




-  Assets under management of **R610 billion, up 3.7%**
-  Diluted headline earnings per share of **516.0 cents, down 9.7%**
-  Total dividend per share of **516.0 cents**

REVIEWED PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

Despite a challenging market environment, Coronation Fund Managers Limited (Coronation) delivered a credible set of results in line with management expectations for the 12 months to 30 September 2015. Market volatility intensified throughout the year, reflecting the deterioration in the outlook for global growth and the withdrawal of funds from emerging market equities and currencies. The MSCI All Country World Index returned -6.2%, while the MSCI Emerging Markets Index declined by 19.0% (in US dollar terms) for the year. The FTSE/JSE All Share delivered a US dollar return of -14.5%, which translated into a positive return of 4.8% in rand terms for the year. Albeit not the worst among the emerging market currency grouping, the rand fell 18.4% against the US dollar (to close at R13.82) and 7.9% against the euro (to close at R15.46) over the period.

Results

Coronation is a cyclical business and hence its annual revenue stream is highly geared to both the returns of the market and the level of outperformance it generates on behalf of clients across its fund range.

Due to a decline in both market returns and the abnormally high level of performance fees generated in the prior financial year, revenue for the current period declined by 7.0% to R4.4 billion. This, in turn, led to a 9.7% decline in diluted headline earnings per share to 516.0 cents compared with the record high earnings base achieved in the prior financial year (2014: 571.6 cents).

Business update

Coronation has a proven philosophy of long-term investing, which has added significant value to investors over our 22-year history. The long-term success of our investment approach is best illustrated by the annualised alpha of 2.9% delivered by our flagship domestic equity fund, Houseview Equity, since inception in 1993.

Assets under management increased by 3.7% to R610 billion for the 12 months to end September (2014: R588 billion) against a backdrop of meaningful declines in global markets and total net outflows of R15.3 billion. We attracted strong inflows to our international products and retail business, and in line with management expectations, recorded net outflows in our established South African institutional business. These outflows are a result of our decision to close to new institutional investors in our SA Equity and Multi-Asset portfolios three years ago. This active decision in a shrinking formal occupational retirement fund market means that stakeholders should expect continued institutional outflows in the years ahead. Coronation has a sizeable share of the South African institutional savings market, and given the above, overall market share will decline to a normal level in coming years.

Institutional business

We remain one of the leading managers of institutional assets in the South African savings market. Following many years of significant market share gains, the recorded net outflows in our South African institutional business of R34.2 billion were in line with our expectations. These outflows, however, continue to be offset by strong flows into our niche global product offering. For the year, our global products attracted net inflows of R12.4 billion, bringing total net outflows for the institutional business to R21.8 billion.

We continue to identify product opportunities suited to our long-term investment approach. In this regard, we seeded two new international products early in the year: Coronation Active Global Equity and Coronation Global Frontiers.

Key highlights from our institutional fund range include:

- Our global balanced portfolios ranked in the 1st quartile over 5 and 10 years in the Alexander Forbes Global Large Manager Watch™ survey to end September 2015, and our domestic balanced portfolios were in the 1st quartile over 5 years and 2nd quartile over 10 years in the SA Large Manager Watch™ survey.
- Global Absolute, our first-to-market absolute portfolio, has produced alpha of 4.6% p.a. (gross of fees) since inception in August 1999.
- Our specialist bond portfolio, Strategic Bond, has outperformed the local bond market by 1.6% p.a. (gross of fees) since inception in January 2008.
- The Coronation Global Emerging Markets Fund has generated an annualised alpha of 4.1% (gross of fees) since inception in July 2008.
- Our specialist African equity portfolio, Africa Frontiers, has outperformed its benchmark by 6.0% p.a. (gross of fees) since inception in October 2008.

Retail business

Our retail business maintained its position as one of the country's foremost managers of long-term assets within the collective investment schemes industry, with a market share of 14.6% (2014: 15.1%). Net inflows for the year were R6.5 billion. This normalisation of flows follows a number of exceptional years in which Coronation attracted disproportionately high levels of industry assets.

Coronation was named Raging Bull South African Management Company of the Year for the third consecutive year, and Morningstar Best Large Fund House for the fifth consecutive year. As at 30 September 2015, the majority of our domestic and international flagship funds ranked in the 1st quartile of their respective Morningstar categories since their respective launch dates and after the deduction of all fees. Highlights include:

- Coronation Top 20, a top-performing general equity fund since launch in October 2000, has outperformed its benchmark by 4.5% p.a. (net of fees) over the same period.
- Coronation Balanced Plus, the no. 1 balanced fund in South Africa since launch in April 1996, has outperformed its average competitor by 1.9% p.a. (net of fees), over the same period.
- Coronation Capital Plus, the no. 1 multi-asset medium equity fund since launch in July 2001, has outperformed inflation by 7.6% p.a. (net of fees) over the same period.

- Coronation Balanced Defensive, a top-performing conservative fund since launch in February 2007, has outperformed inflation by 4.4% p.a. (net of fees) over the same period.
- Coronation Strategic Income, the no. 1 multi-asset income fund since launch in July 2001, has outperformed cash by, on average, 2.8% p.a. (net of fees) over the same period.
- Coronation Global Opportunities Equity [ZAR] Feeder, the no. 1 global equity general fund since launch in August 1997, has outperformed the global equity market by 1.4% p.a. (net of fees) over the same period.
- Coronation Global Managed [ZAR] Feeder, the no. 1 global multi-asset high equity fund in South Africa since launch in October 2009, has outperformed its average competitor by 1.6% p.a. (net of fees) over the same period.

During the period, three new retail products were added to the range: Coronation Global Equity Select [USD], Coronation Global Equity Select [ZAR] Feeder, and the Coronation Tax-Free Investment offering. In addition, in July 2015 we announced a comprehensive fee and benchmark adjustment across a large number of funds, with an implementation date of 1 October 2015.

Transformation

Coronation remains committed to achieving meaningful, sustainable and substantive transformation within the financial services industry in South Africa. As at 30 September 2015, Coronation is measured as a Level 3 contributor in terms of the Financial Sector Code. Key highlights include:

- More than half of our staff composition in South Africa are black. At executive committee level black representation is 75%, while at board level this figure is 57%.
- Coronation is 21.5% black owned as measured by the Financial Sector Charter, which includes our staff-owned empowerment vehicle, the Imvula Trust.
- The Coronation Business Support Programme, now in its tenth year, continues to play a meaningful role in advancing the black stockbroking community. To date, a total of 9 South African stockbroking companies have directly benefited from this initiative.

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 270.0 cents per share has been declared for the year ended 30 September 2015, resulting in a final net dividend of 229.5 cents per share for shareholders subject to Dividends Tax (DT). Together with the interim gross dividend of 246.0 cents per share, this amounts to a total gross dividend of 516.0 cents per share for the year.

Last day to trade	Friday, 27 November 2015
Shares trade ex dividend	Monday, 30 November 2015
Record date	Friday, 4 December 2015
Payment date	Monday, 7 December 2015

Share certificates may not be dematerialised or rematerialised between Monday, 30 November 2015 and Friday, 4 December 2015, 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

Coronation is an active manager solely focused on delivering strong market outperformance over the long term. We have a proven long-term investment track record of alpha generation that has endured many periods of short-term underperformance over the past 22 years. Despite recent levels of extreme market volatility, the long-term investment track records of all key funds remain highly compelling.

While the likelihood of continued near-term volatility persists, as disciplined and rational allocators of capital, we are committed to identifying those opportunities that will generate long-term performance across all our client portfolios. Our success in achieving this objective will generate long-term value for all stakeholders.

External audit review

The external auditors, EY, reviewed the preliminary condensed consolidated statements of financial position of Coronation as at 30 September 2015 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
10 November 2015

Directors: S Pather (Chairman)*, A C Pillay (CEO), J A Snalam (CFO), L Boyce*, J G February*, J D McKenzie*, A Watson* (* Independent Non-executive)

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Transfer secretaries: Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg 2001 **JSE share code:** CML **ISIN:** ZAE000047353

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Any forward-looking information contained in this announcement has not been reviewed or reported on by the company's external auditors.

