



REVIEWED PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL RESULTS

for the year ended 30 September 2021



CORONATION

TRUST IS EARNED™

Assets under management (AUM)

R634
billion

Diluted headline
earnings per share

487.9
cents

Fund management
earnings per share

470.9
cents

Final dividend
per share

226.0
cents

CORONATION FULL-YEAR 2021 RESULTS

The release of our annual results marks an extraordinary 607 days since the implementation of South Africa's first hard lockdown to stem the spread of Covid-19.

The global economic recovery continues, albeit unevenly, with a significant divergence in policy support and vaccine rollouts across developed and emerging economies. Although the economic outlook is positive, it needs to be seen in the context of elevated risk and high asset prices. The risk of new coronavirus variants, enduring inflation, the withdrawal of unprecedented monetary and fiscal policy and rising geopolitical tensions make for uncertain times. Locally, the economy remains under pressure due to ongoing systemic risks, including unsustainable levels of government debt, corruption, the poor condition of State-owned enterprises, load shedding and increasing levels of already high unemployment.

The global pandemic has touched many lives, and there are few who have not been affected by it. At Coronation, we were deeply saddened by the passing of two of our colleagues, one of whom was our Chairperson, Shams Pather. Shams was an icon in the South African investment industry and is sorely missed by all of us at Coronation.

Looking ahead, we are hoping for a ramp up in vaccine rollouts across the country, to dampen the effects of a likely fourth wave so that the economy can sustain more normal levels of activity. As of 2 November 2021, the full complement of Coronation employees has returned to the office, under strict Covid-19 protocols.

RESULTS

Notwithstanding this challenging backdrop, the past year has been an exceptional one for Coronation's clients and shareholders. Markets continued to perform strongly in 2021 after coming off the low base of March 2020. For the 12-month reporting period, the MSCI All Country World Index was up 11% (USD), the MSCI Global Emerging Markets Index was up 18% (USD) and the FTSE/JSE All Share Index was up 23% (ZAR).

Strong outperformance of the underlying markets in client mandates contributed to excellent results for the 12 months ended 30 September 2021, with revenue and earnings from fund management up 17% and 23%, respectively, from the prior year. We believe that the outperformance enjoyed by our clients is the result of an unwavering commitment to active, long-term investing, in-depth proprietary research and the benefits that come from a stable and experienced team.

However, it is worth reiterating, as we did in our interim results report in May, that these results benefited from a cyclical high in performance fees that will normalise in the years to come. As always, we will continue to keep our focus on the long term, as we navigate short-term troughs and peaks.

Given the strong outperformance across our portfolios, average AUM increased by 9% year on year to R617 billion (September 2020: R565 billion) and year-end AUM is up 11% to R634 billion (September 2020: R569 billion). However, as an investment-led business, our primary focus remains on growing the value of the client assets entrusted to us over the long term, rather than simply looking to grow the pool of assets under our management.

Total operating expenses increased by 8% compared to the 12 months ended 30 September 2020, with the highest growth attributed to the increased regulatory burden and investment in information systems and technology. Fixed expenses are up 5% compared to the prior year. We continue to invest in information systems and technology infrastructure, which is key to delivering on our promise of superior client service.

Diluted and basic headline earnings per share increased by 22% to 487.9 cents (September 2020: 398.5 cents). Management measures operating financial performance based on earnings from fund management activities. This excludes the net impact of fair value gains and losses, and related foreign exchange, on investment securities held. Fund management earnings per share increased by 23% for the period to 470.9 cents (September 2020: 383.1 cents).

Despite the very positive reporting period for our clients and shareholders, the pressure of economic lockdowns continued to exacerbate the plight of the already stressed local savings industry. As a sizeable industry participant, it is likely that Coronation will continue to reflect the outflow experience of the broader South African savings industry. We expect this to remain the case for the foreseeable future. For the year, we had outflows of 5% of the average AUM.

BUSINESS UPDATE AND CORPORATE CITIZENSHIP

We are a significant custodian of the savings of millions of South Africans, as well as several international retirement funds, endowments and family offices. This is a fiduciary responsibility that we take very seriously. With this in mind, we are an active corporate citizen, committed to contributing to the health and prosperity of South African society and the economy. We continued to be in the privileged position to operate efficiently throughout lockdown, and we have not had to retrench or furlough employees, nor did we require any government relief.

In addition to supporting our existing social investment programmes, and our support of black brokerage and adviser businesses, our corporate citizenship actions remained focused on Covid-19 relief programmes. We made a further commitment of R6.4 million, including donations to food security organisations, FoodForwardSA and Ladles of Love, and the Solidarity Fund's vaccine rollout programme.

Coronation is an active participant in industry and government-related engagements to find solutions to help mitigate the socioeconomic effects of the lockdowns, boost employment levels and set South Africa on the road to economic recovery.

Governance

Effective 10 August 2021, Prof Alexandra Watson was appointed as Board Chairperson, with Mr Saks Ntombela assuming the role as lead non-executive independent director. In June, Mr Jock McKenzie resigned from the Board after 12 years of service, we thank him for his contribution and wish him well in his future endeavours.

We have separated the former Audit and Risk Committee into two committees. The Audit Committee now comprises Ms Lulama Boyce (Chair); Mr Saks Ntombela, Mrs Madichaba Nhlumayo and Dr Hugo Nelson; while the Risk Committee membership includes Mr Saks Ntombela (Chair), Ms Lulama Boyce, Mrs Madichaba Nhlumayo, Dr Hugo Nelson and Mr Neil Brown. We will continue to ensure that our Board sustains the skills and diversity that are essential for effective oversight of a large, global asset manager.

Stewardship

We have been active stewards of our clients' capital for almost 30 years and fully integrate environmental, social and governance considerations into our investment and business processes. This includes active engagement, voting and shareholder activism.

Our latest Stewardship Report, which reports on a calendar year basis, reflects that our investment team had 256 active engagements with 121 companies.

Governance was again a central engagement theme of our investment team, representing more than 60% of our engagements with investee companies. Also of note was the meaningful increase in our engagements on climate-related risks. In a first for a South African asset manager, to date, we have written letters to 89 JSE-listed companies, urging them to adopt the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) when reporting on climate risks in their businesses. Coronation is a signatory to the TCFD framework and has committed to this reporting standard in our 2021 Integrated Annual Report, along with publishing our second Carbon Footprint Report.

Against the backdrop of the much-vaunted COP 26, we continued to engage on this matter. It is a challenging undertaking given the complexity of this process and the significant consideration required by companies at Board level.

We fully support the move to a greener, more sustainable and equitable world and will continue in our endeavours to engage on these matters, supporting TCFD adoptees, and, importantly, placing pressure on those that are lagging behind on this requirement. We are also a participating investor in Climate Action 100+.

For more information on the impact of Covid-19, our stance on climate matters and our investment stewardship activities, please consult our third annual Stewardship Report, which is available on www.coronation.com.

TRANSFORMATION AND EMPOWERMENT

Our culture and values are important factors in delivering on our commitment to be responsible stewards of our clients' assets, and we understand that we have been granted a social licence to operate. With the growing emphasis on transformation, diversity and inclusion globally, we continue to make progress in our diversity representation across both race and gender. R269 billion of AUM are managed by black investment professionals. Of our South Africa-based employees:

- 51% are female;
- 60% are black, of whom 58% are black females;
- 80% of new appointees during the 2021 financial year are black; and
- 52% of new hires are black females

Key senior leadership positions are occupied by black individuals, including our CEO, CFO, COO, Head of Institutional Business, Head of Fixed Income and Head of SA Equity Research.

Coronation is a level 2 contributor to broad-based black economic empowerment (B-BBEE) and is 30% black owned¹. Through our recruitment process, as well as our black enterprise development initiatives and corporate social investment programmes, we will continue to promote and build a transformed financial services industry and an inclusive society.

¹ As per the Financial Sector Code scorecard

52%

of SA based new hires
are black females

INSTITUTIONAL BUSINESS

Our institutional business manages R367 billion of assets (September 2020: R330 billion) on behalf of South African and global institutions.

South African Institutional Business

We continue to manage a meaningful share of assets in the local retirement fund industry, representing a total AUM of R293 billion (September 2020: R251 billion), making us one of the largest independent managers of retirement assets in the country.

Of greatest importance to us is the delivery of excellent investment outcomes for our clients. We are pleased to report another year in which exceptional returns were generated across our client portfolios over all meaningful periods. In particular, we have taken advantage of the opportunities offered by the extraordinary market environment in the last two years to add value through active management.

Our client portfolios have benefited from this long-term delivery as illustrated by:

- ▶ Clients representing more than 58% of our total institutional assets have been invested with Coronation for more than 10 years.
- ▶ Of these client assets, 95% have outperformed their benchmarks since inception².
- ▶ Of our institutional portfolios, 97.4% with 15-year track records and 97.9% with 20-year track records have delivered outperformance over those periods.

Net outflows were smaller this year than in previous years but continue to be heavily impacted by the net-outflow experience of the broader, formal savings industry. We expect this to continue to be the case in the years ahead given the current economic climate and our meaningful share of the savings industry.

All institutional performance returns are stated gross of fees

² *On an asset-weighted basis*

Global Institutional Business

We manage a total of R74 billion (September 2020: R79 billion) in our global strategies on behalf of several leading international retirement funds, endowments and family offices. This franchise has grown well over the years on the back of excellent investment outcomes produced for clients. We continue to attract new clients into a number of our global strategies, predominantly the Global Emerging Markets Equity Strategy.

For the reporting period, there were small net outflows, which reflected some profit taking by clients after the strong returns of 2020.

RETAIL BUSINESS

With retail assets totalling R267 billion (September 2020: R239 billion), we are a significant independent manager of South Africa's household savings and investments.

The long-term track record across our fund range remains compelling and benefited from strong performance over the reporting period. 89% of the assets entrusted to our rand-denominated fund range are invested in funds that produced first quartile performance in their respective peer groups over the past 10 years, while 99% of the assets are invested in funds with above-average performance over the same period.

18 out of 23 Coronation unit trusts rank first in their respective ASISA categories since their inception dates. These include³:

- ▶ Coronation Balanced Plus, a leading traditional balanced fund in South Africa, has returned 14.0% p.a. since its inception in 1996, outperforming peers, inflation and the FTSE/JSE All Share Index.
- ▶ Coronation Top 20, our concentrated domestic equity fund, delivering an annualised return of 16.9% since inception in 2000. This resulted in a total period return of close to double the domestic index for an investment made at inception.
- ▶ Coronation Optimum Growth, the top-performing fund in the worldwide flexible category over the long term, returning 13.9% p.a. since its inception in 1999.

Net investor cash flows at industry level were negative over the reporting period, while assets continued to rotate away from funds with domestic exposure to funds with international exposure. Coronation's net client cash flows from longer-term funds were broadly in line with the retail investment industry experience. We recorded net outflows from our fixed income fund range compared to inflows, albeit at a more subdued rate, at an industry level.

We expect inflows into the savings industry to remain subdued given the growth constraints faced by the South African economy and a general lack of domestic investor confidence, which is likely to continue to depress investor demand for long-term investment funds. In addition, current exchange control limits applicable to collective investment scheme managers may force us into a position where we will not be able to meet the full demand for our rand-denominated international fund range in future.

³ *Retail class of fund*

CASH 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 226.0 cents per share has been declared for the period ended 30 September 2021 from income reserves, resulting in a net dividend of 180.8 cents per share for shareholders subject to Dividends Tax.

In compliance with the Listings Requirements of the JSE Ltd, the following dates are applicable:

Declaration date:	Tuesday, 23 November 2021
Last day to trade cum dividend:	Tuesday, 7 December 2021
Trading ex-dividend commences:	Wednesday, 8 December 2021
Record date:	Friday, 10 December 2021
Payment date:	Monday, 13 December 2021

Share certificates may not be dematerialised or rematerialised between Wednesday, 8 December and Friday, 10 December, both dates inclusive. In terms of Dividends Tax, the following additional information is disclosed: the local Dividends Tax 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

The economic outlook remains mixed. The global economy continues to recover strongly, supported by pent up demand, a tight labour market and strong consumer balance sheets. The key risks for investors are stretched valuations, inflationary pressures and the ever-present risk of a new and more dangerous coronavirus variant. We expect the SA economy to remain under pressure, with formal employment growth meaningfully lagging the recovery in economic activity and the corrosive nature of structural headwinds, such as load-shedding and failing municipalities. Notwithstanding this weak economic environment, we continue to find excellent value in the domestic and emerging equity markets and domestic fixed income markets.

The Covid-19-induced volatility created investment opportunities that do not present themselves often. As an active manager with a long time horizon, we took advantage of many of these on behalf of our clients. This resulted in outstanding performance across much of our product range. This outperformance has resulted in a cyclical high in performance fees that is unlikely to be sustained in more normal times.

We remain focused on actively managing our clients' portfolios to ensure we continue to deliver excellent long-term performance. Stewardship, both within our business and in our investee companies, remains a priority. We continue to invest in our business and remain committed to playing our part as an active and responsible corporate citizen, especially given the current economic conditions.

EXTERNAL AUDIT REVIEW

The external auditors, KPMG Inc. reviewed the preliminary condensed consolidated statement of financial position of Coronation Fund Managers Ltd as at 30 September 2021, and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows, earnings per share and condensed consolidated segment report for the period then ended and explanatory notes. The review has been conducted in accordance with the International Standard on Review Engagements 2410. Copies of the unmodified report of KPMG Inc. are available for inspection at the registered office of the Company. Any forward-looking information contained in this announcement has not been reviewed or reported on by the Company's external auditors.

Alexandra Watson

Chairperson

Cape Town
23 November 2021

Anton Pillay

Chief Executive Officer

Mary-Anne Musekiwa

Chief Financial Officer

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	REVIEWED 30 SEPT 2021 R MILLION	AUDITED 30 SEPT 2020 R MILLION	% CHANGE
Fund management activities			
Revenue (note 2)	4 263	3 642	17%
Other income	50	29	
Total operating expenses	(2 104)	(1 952)	8%
Other expenses	(1)	(1)	
Operating expenses	(2 103)	(1 951)	
Results from operating activities	2 209	1 719	29%
Finance and dividend income	13	23	
Finance expense	(39)	(30)	
Profit from fund management	2 183	1 712	28%
Share of profit of equity-accounted investee	5	6	
Sundry gains	106	96	
Income attributable to policyholder linked assets and investment partnerships	10	9	
Net fair value gains on policyholder and investment partnership financial instruments	118	72	
Administration expenses borne by policyholders and investors in investment partnerships	(108)	(63)	
Profit before income tax	2 304	1 823	26%
Income tax expense	(597)	(429)	
Taxation on shareholder profits	(587)	(420)	
Taxation on policyholder investment contracts	(10)	(9)	
Profit for the year	1 707	1 394	22%
Other comprehensive income (to be reclassified to profit and loss in future periods)	(46)	(3)	
Foreign currency translation differences for foreign operations	(46)	(3)	
Total comprehensive income for the year	1 661	1 391	
Profit attributable to:			
– equity holders of the Company	1 707	1 394	22%
Profit for the year	1 707	1 394	
Total comprehensive income attributable to:			
– equity holders of the Company	1 661	1 391	19%
Total comprehensive income for the year	1 661	1 391	
Earnings per share (cents)			
– basic	487.9	398.5	22%
– diluted	487.9	398.5	22%
Note to the statement of comprehensive income			
Headline earnings per share (cents)			
– basic	487.9	398.5	22%
– diluted	487.9	398.5	22%
Dividend per share (cents)			
– interim	244.0	178.0	37%
– final	226.0	205.0	10%

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	REVIEWED 30 SEPT 2021 R MILLION	RESTATEd* AUDITED 30 SEPT 2020 R MILLION	RESTATEd* AUDITED 30 SEPT 2019 R MILLION
Assets			
Intangible assets	1 088	1 088	1 088
Equipment	18	18	18
Right-of-use asset	61	76	–
Investment in equity-accounted investees	41	41	42
Deferred tax asset	228	151	126
Investments backing policyholder funds and investments held through investment partnerships	60 786	49 473	49 603
Investment securities	1 278	1 702	1 145
Taxation receivable	54	35	–
Trade and other receivables	675	695	448
Cash and cash equivalents	600	519	682
Total assets	64 829	53 798	53 152
Liabilities			
Long-term borrowings (note 4)	451	467	150
Long-term other payables	61	29	–
Lease liability	94	108	–
Deferred tax liabilities	51	44	27
Policyholder investment contract liabilities and liabilities to holders of interests in investment partnerships	60 771	49 464	49 598
Short-term portion of long-term borrowings	–	–	150
External investors in consolidated funds (note 6)*	178	707	407
Taxation payable	–	–	38
Trade and other payables	957	804	748
Total liabilities	62 563	51 623	51 118
Net assets	2 266	2 175	2 034
Equity			
Share capital and premium	256	256	256
Retained earnings	1 888	1 752	1 609
Reserves	122	167	169
Total equity attributable to equity holders of the Company	2 266	2 175	2 034
Total equity	2 266	2 175	2 034

* In the prior year ended 30 September 2020, 'Non-controlling interest in consolidated funds' disclosed under Equity amounting to R130 million (2019: R147 million) has been reclassified to 'External investors in consolidated funds' under Liabilities in the Statement of Financial Position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	REVIEWED 30 SEPT 2021 R MILLION	AUDITED 30 SEPT 2020 R MILLION
Cash flows from operating activities		
Profit from fund management	2 183	1 712
Non-cash and other adjustments	11	47
Operating cash flows before changes in working capital	2 194	1 759
Working capital changes	220	(112)
Cash flows from policyholders and investment partnership activities*	1 662	(99)
Cash generated from operations	4 076	1 548
Interest on lease liabilities paid	(11)	(12)
Interest paid	(28)	(30)
Income taxes paid	(682)	(504)
Net cash from operating activities	3 355	1 002
Cash flows from investing activities		
Finance and dividend income	13	23
Acquisition of equipment	(11)	(12)
Net disposal/(acquisition) of investment securities	16	(191)
Net cash generated from/(utilised in) investing activities	18	(180)
Cash flows from financing activities		
Dividends paid	(1 571)	(1 238)
Increase in Long Terms Borrowings	-	167
Lease liabilities paid	(13)	(10)
Net cash utilised in financing activities	(1 584)	(1 081)
Increase/(decrease) in cash and cash equivalents	1 789	(259)
Net increase/(decrease) in cash and cash equivalents - shareholders	127	(160)
Net increase/(decrease) in cash and cash equivalents - policyholders and investment partnerships*	1 662	(99)
Cash and cash equivalents at beginning of the year	5 742	6 004
Cash and cash equivalents at beginning of year – shareholders	519	682
Cash and cash equivalents at beginning of year – policyholders and investment partnerships*	5 223	5 322
Effect of exchange rate fluctuations on cash held	(46)	(3)
Cash and cash equivalents at end of the year	7 485	5 742
Cash and cash equivalents at end of year – shareholders	600	519
Cash and cash equivalents at end of year – policyholders and investment partnerships*	6 885	5 223

* 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.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	SHARE CAPITAL AND PREMIUM R MILLION	FOREIGN CURRENCY TRANSLATION RESERVE R MILLION	RETAINED EARNINGS R MILLION	SHARE- BASED PAYMENT RESERVE R MILLION	ISSUED CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY R MILLION	NON CONTROLLING INTEREST R MILLION	RESTATED* TOTAL EQUITY R MILLION
Balance at 30 September 2019 (audited)	256	160	1 609	9	2 034	147	2 181
Restatement of Non Controlling Interest*						(147)	(147)
Restated balance at 1 October 2019	256	160	1 609	9	2 034	-	2 034
IFRS 16 adjustment			(13)		(13)		(13)
Profit for the year			1 394		1 394		1 394
Other comprehensive income							
Currency translation differences		(3)			(3)		(3)
Total comprehensive income for the year		(3)	1 394		1 391	-	1 391
Transactions with owners recorded directly to equity							
Share-based payments				1	1		1
Dividends paid			(1 238)		(1 238)		(1 238)
Total transactions with owners			(1 238)	1	(1 237)		(1 237)
Balance at 30 September 2020 (audited)	256	157	1 752	10	2 175	-	2 175
Profit for the year			1 707		1 707		1 707
Other comprehensive income							
Currency translation differences		(46)			(46)		(46)
Total comprehensive income for the year		(46)	1 707		(46)	-	1 661
Transactions with owners recorded directly to equity							
Share-based payments				1	1		1
Dividends paid			(1 571)		(1 571)		(1 571)
Total transactions with owners			(1 571)	1	(1 570)		(1 570)
Balance at 30 September 2021 (reviewed)	256	111	1 888	11	2 266	-	2 266

* In the prior year ended 30 September 2020, 'Non-controlling interest in consolidated funds' disclosed under Equity amounting to R130 million (2019: R147 million) has been reclassified to 'External investors in consolidated funds' under Liabilities in the Statement of Financial Position.

EARNINGS PER SHARE

	REVIEWED 30 SEPT 2021 R MILLION	AUDITED 30 SEPT 2020 R MILLION
Earnings attributable to equity holders of the Company	1 707	1 394
Earnings attributable to equity holders of the Company	1 707	1 394
Loss on disposal of fixed assets	-	-
Headline earnings attributable to equity holders of the Company	1 707	1 394
Earnings per share (cents)		
- basic	487.9	398.5
- diluted	487.9	398.5
Headline earnings per share (cents)		
- basic	487.9	398.5
- diluted	487.9	398.5

CONDENSED CONSOLIDATED SEGMENT REPORT

	AFRICA		INTERNATIONAL		GROUP	
	REVIEWED 30 SEPT 2021 R MILLION	AUDITED 30 SEPT 2020 R MILLION	REVIEWED 30 SEPT 2021 R MILLION	AUDITED 30 SEPT 2020 R MILLION	REVIEWED 30 SEPT 2021 R MILLION	AUDITED 30 SEPT 2020 R MILLION
Segment external revenue	2 830	2 331	1 433	1 311	4 263	3 642
Segment operating expenses	(1 546)	(1 463)	(558)	(489)	(2 104)	(1 952)
Segment profit	1 284	868	875	822	2 159	1 690
Net finance and other income/(expenses)	29	38	(5)	(16)	24	22
Profit from fund management	1 313	906	870	806	2 183	1 712
Sundry gains					106	96
Share of income of equity-accounted investee					5	6
Income*					10	9
Profit before income tax					2 304	1 823
Segment assets	1 458	1 901	1 167	1 068	2 625	2 969
Investments*					62 204	50 829
Total assets					64 829	53 798

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated financial statements have 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 Ltd; 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, No. 71 of 2008 (as amended). 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 South African Rand (R), rounded to the nearest million.

The preparation of the condensed consolidated financial statements, in conformity with IFRS, requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key areas in which judgement and estimation uncertainty is applied include:

- ▶ the valuation of unlisted investments is the principal area of judgement applied in the preparation of these condensed consolidated financial statements. It is the opinion of the directors that fair value approximates carrying amount;
- ▶ valuation of the share-based payment expense where inputs are based on observable market inputs, adjusted for factors that specifically apply to the transaction and recognise market volatility;
- ▶ assessing whether the Group controls an investee by assessing the power over the investee, exposure or rights, to variable returns from its involvement with its investee and the ability to use its power over the investee to affect the amount of the Group's returns; and
- ▶ assessing the probability of a negative outcome in relation to areas of tax uncertainty. In addition, judgement has been applied in determining the ultimate tax authority.

The accounting policies applied in the presentation of the condensed consolidated financial statements are in terms of IFRS and are consistent with those presented in the 2020 annual financial statements.

These condensed consolidated financial statements have been prepared under the supervision of N Salie CA(SA).

2 REVENUE FROM CONTRACTS WITH CUSTOMERS

	REVIEWED 30 SEPT 2021 R MILLION	AUDITED 30 SEPT 2020 R MILLION
Management fees	3 285	3 068
Performance fees	978	574
	4 263	3 642

Revenue from contracts with customers comprises fees earned in respect of fund management activities.

Refer to the condensed consolidated segment report for the geographical split of revenue earned.

All revenue from contracts with customers are earned over time.

3 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 2020. No new significant related party transactions arose during the current year.

4 LONG-TERM AND SHORT-TERM BORROWINGS

Cumulative redeemable preference shares with fixed dividends payable on a quarterly basis, with R300 million capital repayments due on 1 April 2025.

In addition, long-term borrowings at year end reflect a term loan facility of R151 million (2020: R167 million) (US\$10 million) with The Standard Bank of South Africa Ltd (Standard Bank).

The loan facility is at a fixed rate and capital repayment is due on 17 October 2024.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5 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.

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 counterparty credit risk. The fair value of policyholder and investment 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 R3 983 million (30 September 2020: R2 286 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 (unobservable inputs).

	LEVEL 1 R MILLION	LEVEL 2 R MILLION	LEVEL 3 R MILLION	TOTAL R MILLION
September 2021 (reviewed)				
Investments backing policyholder funds and investments held through investment partnerships	52 028	4 775	-	56 803
Investment securities	1 268	-	10	1 278
	53 296	4 775	10	58 081
Policyholder, external investors and investment partnership liabilities	-	56 788	-	56 788
September 2020 (audited)				
Investments backing policyholder funds and investments held through investment partnerships	42 459	4 728	-	47 187
Investment securities	1 692	-	10	1 702
	44 151	4 728	10	48 889
Policyholder, external investors and investment partnership liabilities	-	47 755	-	47 755

During the current year, an amount of R243 million in debentures included in Investments backing policy holder funds and investments held through investment partnerships were transferred from Level 1 to Level 2 as these are now considered to be held in an inactive market and R69 million moved from Level 2 to Level 1 as these are now considered to be in an active market. Transfers between levels of the assets and liabilities held at fair value occur when there is a change in market conditions, with transfers from level one occurring when assets and liabilities are no longer held in an active market and vice versa. Bonds are classified as level 1 if they have been traded within three months prior to the reporting date as the level 1 classification for these instruments are based on the liquidity basis.

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.

6 EXTERNAL INVESTORS IN CONSOLIDATED FUNDS

Prior period restatement

In the prior year ended 30 September 2020, 'Non-controlling interest in consolidated funds' disclosed under Equity amounting to R130 million (2019: R147 million) has been reclassified to 'External investors in consolidated funds' under Liabilities in the Statement of Financial Position. The reclassification is due to the incorrect application of the equity and liability principles of puttable instruments issued by funds upon consolidation in the Group financial statements. These puttable instruments, which are classified as equity in the respective underlying funds' financial statements, are now classified as financial liabilities on consolidation.

This reclassification impacts the statement of financial position only and consequently has no impact on prior periods' profit, retained earnings and cash flows of the Group, nor any impact on total equity attributable to equity holders of the Company.

Current year

The Group's interest at year-end in the Coronation Global Frontiers Fund is 55% (30 September 2020: 57%) and in the Coronation Global Sustainable Equity Income Fund* is 100% (30 September 2020: 100%). The Group consolidates the Coronation Global Frontiers Fund and the Coronation Global Sustainable Equity Income Fund* due to the size of the Group's holding in the funds.

In the current year, the Group seeded the Coronation Sustainable Global Emerging Markets Fund* and the Coronation International Equity Fund* and holds 100% of both funds. The Group's interest in Global Equity Select Fund [ZAR] Feeder Fund has decreased in the current year and as such is no longer consolidated as there are no indicators of control and the Group does not exert significant influence over this fund.

* Common Contractual Fund

7 CONTINGENT LIABILITIES: SOUTH AFRICAN REVENUE SERVICE (SARS) MATTER

From time to time, in common with other organisations, the Group is subject to review by SARS. The Group has been the subject of a review on a matter of principle relating to its international operations, and assessed for the 2012 to 2017 financial periods, to which management strongly disagrees and has objected. During the financial year this matter has been heard in the Western Cape Tax Court ("the Court") and the Court has ruled in the Group's favour on 17 September 2021. SARS subsequently appealed this judgement. Management, supported by external legal advisers involved in the matter, remains confident of the Group's position. An outflow is not considered probable when the matter is ultimately adjudicated in the Supreme Court of Appeal.

8 RECONCILIATION OF FUND MANAGEMENT EARNINGS

Fund management earnings are used by management to measure operating financial performance, which excludes the net impact of fair value gains and losses, and related foreign exchange, on investment securities held by the Group. In management's view this measure represents the earnings from core business activities of the Group, being fund management activities.

The calculation of fund management earnings is based on headline earnings attributable to ordinary shareholders, adjusted for the after tax and after bonus impact of sundry gains or losses disclosed in the condensed consolidated statement of comprehensive income. These sundry gains and losses include the fair value and foreign exchange movements on investment securities disclosed in the condensed consolidated statement of financial position.

	REVIEWED 30 SEPT 2021 RMILLION	AUDITED 30 SEPT 2020 R MILLION
Headline earnings attributable to equity holders of the Company	1 707	1 394
Sundry gains (condensed consolidated statement of comprehensive income)	(106)	(96)
Related tax (28% at capital gains inclusion rate) and bonus impact	46	42
Earnings from fund management	1 647	1 340
Earnings from fund management per share (cents)	470.9	383.1
Diluted earnings from fund management per share (cents)	470.9	383.1

9 EVENTS AFTER THE REPORTING DATE

The cash dividend for the 2021 financial year of R791 million (226 cents per share) was declared based on the actual shares in issue of 349 799 102.

Directors:	A Watson (Chairperson)*, A C Pillay (Chief Executive Officer), M A Musekiwa (Chief Financial Officer), L Boyce*, N Brown*, J G February*, P Hadebe*, H Nelson*, M Nhlumayo*, S Ntombela* (* Independent non-executive)
Company Secretary:	N Hawa
Registered office:	7th Floor, MontClare Place, Cnr Campground and Main Roads, Claremont 7708, Cape Town
Postal address:	PO Box 44684, Claremont 7735, Cape Town
Registration number:	1973/009318/06
Transfer secretaries:	Computershare Investor Services (Pty) Ltd Rosebank Towers, 15 Biermann Avenue, Rosebank 2196, Gauteng
JSE share code:	CML
ISIN:	ZAE000047353
LEI:	3789001BC9A29E6FF77
Website:	www.coronation.com
Sponsor:	PSG Capital (Pty) Ltd

CAPE TOWN	7th Floor, MontClare Place, Cnr Campground and Main Roads, Claremont 7708 PO Box 44684, Claremont 7735 Telephone: +27 (0)21 680 2000 Fax: +27 (0)21 680 2100
JOHANNESBURG	3rd Floor, Building 2, Oxford and Glenhove, 114 Oxford Road, Houghton 2196 PO Box 652643, Benmore 2010 Telephone: +27 (0)11 328 8200 Fax: +27 (0)11 684 2187
PRETORIA	Menlyn Central, 6th Floor, 125 Dallas Avenue, Waterkloof Glen 0010 Telephone: +27 (0)12 990 9040 Fax: +27 (0)12 991 6079
DURBAN	Suite 6, 15 The Boulevard, Westway Office Park, Westville 3635 Telephone: +27 (0)87 354 0508
LONDON	7th Floor, St Albans House, 57-59 Haymarket, London, SW1Y 4QX United Kingdom Telephone: +44 (0)207 389 8840 Fax: +44 (0)207 389 8899
DUBLIN	Suite 1, 2 Grand Canal Square, Macken Street, Dublin D02 A342, Ireland Telephone: +353 (0)1 674 5410 Fax: +353 (0)1 674 5411