biermann Avenue

PSG Capital (Pty) Ltd

 $\mathsf{JSE}\ \mathsf{share}\ \mathsf{code} \colon \mathsf{CML}$

ISIN: ZAE000047353

35 Church Street

Stellenbosch

auditors.

1st Floor, Ou Kollege Building

Any forward-looking information contained

or reported on by the company's external

1973/009318/06

Cape Town

Rosebank

Sponsor:

2196

J A Snalam (CFO), L Boyce*, J G February*,

RESULTS

Coronation's 25th year of managing the long-term investments of local and global clients was marked by extremely challenging conditions.

Due to the cyclical nature of the business, our revenue stream is highly geared to the returns of the markets and the level of performance that we generate on behalf of our clients. Over the past 12 months, these cyclical pressures have been particularly acute. A very weak domestic economy, combined with meaningful pressure on emerging markets, resulted in the FTSE/JSE All Share Index producing a mediocre return of 3.3% for the year. Emerging markets (as measured by the MSCI Emerging Markets Index) lost 0.8%, while developed markets (as measured by the MSCI All Country World Index) gained 9.8% (both in US dollars). Over the period, the local currency weakened by 4.3% against the US dollar to close at R14.20.

Against this backdrop, our total AUM declined by 4.4% to R587 billion (September 2017: R614 billion), but remained flat compared to that of end March 2018. While our average AUM increased by 3.1% for the 12 months in relation to that of the prior comparable period, revenue declined by 1.8% to R3.8 billion (September 2017: R3.9 billion) for the year.

Fixed expenses continued to be impacted by the implementation costs associated with changing our outsourced fund administration and unit trust client administration service providers, as well as related systems changes. These were mitigated by a commensurate decrease in variable expenses, resulting in total operating expenses remaining flat year on year - a credible performance in an economy with inflationary cost pressures. Headline earnings per share declined by 3.8% to 420.7 cents (September 2017: 437.5 cents).

BUSINESS UPDATE

We are an independent active manager with a long-term, valuation-driven investment philosophy. Although certain strategies, such as our Fixed Interest and Frontier Markets portfolios, have had an excellent 12 months, our South African equity and Global Emerging Markets equity portfolios underperformed over this period. The long-term performance across our entire fund range remains excellent. This includes the full suite of local equity, fixed income, multi-asset class, frontier and emerging market equity products. Of the institutional and retail assets that have been invested with us for a period of at least 10 years, 99.1%* have outperformed their respective benchmarks since inception.

The past financial year saw continued substantial investments into our business through various initiatives aimed at enhancing our capacity to deliver world-class service to our significant local and growing offshore business. We have completed the implementation of our new fund administration model, which consolidates our asset administration service across local and offshore portfolios. In addition, we have insourced our retail client reporting and correspondence and will migrate our unit trust client administration to a black-owned business in the final quarter of calendar 2018.

* Asset-weighted portfolios

INSTITUTIONAL BUSINESS

Our institutional business manages R346 billion (September 2017: R376 billion) on behalf of South African institutions and a growing number of global clients.

South African clients

We continue to manage a meaningful share of assets in the local pension fund industry, representing a total AUM of R285 billion (September 2017: R305 billion), making us one of the largest independent managers of pension assets in the country.

Our local institutional portfolios recorded net outflows of R22.6 billion over the 12 months to end September 2018 (2017: R43.7 billion), representing 7.4% of our opening balance for local institutional assets and a material improvement on the outflows experienced in the three years prior. This outcome was significantly better than expected, given that the local institutional savings market continues to see structural net outflows and our SA Faulty and Multi-Asset strategies only reopened to new institutional clients in March 2017. The reopening followed a five-year closed period, representing one of the longest institutional product closes by an asset manager in South Africa.

Within our South African specialist equity strategies:

+ Coronation Houseview Equity has produced a return of 16.6% p.a. since its inception in October 1993, delivering an active return (alpha) of 2.3% p.a.

Within our market-leading multi-asset strategies:

+ Coronation Global Houseview has delivered 15.9% p.a. since its launch in October 1993, thereby achieving a real return of 9.8% p.a., while Coronation Managed has produced 16.1% p.a. since its launch in May 1996, representing a real return of 10.2% p.a.

Within our South African specialist fixed income strategies:

+ Coronation Strategic Bond has produced a return of 9.8% p.a. since its inception in January 2008, thereby outperforming the All Bond Index by 1.4% p.a., while Coronation Active Bond has produced a return of 11.4% p.a. since its launch in July 2000, representing alpha of 1.0% p.a.

We manage a combined total of R61 billion (September 2017: R71 billion) in our global strategies on behalf of several leading international retirement funds, endowments and family offices. Net outflows of R4.2 billion represented 5.9% of our opening AUM; a reasonable outcome, given the material shift towards passive strategies away from active managers. Our Global Emerging Markets strategy achieved its 10-year milestone in July and we are exceedingly proud of the performance and credibility achieved relative to the global peer group.

We remain confident in the long-term outlook for our global strategies as well as their value proposition to clients through active management:

- + Our Africa Frontiers Strategy has delivered a strong absolute return of 9.5% p.a. (in US dollars) since its launch more than 10 years ago in October 2008, placing it in the top quartile of its peer group globally.
- + Despite experiencing some pressure in the short term, the long-term alpha generated by our Global Emerging Markets Equity Strategy remains strong at 3.4% p.a. since its inception more than a decade ago in July 2008. This performance places it in the top quartile of its peer group globally.
- Coronation Global Managed has delivered a return of 8.2% p.a. (in US dollars) since its inception in November 2009, representing a real return of 6.5% p.a.

All institutional performance returns are stated gross of fees.

RETAIL BUSINESS

We remain one of the country's leading managers of long-term assets in the collective investment schemes industry, with retail assets totalling R241 billion (September 2017: R238 billion). Once again, net inflows at an industry level were subdued, driven by weak economic conditions impacting savings levels. Against this backdrop, we experienced net outflows of R4.2 billion for the 12 months under review, compared to R6.9 billion for the previous reporting period to end September 2017.

Performance highlights across our domestic and international fund range are detailed below, reflecting consistent first-quartile rankings in their corresponding Morningstar categories since their respective inception dates:

- + Coronation Top 20, a top-performing general equity fund, has outperformed its benchmark (FTSE/JSE Capped All Share Index) by 3.7% p.a. since its inception in October 2000, and by 1.2% p.a. over the past 10 years.
- Coronation Balanced Plus, the no. 1 balanced fund in South Africa since its launch in April 1996, has outperformed its average competitor by 2.0% p.a. and inflation by 8.7% p.a. over this same period.
- Coronation Capital Plus, the no. 1 multi-asset medium equity fund since its inception in July 2001, has delivered a real return of 6.2% p.a. over this same period.
- + Coronation Balanced Defensive, a top-performing conservative fund, has produced a real return of 3.6% p.a. 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, 2.6% p.a. over this same period.
- Coronation Global Opportunities Equity [ZAR] Feeder, a top-performing global equity general fund since its launch in August 1997, has outperformed the global equity market by 0.9% p.a. over its more than 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 1.5% p.a. over this same period.

All performance returns are stated net of fees for the respective retail classes.

TRANSFORMATION

As a proudly South African company, we are determined to ensure that our actions deliver sustainable long-term value to our stakeholders. More specifically, for the past quarter of a century, we have been active participants in advancing meaningful transformation not only within our own business, but also in the broader industry as well as the communities in which we operate. Key highlights include:

- + For the past 11 years, we have committed 10% of our annual South African brokerage to emerging black stockbrokers through our Business Support Programme. We also support the Association for Savings and Investment South Africa's (ASISA) Stockbroker Development Programme, an industry initiative aimed at accelerating and further unlocking the growth potential of South African black stockbroking houses
- We are a sponsor and co-founder of ASISA's Independent Financial Advisor (IFA) Development Programme, that provides business development support and skills training to black IFAs.
- + Since our inception, we have created numerous new financial services businesses. More recently, we supported the establishment of an independent, black-owned unit trust client administration business.
- + We are 23% black owned as measured by the Financial Sector Charter.
- + 58% of our employees are black, of which 58% are black females.
- + 67% of our non-executive directors are black, of which 50% are female.
- + 78% of our new hires in the 2018 financial year are black.
- + Based on our initial assessment of the revised Financial Sector Charter, we should move to a Level 2 rating*. Currently, we are rated Level 3.

*This rating is yet to be confirmed by a verification agency.

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 197.0 cents per share has been declared for the year ended 30 September 2018 from income reserves. which has resulted in a final net dividend of 157.6 cents per share for shareholders subject to Dividends Tax (DT). Together with the interim gross dividend of 223.0 cents per share, this amounts to a total gross dividend of 420.0 cents per share for the year.

Last day to trade Shares trade ex dividend Record date Payment date

Tuesday, 4 December 2018 Wednesday, 5 December 2018 Friday, 7 December 2018 Monday, 10 December 2018

Share certificates may not be dematerialised or rematerialised between Wednesday, 5 December 2018 and Friday, 7 December 2018, both days inclusive. In terms of DT, the following additional information is disclosed:

- + The local DT rate is 20%.
- + 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

While the South African economy remains beset with difficulties, we are encouraged by the actions taken by the current leadership. We believe they will translate into higher levels of confidence initially, and potentially higher levels of investment into the economy which will promote growth over the medium to long term.

We are also more optimistic about the outlook for the major South African asset classes which, following a period of very disappointing returns, are presenting above-average opportunities to long-term, valuation-driven investors such as ourselves. The outlook for global asset classes is more mixed, which too has enabled us to construct differentiated portfolios. We remain optimistic that the current positioning of our strategies will generate higher future returns for our clients. Together with our increased investment in our infrastructure, technology and people over the past year to support the provision of world-class service to our clients, we believe this will ensure the delivery of sustainable long-term value for all stakeholders

EXTERNAL AUDIT REVIEW

 ${\it External\, auditor, EY, reviewed\, the\, preliminary\, condensed\, consolidated\, statement\, of\, financial}$ position of Coronation as at 30 September 2018 and the related condensed consolidated statements 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 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

20 November 2018

www.coronation.com

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	DEVIEWES	ALIDITED	
	REVIEWED 30 SEPT	AUDITED 30 SEPT	
	2018	2017	%
	R MILLION	R MILLION	CHANGE
Fund management activities			
Revenue	3 848	3 9 1 9	(2)
Other income	18	6	<u> </u>
Total operating expenses*	(1 933)	(1 934)	(0)
Other expenses*	(3)	(6)	
Operating expenses*	(1 930)	(1 928)	
Results from operating activities	1 933	1 991	(3
Finance and dividend income	38	37	
Finance expense	(24)	(23)	
Share of profit of equity-accounted investee	8	8	
Profit from fund management	1 955	2 013	(3
Income attributable to policyholder linked assets and investment partnerships	5	2	(-,
Net fair value gains on policyholder and investment partnership financial instruments	99	45	
Administration expenses borne by policyholders and investors in investment			
partnerships	(94)	(43)	
Profit before income tax	1 960	2 015	(3)
Income tax expense	(489)	(492)	
Taxation on shareholder profits	(484)	(490)	
Taxation on policyholder investment contracts	(5)	(2)	
Profit for the year	1 471	1 523	(3)
Other comprehensive income (to be reclassified to profit and loss in future periods)	55	67	
Foreign currency translation differences for foreign operations	22	(24)	
Net change in fair value of available-for-sale financial assets	33	91	
Total comprehensive income for the year	1 526	1 590	
Total comprehensive income for the year	1 5 2 0	1 590	
Profit attributable to:	1 471	1 523	/7
equity holders of the company	14/1	1 525	(3)
- non-controlling interest		1.527	
Profit for the year	1 471	1 523	
Total comprehensive income attributable to:	1.526	1.500	
- equity holders of the company	1 5 2 6	1 590	(4)
- non-controlling interest	4.526	1.500	
Total comprehensive income for the year	1 526	1 590	
Earnings per share (cents)	120.7	475.4	/7
- basic	420.7	435.4	(3)
- diluted	420.7	435.4	(3)
Note to the statement of comprehensive income	1 471	1 523	
Earnings attributable to shareholders	1471	1 525	
Non-controlling interest	1 471	1 523	
Earnings attributable to ordinary shareholders	1471		
Profit on disposal of financial assets available for sale	1 471	7	
Headline earnings attributable to ordinary shareholders	1 471	1 530	
Headline earnings per share (cents)			
- basic	420.7	437.5	(4)
- diluted	420.7	437.5	(4)
Dividend per share (cents)			(' /
- interim	223.0	220.0	1

The following changes have been made to the presentation of operating expenses in order to more appropriately describe the nature of such expenses. 'Other expenses' now includes foreign exchange losses as well as share-based payment expenses. Previously the share-based payment expenses were incurred. in the 2017 financial year, and the foreign exchange losses reported at interim this year have all reversed.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
	REVIEWED	AUDITED
	30 SEPT	30 SEPT
	2018	2017
	R MILLION	R MILLION
Assets	1 088	1 088
ntangible assets	1088	21
quipment	41	39
nvestment in equity-accounted investees Deferred tax asset	125	171
	51 424	55 721
nvestments backing policyholder funds and investments held through investment partnerships nvestment securities	1 190	934
axation receivable	1190	954
rade and other receivables	448	558
cash and cash equivalents	805	564
otal assets	55 156	59 096
iabilities		
ong-term borrowings (note 3)	300	150
Deferred tax liabilities	23	24
olicyholder investment contract liabilities and liabilities to holders of interests in investment		
partnerships	51 421	55 718
hort-term portion of long-term borrowings (note 3)	-	150
xternal investors in consolidated funds (note 5)	221	-
axation payable	-	35
rade and other payables	935	747
otal liabilities	52 900	56 824
let assets quity	2 256	2 272
hare capital and premium	256	256
letained earnings	1 539	1 607
eserves	301	243
otal equity attributable to equity holders of the company	2 096	2 106
Ion-controlling interest in consolidated funds (note 5)	160	166
Total equity	2 256	2 272

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS		
	REVIEWED	AUDITED
	30 SEPT	30 SEPT
	2018	2017
	R MILLION	R MILLION
Cash flows from operating activities		
Profit from fund management	1 955	2 013
Non-cash and other adjustments	(15)	15
Operating cash flows before changes in working capital	1 940	2 028
Working capital changes	314	(5)
Cash flows from policyholders and investment partnership activities	(2 427)	(977
Cash (utilised by)/generated from operations	(173)	1 046
Interest paid	(24)	(23)
Income taxes paid	(490)	(454)
Net cash from operating activities	(687)	569
Cash flows from investing activities		
Finance and dividend income	38	37
Acquisition of equipment	(12)	(10)
Net (acquisition)/disposal of investment securities	(8)	9
Net cash from investing activities	18	36
Cash flows from financing activities		
Dividends paid	(1 539)	(1 532
Net cash from financing activities	(1 539)	(1 532
Decrease in cash and cash equivalents	(2 208)	(927
Net increase in cash and cash equivalents – shareholders	219	50
Net decrease in cash and cash equivalents – policyholders and investment partnerships	(2 427)	(977
Cash and cash equivalents at beginning of the period	8 259	9 2 1 0
Cash and cash equivalents at beginning of period – shareholders	564	538
Cash and cash equivalents at beginning of period - policyholders and investment partnerships	7 695	8 672
Effect of exchange rate fluctuations on cash held	22	(24
Cash and cash equivalents at end of the period	6 073	8 259
Cash and cash equivalents at end of period – shareholders	805	564
Cash and cash equivalents at end of period - policyholders and investment partnerships	5 268	7 695

The above cash flows include the policyholder and investment partnership activities. These cash flows represent net contributions and the policyholder and investment partnership activities. These cash flows represent net contributions and the policyholder and investment partnership activities. These cash flows represent net contributions and the policyholder and investment partnership activities. These cash flows represent net contributions and the policyholder and investment partnership activities. These cash flows represent net contributions and the policyholder andwithdrawals 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.

	AFRIC	CA	INTERNAT	TONAL	GROUP	
R MILLION	REVIEWED 30 SEPT 2018	AUDITED 30 SEPT 2017 RESTATED**	REVIEWED 30 SEPT 2018	AUDITED 30 SEPT 2017 RESTATED**	REVIEWED 30 SEPT 2018	AUDITED 30 SEPT 2017
Segment external revenue	2 5 1 6	2 525	1 332	1 394	3 848	3 919
Segment operating expenses	(1 457)	(1 461)	(476)	(473)	(1 933)	(1 934)
Segment profit	1 059	1 064	856	921	1 915	1 985
Share of income of equity- accounted investee	8	8	_	-	8	8
Net finance and other income/ (expense)	10	17	22	3	32	20
Profit from fund management	1 077	1 089	878	924	1 955	2 013
Income*					5	2
Profit before income tax				_	1 960	2 015
Segment assets	1 557	1 121	921	956	2 478	2 077
Investments*					52 678	57 019
Total assets				_	55 156	59 096

- Income and investments are attributable to and backing policyholder funds and investments held through investment partnerships, consolidated funds and other assets.
 ** Segmental assets to the value of R505 million previously categorised as Africa assets have been restated as International assets.

CONSOLIDATED STATEMENT	OF CHAN	GES IN EQUI	ТҮ					
R MILLION	SHARE CAPITAL AND PREMIUM	FOREIGN CURRENCY TRANS- LATION RESERVE	RETAINED EARNINGS		REVALUA- TION RESERVE	ISSUED CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	NON- CON- TROLLING INTEREST	TOTAL EQUITY
Balance at 30 September 2016 (audited)	256	155	1 586	29	16	2 042	136	2 178
Total comprehensive income for the year								
Profit for the year			1 523			1 523		1 523
Other comprehensive income (available to be recycled to profit and loss in future periods)	:							
Currency translation differences		(24)				(24)		(24)
Revaluation of available-for-sale financial assets	2				91	91		91
Total other comprehensive income	_	(24)	-	-	91	67	-	67
Total comprehensive income for the year	_	(24)	1 523	-	91	1 590	_	1 590
Transactions with owners recorded directly to equity								
Share-based payments				6		6		6
Transfer to retained earnings			30	(30)				
Dividends paid			(1 532)			(1 532)		(1 532)
Change in non-controlling interest in consolidated funds (note 5)							30	30
Total transactions with owners	_	-	(1 502)	(24)	-	(1 526)	30	(1 496)
Balance at 30 September 2017 (audited)	256	131	1 607	5	107	2 106	166	2 272
Total comprehensive income for the year								
Profit for the year			1 471			1 471		1 471
Other comprehensive income (available to be recycled to profit and loss in future periods)								
Currency translation differences		22				22		22
Revaluation of available-for-sale financial assets	2				33	33		33
Total other comprehensive income	_	22	_	_	33	55	_	55
Total comprehensive income for the year	-	22	1 471	_	33	1 526	_	1 5 2 6
Transactions with owners recorded directly to equity								
Share-based payments				3		3		3
Dividends paid			(1 539)			(1 539)		(1 539)
Change in non-controlling interest in consolidated funds (note 5)							(6)	(6)
Total transactions with owners	_	-	(1 539)	3	_	(1 536)		(1 542)
Balance at 30 September 2018 (reviewed)	256	153	1 539	8	140	2 096	160	2 256

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 Standard Stan $Reporting; the Listings \, Requirements \, of the \, JSE \, Limited; the \, SAICA \, Financial \, Reporting \, Guides \, as issued \, by the \, Accounting \, Practices \, Accounting \, Fractices \, Financial \, Reporting \, Guides \, as issued \, by the \, Accounting \, Fractices \, Financial \, Financ$ $Committee \ and \ Financial \ Reporting \ Pronouncements \ as \ is sued \ by \ the \ Financial \ Reporting \ Standards \ Council, \ as \ well \ as \ the \ South$ 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 $terms \ of \ IFRS \ and \ are \ consistent \ with \ those \ presented \ in \ the \ previous \ annual \ financial \ statements. \ IFRS \ 9 \ and \ IFRS \ 15 \ will \ not \ have$ a material impact on opening equity for the 2019 financial year. Comparatives will not be restated.

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

2. Related party transactions

 $Related party transactions for the {\it current year are similar to those disclosed in the {\it group}} is annual financial statements for the {\it year are similar to those disclosed in the {\it group}} is annual financial statements for the {\it year are similar to those disclosed in the {\it group}} is annual financial statements for the {\it year are similar to those disclosed in the {\it group}} is annual financial statements for the {\it year are similar to those disclosed in the {\it group}} is annual financial statements for the {\it year are similar to those disclosed in the {\it group}} is annual financial statement for the {\it year are similar to those disclosed in the {\it group}} is annual financial statement for the {\it year are similar to those disclosed in the {\it group}} is annual financial statement for the {\it year are similar to those disclosed in the {\it group}} is annual financial statement for {\it year are similar to those disclosed in the {\it group}} is annual financial statement for {\it year are similar to those disclosed in the {\it group}} is annual financial statement for {\it year are similar to those disclosed in the {\it year are similar to those disclosed in t$ $ended\ 30\ September\ 2017.\ No\ new\ significant\ related\ party\ transactions\ arose\ during\ the\ current\ year.$

3. Long-term and short-term borrowings

Cumulative redeemable preference shares with dividends linked to prime are payable on a quarterly basis, with R150 million capital repayments due on 1 April 2020 and 1 April 2021 respectively. The latter was previously due on 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 at fair value, by valuation method. The different levels have been defined at fair value, by valuation method. The different levels have been defined at fair value, by valuation method. The different levels have been defined at fair value, by valuation method. The different levels have been defined at fair value, by valuation method. The different levels have been defined at fair value, by valuation method. The different levels have been defined at fair value, by valuation method. The different levels have been defined at fair value, by valuation method. The different levels have been defined at fair value, by valuation method. The different levels have been defined at fair value, by valuation method in the different levels have been defined at fair value, by value at the different levels have been defined at fair value at the different levels have been defined at the different levels have bee

Level 1: Quoted prices (unadjusted) in active markets for identical assets or 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 the fair values of these deposits are determined using a discounted cash flow valuation methodology based on the fair values of these deposits are determined using a discounted cash flow valuation methodology based on the fair values of these deposits are determined using a discounted cash flow valuation methodology based on the fair values of the fair values o $market \, rates, reflecting \, the \, time \, value \, of \, money \, and \, counter \, party \, credit \, risk. \, The \, fair \, value \, of \, policyholder \, and \, investment \, and \, counter \, party \, credit \, risk. \, The \, fair \, value \, of \, policyholder \, and \, investment \, and \, counter \, party \, credit \, risk. \, The \, fair \, value \, of \, policyholder \, and \, investment \, and \, counter \, party \, credit \, risk. \, The \, fair \, value \, of \, policyholder \, and \, counter \, party \, credit \, risk. \, The \, fair \, value \, of \, policyholder \, and \, counter \, party \, credit \, risk. \, The \, fair \, value \, of \, policyholder \, and \, counter \, party \, credit \, risk. \, The \, fair \, value \, of \, policyholder \, and \, counter \, party \, credit \, risk. \, The \, fair \, value \, of \, policyholder \, and \, counter \, party \, credit \, risk. \, The \, fair \, value \, of \, policyholder \, and \, counter \, party \, credit \, risk. \, The \, fair \, value \, of \, policyholder \, and \, counter \, party \, credit \, risk. \, The \, fair \, value \, of \, policyholder \, and \, counter \, party \, credit \, risk. \, The \, fair \, value \, of \, policyholder \, and \, counter \, party \, credit \, risk. \, The \, fair \, value \, of \, policyholder \, and \, counter \, party \, credit \, risk. \, The \, fair \, value \, of \, policyholder \, and \, counter \, party \, credit \, risk. \, The \, fair \, value \, of \, policyholder \, and \, counter \, party \, credit \, risk. \, The \, fair \, value \, credit \, risk. \, The \, fair \, value \, credit \, risk. \, The \, fair \, value \, credit \, risk. \, The \, fair \, value \, credit \, risk. \, The \, fair \, value \, credit \, risk. \, The \, fair \, value \, credit \, risk. \, The \, fair \, value \, credit \, risk. \, The \, fair \, value \, credit \, risk. \, The \, fair \, value \, credit \, risk. \, The \, fair \, value \, credit \, risk. \, The \, fair \, value \, credit \, risk. \, The \, fair \, value \, credit \, risk. \, The \, fair \, value \, credit \, risk. \, The \, fair \, value \, credit \, risk. \, The \, fair \, value \, credit \, risk. \, The \, fair \, value \, credit \, risk. \, The \, fair \, value \, credit \, risk. \, The \, f$ $partnership\ liabilities\ that\ are\ included\ in\ Level\ 2\ of\ the\ hierarchy\ are\ measured\ with\ reference\ to\ the\ quoted\ prices\ in\ an$ active market of the investments underlying the liabilities. Cash and cash equivalent balances along with their related liabilities of R1 383 million (R2 253 million: 30 September 2017) 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 (unobservable inputs).

R MILLION	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
September 2018				
Investments backing policyholder funds and investments held through investment partnerships	45 017	5 024	-	50 041
Investment securities	1 189	-	1	1 190
	46 206	5 024	1	51 231
Policyholder, external investor and investment partnership liabilities	-	50 259	-	50 259
September 2017				
Investments backing policyholder funds and investments held through investment partnerships	46 960	6 508	_	53 468
Investment securities	933	-	1	934
	47 893	6 508	1	54 402
Policyholder, external investor and investment partnership liabilities	_	53 465	_	53 465

During the current year, a net amount of R63 million in debentures were transferred from Level 1 to Level 2 as these are now considered to be held in an inactive market.

Fair value for all other financial assets and liabilities have not been presented because they are not carried at fair value and their carrying amounts approximate fair value.

Non-controlling interest in consolidated funds and external investors in consolidated funds

The non-controlling interest in consolidated funds grises as a result of the continued consolidation of Coronation Global Frontiers Fund. The group's interest in the Coronation Global Equity Select Feeder Fund increased to 52% during the period under review to $augment\ regulatory\ capital\ held\ within\ the\ group.\ As\ a\ result\ the\ fund\ is\ now\ consolidated\ and\ there\ has\ been\ no\ material\ change$ to the acquisition value as at year end.

6. Contingent liabilities: South African Revenue Service (SARS) matters

From time to time, in common with other organisations, companies in the group are subject to review by SARS. One of our companies in the group are subject to review by SARS and the group and the group and the group and the group are subjecthas been the subject of a review on a matter of principle relating to international operations, and assessed for the 2012, 2013 and a second contract of the 2012 and a secondadvisors, of the company's position and an outflow is not considered probable should the matter be interpreted by a court of law, the ultimate tax authority on these matters. Any amounts involved are currently not considered capable of reliable estimation.

Sponsor



