



INTERIM RESULTS

for the six months ended 31 March 2023



CORONATION

TRUST IS EARNED™

Assets under management (AUM)

R623
billion

Diluted headline
earnings per share

6.2
cents

CORONATION FUND MANAGERS INTERIM RESULTS 2023

The economic and market environment for the first six months of the 2023 financial year remained challenging. Global markets have been volatile, with central banks in many countries administering a dramatic and painful increase in interest rates from unprecedented low levels.

The performance of the South African economy has also been very discouraging, with the long-term fundamentals continuing to deteriorate and little concrete action being taken to drive meaningful change. Our biggest immediate concern is the state of electricity generation. While the recent regulatory relaxation to allow private sector power generation should reduce the intensity of loadshedding in the medium term, we do not believe that the current long-term plans sufficiently acknowledge the scale of new baseload capacity nor the investment in transmission infrastructure that is required. If these investments are not sufficiently prioritised, then the system will be unable to support renewables at the scale currently envisaged. The timelines required mean that if these decisions are not taken now, we will continue to face unacceptable energy deficits in the decades ahead.

In spite of the prevailing headwinds, Coronation has proven its resilience with compelling long-term performance across our local portfolios and closing AUM for the period up 9% at R623 billion (30 September 2022: R574 billion). Over 95% of our portfolios have outperformed their benchmarks since inception.¹

We are particularly encouraged by the performance of our global portfolios over the last 12 months. We remain of the view that the above macro shocks have created attractive stock-picking opportunities for those investors prepared to take a long-term view.

Outflows amounted to 5% of our average AUM. This is in line with our recent experience and is a trend we expect to continue as the local savings pool continues to contract.

Total fixed expenses increased by 11% from the prior corresponding period. This increase was largely driven by the normalisation of the cost base after the Covid pandemic. Key drivers included the resumption of travel and an increased investment in marketing activities. The average rand/dollar exchange rate weakened by 15% from the comparative period, impacting many of our expenses. This is especially so in relation to technology in which we continue to invest, particularly with respect to cyber and data security and compliance systems.

The Group is firmly of the view that the Supreme Court of Appeal (SCA) erred in its ruling with respect to Coronation's dispute with the South African Revenue Service (SARS). We remain confident in the strength of our position in this dispute and have applied for the right to appeal the ruling of the SCA in the Constitutional Court. The Group has made full provision for the impact of said judgement, which has resulted in the significant decline in profits.

Earnings per share, headline earnings per share and diluted headline earnings per share of 6.2 cents was recognised for the period ended 31 March 2023. This is compared to earnings per share, headline earnings per share and diluted headline earnings per share of 199.1 cents per share for the prior corresponding period.

The impact of the total obligation payable to SARS as per the SCA judgement amounts to R716 million. Excluding this impact, fund management earnings of 191.5 cents per share were generated for the period ended 31 March 2023, compared to fund management earnings of 214.8 cents per share for the prior corresponding period.

TRANSFORMATION

Having invested in the future of a democratic South Africa when we opened our doors in 1993, we remain committed to contributing to a fair and equitable business sector and a representative society. We are a Level 1 contributor to B-BBEE², 29% black owned and R298 billion, representing 48% of total AUM, is managed by black investment professionals.

Over the course of three decades, we have actively contributed to meaningful transformation. This includes the establishment of four black-owned financial services companies; supporting black brokerages; training and developing black independent financial advisors and analysts via partnerships with industry participants; and supporting black-owned businesses through our Preferential Procurement Policy.

Additionally, we are committed to developing a pipeline of talent to ensure the future success of the South African financial services arena. With this in mind, we offer full bursaries to students pursuing careers in finance, including coaching to help them transition to campus life. Our internships and graduate development programmes offer promising young professionals access to hands-on work experience and, in many instances, employment.

We continue to uplift the communities in which we operate, with a focus on numeracy, literacy, and youth employment, while also contributing to the important work of food security initiatives during these pressing economic times.

¹ Company-wide, asset-weighted, since-inception for funds with >10-year track record.

² As per the Financial Sector Code.

Our own workforce reflects our ongoing commitment to achieving a transformed business and industry, with key leadership positions held by black leaders. These include our CEO, CFO, COO, Head of Institutional Distribution, Head of Fixed Income, Head of Core Equity and Head of Absolute Return. As at 31 March 2023, of our employees³:

- 50% are women
- 64% are black, of whom 58% are women
- 80% of our Board of Directors are black and 50% are women
- 82% of new starters are black and 45% are women

STEWARDSHIP

We have been active stewards of our clients' capital for 30 years and fully integrate environmental, social and governance (ESG) considerations into our investment and business processes. From an investment perspective, our ESG research is conducted inhouse by our large team of analysts and is factored into each investment case.

Our fifth annual Stewardship Report will be published in the second quarter of this year and will be available on www.coronation.com. The report provides a detailed account of our stewardship activities for the 2022 calendar year. This includes details of our engagements with companies on a range of ESG factors that affect their sustainability.

The report also sets out how we evaluate, measure and manage climate-related risks within our portfolios. We continue to encourage investee companies to disclose their carbon emissions profiles in line with the Taskforce for Climate-Related Financial Disclosure (TCFD) framework, and to ensure that climate-action plans are clear, credible and appropriate to their business operations. Keeping to the standards that we ask of our investee companies, Coronation applies the TCFD framework when reporting on both our investment and business operations.

In 2022, we published our fourth operational Carbon Footprint Disclosure and our first Sustainability Report, along with our Integrated Annual Report. We are proud that we have achieved carbon neutral status in partnership with Walker's Recycling, a carbon-offset project. As a participating investor in Climate Action 100+, we fully support the move to a greener, more sustainable and equitable world and will continue in our endeavours to engage on these matters.

INTERIM DIVIDEND

As per our earlier SENS announcement, and given the material impact of the current tax ruling on our half year results, Coronation will not be paying an interim dividend. This is in line with our dividend policy, which states that dividend payouts are dependent on our after-tax cash profits.

PROSPECTS

While the potential impact of the ongoing tax dispute with SARS has been accounted for in these interim results, it has not had a material impact on Coronation's long-term sustainability and the Group remains fully operational and well capitalised.

As Coronation is an investment-led business, the success of our business is ultimately rooted in our commitment to generating long-term alpha for our clients, while ensuring that we are an active corporate citizen working towards creating a sustainable business environment in South Africa. While the past 18 months have been incredibly difficult for investors, we are positive about the opportunities that economic stress is providing to patient investors who are prepared to take the long-term view. We believe that our deep proprietary research and long-term, fundamental, bottom-up investment philosophy equip us well to make the appropriate long-term decisions for the benefit of our clients and all our stakeholders.

EXTERNAL AUDIT REVIEW

The external auditors, KPMG Inc., reviewed the condensed consolidated statement of financial position of Coronation Fund Managers Ltd as at 31 March 2023, 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 the notes to the condensed consolidated interim financial statements. The review has been conducted in accordance with the International Standard on Review Engagements 2410 (ISRE 2410). Copies of the unmodified review report of KPMG Inc. are available for inspection at the registered office of the Company together with the condensed consolidated interim financial statements identified in the auditor's review report. The auditor's review report does not necessarily report on all of the information contained in this financial results 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 review report together with the accompanying financial information from the issuer's registered office. Any forward-looking information contained in this announcement has not been reviewed or reported on by the Company's external auditors.

Alexandra Watson
Chairman

Cape Town
23 May 2023

Anton Pillay
Chief Executive Officer

Mary-Anne Musekiwa
Chief Financial Officer

³ South Africa-based employees.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	SIX MONTHS REVIEWED 31 MARCH 2023 R MILLION	SIX MONTHS REVIEWED 31 MARCH 2022 R MILLION	% CHANGE	FULL YEAR AUDITED 30 SEPT 2022 R MILLION
Fund management activities				
Revenue (note 2)	1 815	1 934	(6%)	3 738
Other income/(losses)	29	9		(13)
Total operating expenses	(1 153)	(948)	22%	(1 862)
Results from operating activities	691	995	(31%)	1 863
Finance and dividend income	18	6		16
Finance expense	(26)	(17)		(60)
Profit from fund management	683	984		1 819
Share of profit of equity-accounted investee	2	3		5
Sundry gains/(losses)	120	(97)		(129)
Income/(losses) attributable to policyholder linked assets and investment partnerships	11	1		(3)
Net fair value gains on policyholder and investment partnership financial instruments	59	63		122
Administration expenses borne by policyholders and investors in investment partnerships	(48)	(62)		(125)
Profit before income tax	816	891	(8%)	1 692
Income tax expense	(794)	(194)		(411)
Taxation on shareholder profits (note 8)	(783)	(193)		(414)
Taxation on policyholder investment contracts	(11)	(1)		3
Profit for the period	22	697	(97%)	1 281
Other comprehensive (losses)/gains	(10)	(2)		30
Foreign currency translation differences for foreign operations	(10)	(2)		30
Total comprehensive income for the period	12	695		1 311
Profits attributable to:				
– equity holders of the company	22	697	(97%)	1 281
Profit for the period	22	697		1 281
Total comprehensive income attributable to:				
– equity holders of the company	12	695	(98%)	1 311
Total comprehensive income for the period	12	695		1 311
Earnings per share (cents)				
– basic	6.2	199.1	(97%)	366.3
– diluted	6.2	199.1	(97%)	366.3
Headline earnings per share (cents)				
– basic	6.2	199.1	(97%)	366.3
– diluted	6.2	199.1	(97%)	366.3

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	REVIEWED 31 MARCH 2023 R MILLION	REVIEWED 31 MARCH 2022 R MILLION	AUDITED 30 SEPT 2022 R MILLION
Assets			
Intangible assets	1 088	1 088	1 088
Equipment	26	17	15
Right-of-use assets	71	53	74
Investment in equity-accounted investees	38	39	41
Deferred tax assets	70	109	176
Investments backing policyholder funds and investments held through investment partnerships	60 359	60 081	54 718
Investment securities	754	1 918	1 341
Taxation receivable	4	119	62
Trade and other receivables	690	609	684
Cash and cash equivalents	320	258	656
Total assets	63 420	64 291	58 855
Liabilities			
Long-term borrowings (note 4)	478	446	481
Long-term other payables	40	32	6
Lease liabilities	107	85	106
Deferred tax liabilities	-	-	6
Policyholder investment contract liabilities and liabilities to holders of interests in investment partnerships	60 346	60 068	54 712
External investors in consolidated funds (note 6)	-	924	648
Trade and other payables	649	566	857
Tax payable (note 7)	351	-	-
Total liabilities	61 971	62 121	56 816
Net assets	1 449	2 170	2 039
Equity			
Share capital and premium	256	256	256
Retained earnings	1 050	1 794	1 630
Reserves	143	120	153
Total equity	1 449	2 170	2 039

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	TOTAL EQUITY R MILLION
Balance at 30 September 2021 (audited)	256	111	1 888	11	2 266
Total comprehensive income for the period					
Profit for the period			697		697
Other comprehensive losses					
Currency translation differences		(2)			(2)
Total comprehensive income for the period		(2)	697		695
Transactions with owners recorded directly to equity					
Share-based payments					
Dividends paid			(791)		(791)
Total transactions with owners			(791)		(791)
Balance at 31 March 2022 (reviewed)	256	109	1 794	11	2 170
Total comprehensive income for the period					
Profit for the period			584		584
Other comprehensive losses					
Currency translation differences		32			32
Total comprehensive income for the period		32	584		616
Transactions with owners recorded directly to equity					
Share-based payments				1	1
Dividends paid			(748)		(748)
Total transactions with owners			(748)	1	(747)
Balance at 30 September 2022 (audited)	256	141	1 630	12	2 039
Total comprehensive income for the period					
Profit for the period			22		22
Other comprehensive losses					
Currency translation differences		(10)			(10)
Total comprehensive income for the period		(10)	22		12
Transactions with owners recorded directly to equity					
Share-based payments					
Dividends paid			(602)		(602)
Total transactions with owners			(602)		(602)
Balance at 31 March 2023 (reviewed)	256	131	1 050	12	1 449

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	SIX MONTHS REVIEWED 31 MARCH 2023 R MILLION	SIX MONTHS REVIEWED 31 MARCH 2022 R MILLION	FULL YEAR AUDITED 30 SEPT 2022 R MILLION
Cash flows from operating activities			
Profit from fund management	683	984	1 819
Non-cash and other adjustments	200	40	119
Operating profit before changes in working capital	883	1 024	1 938
Working capital changes	(365)	(353)	(170)
(Increase)/decrease in trade and other receivables	(4)	68	(15)
Decrease in trade and other payables	(361)	(421)	(155)
Cash flows generated from/(utilised in) policyholders and investment partnership activities*	704	(956)	(1 081)
Cash generated from/(utilised in) operations	1 222	(285)	687
Interest on lease liabilities paid	(4)	(5)	(12)
Interest paid	(20)	(17)	(33)
Tax paid	(283)	(188)	(406)
Net cash generated from/(utilised in) operating activities	915	(495)	236
Cash flows from investing activities			
Finance and dividend income	18	6	16
Acquisition of equipment	(18)	(3)	(6)
Net disposal of investment securities	72	-	258
Net cash from investing activities	72	3	268
Cash flows from financing activities			
Dividends paid	(602)	(791)	(1 539)
Lease liabilities paid	(7)	(13)	(20)
Net cash utilised in financing activities	(609)	(804)	(1 559)
Increase/(decrease) in cash and cash equivalents	378	(1 296)	(1 055)
Net (decrease)/increase in cash and cash equivalents – shareholders	(326)	(340)	26
Net increase/(decrease) in cash and cash equivalents – policyholders and investment partnerships*	704	(956)	(1 081)
Cash and cash equivalents at beginning of period	6 460	7 485	7 485
Cash and cash equivalents at beginning of period – shareholders	656	600	600
Cash and cash equivalents at beginning of period – policyholders and investment partnerships*	5 804	6 885	6 885
Effect of exchange rate fluctuations on cash held	(10)	(2)	30
Cash and cash equivalents at end of period	6 828	6 187	6 460
Cash and cash equivalents at end of period – shareholders	320	258	656
Cash and cash equivalents at end of period – policyholders and investment partnerships*	6 508	5 929	5 804

* 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

	SIX MONTHS REVIEWED 31 MARCH 2023 R MILLION	SIX MONTHS REVIEWED 31 MARCH 2022 R MILLION	FULL YEAR AUDITED 30 SEPT 2022 R MILLION
Earnings attributable to shareholders	22	697	1 281
Earnings attributable to shareholders	22	697	1 281
Headline earnings attributable to shareholders	22	697	1 281
Earnings per share (cents)			
– basic	6.2	199.1	366.3
– diluted	6.2	199.1	366.3
Headline earnings per share (cents)			
– basic	6.2	199.1	366.3
– diluted	6.2	199.1	366.3
Dividend per share (cents)			
– interim	–	214.0	214.0
– final			172.0

CONDENSED CONSOLIDATED SEGMENT REPORT

	AFRICA			INTERNATIONAL			GROUP		
	SIX MONTHS REVIEWED 31 MARCH 2023 R MILLION	SIX MONTHS REVIEWED 31 MARCH 2022 R MILLION	FULL YEAR AUDITED 30 SEPT 2022 R MILLION	SIX MONTHS REVIEWED 31 MARCH 2023 R MILLION	SIX MONTHS REVIEWED 31 MARCH 2022 R MILLION	FULL YEAR AUDITED 30 SEPT 2022 R MILLION	SIX MONTHS REVIEWED 31 MARCH 2023 R MILLION	SIX MONTHS REVIEWED 31 MARCH 2022 R MILLION	FULL YEAR AUDITED 30 SEPT 2022 R MILLION
Segment external revenue	1 308	1 359	2 625	507	575	1 113	1 815	1 934	3 738
Segment operating expenses	(823)	(707)	(1 365)	(330)	(241)	(497)	(1 153)	(948)	(1 862)
Segment profit	485	652	1 260	177	334	616	662	986	1 876
Net finance and other expenses/(income)	(57)	3	(24)	78	(5)	(33)	21	(2)	(57)
Profit from fund management	428	655	1 236	255	329	583	683	984	1 819
Share of income of equity-accounted investee							2	3	5
Sundry gains/(losses)							120	(97)	(129)
Income/(expenses) attributable to policyholder linked assets and investment partnerships							11	1	(3)
Profit before income tax							816	891	1 692
Segment assets	1 038	1 895	1 635	823	960	1 197	1 861	2 855	2 832
Investments*							61 559	61 436	56 023
Total assets							63 420	64 291	58 855
Segment liabilities	826	919	1 100	799	210	350	1 625	1 129	1 450
Investor liabilities**							60 346	60 992	55 366
Total liabilities							61 971	62 121	56 816

Total tax on shareholder profits amounts to R783 million (31 March 2022: R193 million; 30 September 2022: R414 million) which has largely arisen from the international operations. Tax on policyholder investment contracts amounts to R11 million (31 March 2022: R1 million; 30 September 2022: tax loss of R3 million).

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

** Investor liabilities include policyholder investment contract liabilities and liabilities to holders of interest in investment partnerships and external investors in consolidated funds.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated interim 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 interim financial statements do not include all of the information required for a complete set of IFRS annual financial statements.

These condensed consolidated interim 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 interim financial statements are presented in South African Rand (R), rounded to the nearest million.

The preparation of the condensed consolidated interim 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:

- Assessing the impact of the Supreme Court of Appeal (SCA) judgement in favour of SARS, in relation to the SARS vs Coronation Investment Management South Africa (Pty) Ltd (CIMSA) tax matter, management has determined that the SCA judgement is an obligating event. The total obligation payable to SARS is management's best estimate as at 31 March 2023.

IFRS do not specifically address the accounting treatment for interest and penalties related to income taxes. The IFRS Interpretations Committee (IFRIC) discussed the accounting for interest and penalties and concluded that a reporting entity should apply and disclose its judgement in assessing whether interest or penalties are themselves income tax.

An entity must assess the facts of the particular matter to determine whether the entity has made a financing decision (intentional or due to an oversight) or whether a significant tax uncertainty exists and as such the total obligation is as a result of the tax uncertainty.

Where the entity has a dispute with the tax authorities and there is significant uncertainty regarding the amount of income tax to be paid, further consideration is required.

There has been a significant uncertainty within the Group regarding CIMSA's taxes due as a result of this dispute, due to a difference of opinion on tax treatment (interpretation of the provisions of s9D of the Income Tax Act no. 58 of 1962) between CIMSA and SARS. There was no delay in the payment of any taxes due (as calculated in terms of guidance provided by expert advice and CIMSA's interpretation of the law) as a result of a conscious decision to delay payment nor any administrative oversight. Therefore, any interest charged due to this significant uncertainty in tax treatment is not a financing expense and should be accounted for as an operating expense.

- The valuation of unlisted investments is a notable area of judgement applied in the preparation of these condensed consolidated interim 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; and
- 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.

The accounting policies applied in the presentation of the condensed consolidated interim financial statements are in terms of IFRS and are consistent with those presented in the 2022 annual financial statements. These reviewed results have been prepared under the supervision of N Salie CA (SA).

2 REVENUE FROM CONTRACTS WITH CUSTOMERS

	SIX MONTHS REVIEWED 31 MARCH 2023 R MILLION	SIX MONTHS REVIEWED 31 MARCH 2022 R MILLION	AUDITED 30 SEPT 2022 R MILLION
Management fees	1 660	1 662	3 277
Performance fees	155	272	461
	1 815	1 934	3 738

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

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

All revenue from contracts with customers is earned over time.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

3 RELATED PARTY TRANSACTIONS

Related party transactions for the interim period are similar to those disclosed in the Group's annual financial statements for the year ended 30 September 2022. No new significant related party transactions arose during the interim period.

4 LONG-TERM AND SHORT-TERM BORROWINGS

The cumulative redeemable preference shares with fixed rate dividends payable quarterly has a capital payment of R300 million (30 September 2022: R300 million) due on 1 April 2025.

In addition, a term loan facility of US\$10 million with Standard Bank of South Africa Ltd is reflected in long-term borrowings and amounts to R178 million (30 September 2022: R181 million).

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

5 FAIR VALUE DISCLOSURE

The table below analyses financial instruments carried at fair value. 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 assets or liabilities, 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 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 561 million (30 September 2022: R2 335 million and 31 March 2022: R2 644 million) have been excluded from the below table in current and prior periods 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
March 2023 (reviewed)				
Investments backing policyholder funds and investments held through investment partnerships	52 285	5 513	-	57 798
Investment securities	744	-	10	754
	53 029	5 513	10	58 552
Policyholder, external investor and investment partnership liabilities	-	57 785	-	57 785
March 2022 (reviewed)				
Investments backing policyholder funds and investments held through investment partnerships	52 820	4 617	-	57 437
Investment securities	1 908	-	10	1 918
	54 728	4 617	10	59 355
Policyholder, external investors and investment partnership liabilities	-	58 348	-	58 348
September 2022 (audited)				
Investments backing policyholder funds and investments held through investment partnerships	47 750	4 633	-	52 383
Investment securities	1 331	-	10	1 341
	49 081	4 633	10	53 724
Policyholder, external investors and investment partnership liabilities	-	52 981	-	52 981

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 values.

5 FAIR VALUE DISCLOSURE (continued)

During the current period, an amount of R199 million (30 September 2022: R88 million) in debentures included in investments backing policyholder 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 R214 million (30 September 2022: R185 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 1 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.

6 EXTERNAL INVESTORS IN CONSOLIDATED FUNDS

The Group's interest at period end in the Coronation Global Equity Income Fund* is 100% (30 September 2022: 100%), in the Coronation Emerging Markets Diversified Equity Fund* is 100% (30 September 2022: 0%) and in the Coronation International Equity Fund* is 100% (30 September 2022: 100%).

The Group consolidates the Coronation Global Equity Income Fund*, the Coronation Emerging Markets Diversified Equity Fund* and the Coronation International Equity Fund* due to the seed capital invested in the funds relative to the total fund size being significant.

During the year, the Group's interest in Coronation Global Equity Select [ZAR] Feeder Fund has decreased to 13% and Coronation no longer holds a significant interest in this fund and as such is no longer consolidated.

* Common Contractual Fund

7 TAX PAYABLE: SOUTH AFRICAN REVENUE SERVICE (SARS) MATTER

The Group has been the subject of a review by SARS on a matter of principle relating to its international operations, and assessed for the 2012 to 2017 financial periods, to which management has objected. In the 2021 financial year, this matter was heard in the Western Cape Tax Court ('the Court') and the Court ruled in the Group's favour on 17 September 2021. SARS subsequently appealed this judgment, and the matter was heard before the Supreme Court of Appeal ("SCA") on 17 November 2022. The SCA handed down its judgment on 7 February 2023, in which, based upon its interpretation of certain provisions of the Income Tax Act, upheld SARS' appeal and ordered CIMSA to pay additional taxes in respect of profits earned by its international operations, together with interest and costs. The SCA dismissed SARS' claim for penalties.

Management, supported by external legal advisers involved in the matter, have since applied to the Constitutional Court for leave to appeal the SCA judgement and remain confident that the matter will be heard by the Constitutional Court and of the Group's position.

Prior to the SCA ruling, a contingent liability was disclosed as a possible obligation existed at that point. The ruling by the SCA is considered as an obligating event and as such the Group has a present obligation to pay the additional taxes and interest. As a result and given that there has been no changes to the corporate structure, the total obligation payable to SARS includes all years of assessments from 2012 to 31 March 2023 and amounts to R716 million. The tax payable portion of the total obligation due is disclosed in the tax liability and the interest payable has been disclosed in trade and other payables.

The total obligation payable inclusive of interest but exclusive of any potential penalties is detailed below:

	R MILLION
Balance as at 30 September 2022	-
Raised during the period	716
Tax raised*	529
Interest raised	187
Payments made to SARS**	(274)
Balance as at 31 March 2023	442
Tax payable balance	351
Interest payable balance	91

* Tax raised includes an amount of R502 million of tax related to prior years and R27 million related to the current period.

** An amount of R55 million was paid to SARS in 2020 as security on the outstanding tax matter. On 28 March 2023, a payment amounting to R219 million was made to SARS on a non-prejudicial basis in order to facilitate the release of security ceded to SARS.

8 RECONCILIATION OF TAXATION ON SHAREHOLDER PROFITS

The rate of tax charged is different to the standard rate as detailed below:

	%	R MILLION
Tax on profit before tax, at SA rate of 27%	27.0%	217
Effect of tax rates in foreign jurisdictions	(3.6%)	(29)
Tax on capital gain	0.7%	6
Non-deductible expenses	12.3%	99
Tax exempt income	(2.7%)	(22)
Non-taxable income	(2.0%)	(16)
Effect of equity-accounted profits included net of tax	(0.1%)	(1)
Additional assessments: SARS Matter (note 7)	65.7%	529
	97.3%	783

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

As part of the SCA judgement handed down (as referenced in note 7), the SCA dismissed SARS' claim for penalties. Subsequent to this ruling, SARS lodged a cross-appeal to the Constitutional Court to appeal the SCA decision to dismiss the penalties. As such, we deem it necessary to disclose this as a contingent liability as the outflow and payment of these penalties is dependent on whether the Constitutional Court will accept the cross-appeal as well as the outcome of the appeal. Management, supported by external legal advisers, remains confident of the Group's position and an outflow related to the penalties is not considered probable.

10 RECONCILIATION OF FUND MANAGEMENT EARNINGS

Fund management earnings are used by management to measure operating financial performance, being profit for the period excluding 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.

	SIX MONTHS REVIEWED 31 MARCH 2023 R MILLION	SIX MONTHS REVIEWED 31 MARCH 2022 R MILLION	AUDITED 30 SEPT 2022 R MILLION
Headline earnings attributable to ordinary shareholders	22	697	1 281
Sundry (gains)/losses (condensed consolidated statement of comprehensive income)	(120)	97	129
Related tax* and bonus impact	52	(43)	(57)
(Losses)/earnings from fund management	(46)	751	1 353
Fund management (losses)/earnings per share (cents)	(13.0)	214.8	387.0
Diluted fund management (losses)/earnings per share (cents)	(13.0)	214.8	387.0

* 27% (2022: 28%) at capital gains inclusion rate

11 EVENTS AFTER THE REPORTING PERIOD

There were no significant events which occurred subsequent to the reporting date, up to the date of issuance of the condensed consolidated interim financial statements that required adjustment to or disclosure in the financial statements.

Directors:	A Watson (Chairman)*, A C Pillay (Chief Executive Officer), L Boyce*, N Brown*, J G February*, P Hadebe*, M A Musekiwa (Chief Financial Officer), H Nelson*, M Nhlumayo*, S Ntombela* (* Independent non-executive)
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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

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