



# REVIEWED CONDENSED CONSOLIDATED FINANCIAL RESULTS

*for the year ended 30 September 2022*



**CORONATION**

TRUST IS EARNED™

Assets under management (AUM)

R574  
billion

Diluted headline  
earnings per share

366.3  
cents

Fund management  
earnings per share

387.0  
cents

Final dividend  
per share

172.0  
cents

## ANNUAL RESULTS 2022

After a very strong recovery from the Covid lows in early 2020, global equity markets collapsed in 2022. Most asset classes declined precipitously as markets digested an unrelenting series of negative developments. Inflation, which soared to levels not seen in recent decades, and a dramatic increase in interest rates to curb it are likely to cause significant economic damage in the years to come.

Fund management companies are cyclical businesses that are heavily impacted by market movements. Our financial results for the period under review reflect the sharp declines seen across all asset classes globally.

In this challenging market environment, we experienced net outflows representing 6% of our average assets under management (AUM). This is in line with our expectations and it reflects the realities of a shrinking domestic savings pool. As a large domestic manager, we expect Coronation's flows to broadly reflect that of the South African savings pool and the economic reality within which it operates. Recent changes to Regulation 28 will further shrink the available pool of domestically managed assets.

For the period under review, average AUM was R621 billion, which is marginally higher than that of the previous year (September 2021: R617 billion). Closing AUM is 9% lower at R574 billion (September 2021: R634 billion). Reflecting the extreme volatility currently in markets, AUM as at 15 November 2022 has recovered to R610 billion.

Total expenses were down by 12% from the previous year, which is a significant decline considering the current inflationary environment. This is the result of our continued focus on managing fixed expenses, which were marginally up by 2%, and our variable expenditure model that has shielded shareholders from the extreme cost pressures that businesses around the world are currently experiencing. It is also worth noting that we continue to invest in the business to ensure that we are able to offer our clients world-class service in an ever-evolving landscape.

Fund management earnings per share (FMEPS) for the year ended 30 September 2022 decreased by 18% to 387.0 cents from 470.9 cents in the previous year. FMEPS is used by management to measure true operating financial performance. FMEPS excludes the net mark-to-market impact of fair value gains and losses and related foreign exchange movements on our investments held for seeding products. Diluted and basic headline earnings per share decreased by 25% to 366.3 cents (September 2021: 487.9 cents).

In 2023, the Company will celebrate its 30th anniversary. Our long-term investment track record over that period remains exemplary. Over the past three decades, 96% of our portfolios have outperformed their benchmarks.\*

## BUSINESS UPDATE AND CORPORATE CITIZENSHIP

We remain an active corporate citizen and are committed to contributing to an inclusive economy and a prosperous society. This year, we are proud to have been recognised for our continued efforts in the transformation and sustainability arenas, and we placed first for our gender reporting in Accenture's Gender Mainstreaming Awards and for our stewardship disclosure in the International Corporate Governance Network's Global Stewardship Disclosure Awards.

During the period under review, we continued to support education and training initiatives via our CSI and enterprise development programmes, and sharpened our focus on hunger relief initiatives in partnership with FoodForward SA and Ladles of Love.

Coronation is also an active participant in industry and government-related engagements to find solutions to reduce unemployment, improve the available skillset, kickstart growth and place South Africa on the road to economic recovery.

### 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. Our 2021 Stewardship Report (available on [www.coronation.com](http://www.coronation.com)) details our stewardship activities for that calendar year, including our position on climate change and the carbon emissions of our key equity portfolios. We continue to encourage companies to adopt the Taskforce for Climate-Related Financial Disclosure (TCFD) when reporting on climate risks in their businesses. We fully support the move to a greener, more sustainable and equitable world and will continue in our endeavours to engage on these matters. We are a participating investor in Climate Action 100+.

Coronation itself has fully committed to applying the TCFD framework when reporting on our business operations. We will publish our third carbon footprint assessment later this year, along with our first Sustainability Report.

## TRANSFORMATION AND EMPOWERMENT

Coronation is a Level 1 contributor to broad-based black economic empowerment, is 29% black owned and R269 billion, representing 47% of our total AUM, is managed by black investment professionals. Achieving a Level 1 rating is the result of years of dedication to meaningful and substantive broad-based transformation via our recruitment, enterprise development, procurement, and training and development initiatives.

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

# Level 1

*B-BBEE contributor as  
measured by the Financial  
Sector Code*

Our commitment to diversity is demonstrated by our diverse employee complement, with key senior leadership positions occupied by black individuals (three of whom are women). This includes our CEO, CFO, COO, Head of Institutional Business, Head of Fixed Interest, Head of Core Equity and Head of Absolute Return.

Of our South Africa-based employees:

- 51% are women;
- 63% are black, of whom 58% are black women;
- 86% of new appointees during the 2022 financial year are black; and
- 80% of our Board of Directors are black and 50% are women.

## CASH DIVIDEND

We continue to reward shareholders through regular and significant distributions of free cash flow generated. We endeavour to distribute a minimum of 75% of after-tax cash profit. After assessing any projected future cash requirements, a final gross dividend of 172.0 cents per share has been declared for the financial year ended 30 September 2022 from income reserves, resulting in a net dividend of 137.6 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, 22 November 2022
- Last day to trade cum dividend: Tuesday, 6 December 2022
- Trading ex-dividend commences: Wednesday, 7 December 2022
- Record date: Friday, 9 December 2022
- Payment date: Monday, 12 December 2022

Share certificates may not be dematerialised or rematerialised between Wednesday, 7 December 2022 and Friday, 9 December 2022, 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

We are deeply concerned by the plethora of challenges that economies and societies around the world will need to navigate in the years ahead and the consequent impact on people's ability to save. However, the steep, and often indiscriminate, sell-off in markets has created multiple opportunities for patient long-term investors.

We have taken full advantage of these opportunities and are very optimistic about the long-term prospects for our client portfolios. As an investment-led business, our primary focus remains 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.

In the tough and competitive fund management industry, our ability to consistently deliver outperformance, at scale, and over multi-decade periods is a significant differentiator. Our highly experienced and well-resourced investment team continues to employ the same long-term investment approach that has driven outperformance across a significant portion of our fund range for nearly three decades.

We will continue to manage the business to deliver long-term value to our clients, shareholders and other stakeholders.

## EXTERNAL AUDIT REVIEW

The external auditors, KPMG Inc., reviewed the condensed consolidated statement of financial position of Coronation Fund Managers Ltd as at 30 September 2022, 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 (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 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**  
Chairperson  
Cape Town  
22 November 2022

**Anton Pillay**  
Chief Executive Officer

**Mary-Anne Musekiwa**  
Chief Financial Officer

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	FULL YEAR REVIEWED 30 SEPT 2022 R MILLION	FULL YEAR AUDITED 30 SEPT 2021 R MILLION	%
			CHANGE
<b>Fund management activities</b>			
<b>Revenue (note 2)</b>	<b>3 738</b>	4 263	<b>(12%)</b>
Other (losses)/income	<b>(13)</b>	50	
<b>Total operating expenses</b>	<b>(1 862)</b>	(2 104)	<b>(12%)</b>
<b>Results from operating activities</b>	<b>1 863</b>	2 209	<b>(16%)</b>
Finance and dividend income	<b>16</b>	13	
Finance expense	<b>(60)</b>	(39)	
<b>Profit from fund management</b>	<b>1 819</b>	2 183	<b>(17%)</b>
Share of profit of equity-accounted investee	<b>5</b>	5	
Sundry (losses)/gains	<b>(129)</b>	106	
<b>(Losses)/income attributable to policyholder linked assets and investment partnerships</b>	<b>(3)</b>	10	
Net fair value gains on policyholder and investment partnership financial instruments	<b>122</b>	118	
Administration expenses borne by policyholders and investors in investment partnerships	<b>(125)</b>	(108)	
<b>Profit before income tax</b>	<b>1 692</b>	2 304	<b>(27%)</b>
<b>Income tax expense</b>	<b>(411)</b>	(597)	
Taxation on shareholder profits	<b>(414)</b>	(587)	
Taxation on policyholder investment contracts	<b>3</b>	(10)	
<b>Profit for the period</b>	<b>1 281</b>	1 707	<b>(25%)</b>
<b>Other comprehensive gains/(losses)</b>	<b>30</b>	(46)	
Foreign currency translation differences for foreign operations	<b>30</b>	(46)	
<b>Total comprehensive income for the period</b>	<b>1 311</b>	1 661	
<b>Profit attributable to:</b>			
– equity holders of the company	<b>1 281</b>	1 707	<b>(25%)</b>
<b>Profit for the period</b>	<b>1 281</b>	1 707	
<b>Total comprehensive income attributable to:</b>			
– equity holders of the company	<b>1 311</b>	1 661	<b>(21%)</b>
<b>Total comprehensive income for the period</b>	<b>1 311</b>	1 661	
<b>Earnings per share (cents)</b>			
– basic	<b>366.3</b>	487.9	<b>(25%)</b>
– diluted	<b>366.3</b>	487.9	<b>(25%)</b>
<b>Headline earnings per share (cents)</b>			
– basic	<b>366.3</b>	487.9	<b>(25%)</b>
– diluted	<b>366.3</b>	487.9	<b>(25%)</b>
<b>Dividend per share (cents)</b>			
– interim	<b>214.0</b>	244.0	<b>(12%)</b>
– final	<b>172.0</b>	226.0	<b>(23%)</b>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	REVIEWED 30 SEPT 2022 R MILLION	AUDITED 30 SEPT 2021 R MILLION
<b>Assets</b>		
Intangible assets	1 088	1 088
Equipment	15	18
Right-of-use assets	74	61
Investment in equity-accounted investees	41	41
Deferred tax assets	176	228
Investments backing policyholder funds and investments held through investment partnerships	54 718	60 786
Investment securities	1 341	1 278
Taxation receivable	62	54
Trade and other receivables	684	675
Cash and cash equivalents	656	600
<b>Total assets</b>	<b>58 855</b>	<b>64 829</b>
<b>Liabilities</b>		
Long-term borrowings (note 4)	481	451
Long-term other payables	6	61
Lease liabilities	106	94
Deferred tax liabilities	6	51
Policyholder investment contract liabilities and liabilities to holders of interests in investment partnerships	54 712	60 771
External investors in consolidated funds (note 6)	648	178
Trade and other payables	857	957
<b>Total liabilities</b>	<b>56 816</b>	<b>62 563</b>
<b>Net assets</b>	<b>2 039</b>	<b>2 266</b>
<b>Equity</b>		
Share capital and premium	256	256
Retained earnings	1 630	1 888
Reserves	153	122
<b>Total equity</b>	<b>2 039</b>	<b>2 266</b>

# 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
<b>Balance at 30 September 2020 (audited)</b>	256	157	1 752	10	2 175
<b>Total comprehensive income for the year</b>					
Profit for the year			1 707		1 707
<b>Other comprehensive losses</b>					
Currency translation differences		(46)			(46)
<b>Total comprehensive income for the year</b>		(46)	1 707		1 661
<b>Transactions with owners recorded directly to equity</b>					
Share-based payments				1	1
Dividends paid			(1 571)		(1 571)
Total transactions with owners			(1 571)	1	(1 570)
<b>Balance at 30 September 2021 (audited)</b>	256	111	1 888	11	2 266
Profit for the period			1 281		1 281
<b>Other comprehensive income</b>					
Currency translation differences		30			30
<b>Total comprehensive income for the period</b>		30	1 281		1 311
<b>Transactions with owners recorded directly to equity</b>					
Share-based payments				1	1
Dividends paid			(1 539)		(1 539)
Total transactions with owners			(1 539)	1	(1 538)
<b>Balance at 30 September 2022 (reviewed)</b>	256	141	1 630	12	2 039

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	FULL YEAR REVIEWED 30 SEPT 2022 R MILLION	FULL YEAR AUDITED 30 SEPT 2021 R MILLION
<b>Cash flows from operating activities</b>		
Profit from fund management	1 819	2 183
Non-cash and other adjustments	119	11
<b>Operating profit before changes in working capital</b>	<b>1 938</b>	2 194
Working capital changes	(170)	220
Cash flows (utilised in)/generated from policyholders and investment partnership activities*	(1 081)	1 662
<b>Cash generated from operations</b>	<b>687</b>	4 076
Interest on lease liabilities paid	(12)	(11)
Interest paid	(33)	(28)
Income taxes paid	(406)	(682)
<b>Net cash generated from operating activities</b>	<b>236</b>	3 355
<b>Cash flows from investing activities</b>		
Finance and dividend income	16	13
Acquisition of equipment	(6)	(11)
Net disposal of investment securities	258	16
<b>Net cash from investing activities</b>	<b>268</b>	18
<b>Cash flows from financing activities</b>		
Dividends paid	(1 539)	(1 571)
Lease liabilities paid	(20)	(13)
<b>Net cash utilised in financing activities</b>	<b>(1 559)</b>	(1 584)
<b>(Decrease)/increase in cash and cash equivalents</b>	<b>(1 055)</b>	1 789
Net increase in cash and cash equivalents - shareholders	26	127
Net (decrease)/increase in cash and cash equivalents - policyholders and investment partnerships*	(1 081)	1 662
<b>Cash and cash equivalents at beginning of period</b>	<b>7 485</b>	5 742
Cash and cash equivalents at beginning of period – shareholders	600	519
Cash and cash equivalents at beginning of period – policyholders and investment partnerships*	6 885	5 223
<b>Effect of exchange rate fluctuations on cash held</b>	<b>30</b>	(46)
<b>Cash and cash equivalents at end of period</b>	<b>6 460</b>	7 485
Cash and cash equivalents at end of period – shareholders	656	600
Cash and cash equivalents at end of period – policyholders and investment partnerships*	5 804	6 885

\* 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

	FULL YEAR REVIEWED 30 SEPT 2022 R MILLION	FULL YEAR AUDITED 30 SEPT 2021 R MILLION
Earnings attributable to shareholders	1 281	1 707
<b>Earnings attributable to shareholders</b>	<b>1 281</b>	<b>1 707</b>
<b>Headline earnings attributable to shareholders</b>	<b>1 281</b>	<b>1 707</b>
<b>Earnings per share (cents)</b>		
– basic	366.3	487.9
– diluted	366.3	487.9
<b>Headline earnings per share (cents)</b>		
– basic	366.3	487.9
– diluted	366.3	487.9

# CONDENSED CONSOLIDATED SEGMENT REPORT

	AFRICA		INTERNATIONAL		GROUP	
	FULL YEAR REVIEWED 30 SEPT 2022 R MILLION	FULL YEAR AUDITED 30 SEPT 2021 R MILLION	FULL YEAR REVIEWED 30 SEPT 2022 R MILLION	FULL YEAR AUDITED 30 SEPT 2021 R MILLION	FULL YEAR REVIEWED 30 SEPT 2022 R MILLION	FULL YEAR AUDITED 30 SEPT 2021 R MILLION
<b>Segment external revenue</b>	<b>2 625</b>	2 830	<b>1 113</b>	1 433	<b>3 738</b>	4 263
<b>Segment operating expenses</b>	<b>(1 365)</b>	(1 546)	<b>(497)</b>	(558)	<b>(1 862)</b>	(2 104)
<b>Segment profit</b>	<b>1 260</b>	1 284	<b>616</b>	875	<b>1 876</b>	2 159
Net finance and other income/(expenses)	<b>(24)</b>	29	<b>(33)</b>	(5)	<b>(57)</b>	24
<b>Profit from fund management</b>	<b>1 236</b>	1 313	<b>583</b>	870	<b>1 819</b>	2 183
Share of income of equity-accounted investee					<b>5</b>	5
Sundry (losses)/gains					<b>(129)</b>	106
(Losses)/income attributable to policyholder linked assets and investment partnerships					<b>(3)</b>	10
<b>Profit before income tax</b>					<b>1 692</b>	2 304
Segment assets	<b>1 635</b>	1 458	<b>1 197</b>	1 167	<b>2 832</b>	2 625
Investments*					<b>56 023</b>	62 204
<b>Total assets</b>					<b>58 855</b>	64 829
Segment liabilities	<b>1 100</b>	1 112	<b>350</b>	451	<b>1 450</b>	1 563
Investor liabilities**					<b>55 366</b>	61 000
<b>Total liabilities</b>					<b>56 816</b>	62 563

\* 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 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;
- ▶ the 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 2021 annual financial statements.

On 23 February 2022, the Minister of Finance announced a change in the corporate tax rate from 28% to 27% effective for years of assessment ending on or after 31 March 2023. This resulted in a change in the rate of deferred tax for the current reporting period. The reduction of 1% in the corporate tax rate did not have a material impact on the condensed consolidated financial statements.

These condensed consolidated financial statements have been prepared under the supervision of N Salie CA(SA). These reviewed condensed consolidated financial statements were approved on 22 November 2022.

## 2 REVENUE FROM CONTRACTS WITH CUSTOMERS

	FULL YEAR REVIEWED 30 SEPT 2022 R MILLION	FULL YEAR AUDITED 30 SEPT 2021 R MILLION
Management fees	3 277	3 285
Performance fees	461	978
	<b>3 738</b>	4 263

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.

## 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 2021. No new significant related party transactions arose during the year.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 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 2021: R300 million) due on 1 April 2025.

In addition, long-term borrowings at year-end reflect a term loan facility of R181 million (30 September 2021: R151 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.

### 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 335 million (30 September 2021: R3 983 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
<b>September 2022 (reviewed)</b>				
Investments backing policyholder funds and investments held through investment partnerships	47 750	4 633	-	52 383
Investment securities	1 331	-	10	1 341
	<b>49 081</b>	<b>4 633</b>	<b>10</b>	<b>53 724</b>
Policyholder, external investor and investment partnership liabilities	-	53 025	-	53 025
<b>September 2021 (audited)</b>				
Investments backing policyholder funds and investments held through investment partnerships	52 028	4 775	-	56 803
Investment securities	1 268	-	10	1 278
	<b>53 296</b>	<b>4 775</b>	<b>10</b>	<b>58 081</b>
Policyholder, external investor and investment partnership liabilities	-	56 788	-	56 788

During the current year, an amount of R88 million (30 September 2021: R243 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 R185 million (30 September 2021: 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 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.

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

The Group's interest at year-end in the Coronation Global Equity Select [ZAR] Feeder Fund is 21% (30 September 2021: 19%); and its interest in the Coronation Global Sustainable Equity Income Fund\* is 100% (30 September 2021: 100%) and in the Coronation International Equity Fund\* is 100% (30 September 2021: 100%) and its holding in Coronation Emerging Markets Diversified Equity Fund\* is 100%.

The Group consolidates the Coronation Global Equity Select [ZAR] Feeder Fund; the Coronation Global Sustainable Equity Income Fund\* and the Coronation International Equity Fund\* due to the seed capital invested in the funds relative to the total fund size being significant. In the current year, the Group seeded the Coronation Emerging Markets Diversified Equity Fund\* and is the largest unitholder in these funds and as such will consolidate this fund.

During the year, the Group's interest in Coronation Global Frontiers Fund and Coronation Sustainable Global Emerging Markets Fund\* has decreased and Coronation no longer holds any interest in these funds and as such is no longer consolidated.

\* *Common Contractual Fund*

## 7 UNCONSOLIDATED STRUCTURED ENTITIES

*Intembeko Investment Administrators (Pty) Ltd (IntIA), Intembeko Solutions (Pty) Ltd and the Utolo Trust*

IntIA, a black-owned and managed transfer agency service provider in South Africa, commenced providing transfer agency administration services to Coronation in 2018. The total amount paid to IntIA in respect of transfer agency services was R60 million (2021: R52 million) for the year ended 30 September 2022. In addition, IntIA paid Coronation for access to information technology licences to the value of R29 million (2021: R31 million) for the year ended 30 September 2022.

Intembeko Solutions (Pty) Ltd is a newly formed entity which will provide consulting services for information systems within the financial services industry. Coronation's financial exposure to IntIA and Intembeko Solutions is not considered to be significant in relation to the statement of financial position of the Coronation Group and is limited to interest-free loans which have been provided to support the businesses.

All transactions with IntIA and Intembeko Solutions, other than the loan finance referred to above, are on market-related terms.

The majority ultimate shareholder in IntIA and Intembeko Solutions is the Utolo Trust (60%). The primary activity of the Utolo Trust is the holding of investment assets, including IntIA and Intembeko Solutions, for the benefit of black beneficiaries.

Coronation does not hold any equity interest in IntIA and Intembeko Solutions and has no other contractual arrangements which could give Coronation control. In addition, Coronation has no majority representation on the board of trustees of the Utolo Trust nor any representation on the board of IntIA and Intembeko Solutions, (together with its inability to appoint trustees or directors in respect of these entities), Coronation has no power or ability to influence the returns over the Utolo Trust nor IntIA and Intembeko Solutions.

The directors have considered the above factors in respect of International Financial Reporting Standards and have concluded that Coronation does not control the Utolo Trust or IntIA and Intembeko Solutions.

*Imvula Capital II (Pty) Ltd and Imvula II Trust*

In keeping with objective of the Trust to enhance the participation of Black Persons in the financial industry a transaction was executed whereby the current 1.4 million unallocated shares in Imvula II Trust were leveraged to purchase an additional 1.4 million shares, the total of which is to be allocated to beneficiaries. The funding for the transaction was received in Coronation Investment Management South Africa (Pty) Ltd and on-lent to Imvula Capital II which in-turn provided a capital contribution to Imvula II Trust to enable Imvula II Trust to purchase the shares. The dividend flow from the shares will be utilised to pay off the debt funding.

Imvula Capital II is a 100% held subsidiary of Imvula II Trust which is a special purpose vehicle created for the purpose of facilitating the financing of the share purchase by Imvula II Trust. Imvula II Trust has ultimate power to control Imvula Capital II as the only shareholder by virtue of the fact that it can appoint and remove directors of Imvula Capital II. Further, the Imvula II Trust is governed by an independent board of Trustees which constitutes the decision making authority of the Imvula II Trust and Coronation does not have the ability to appoint or remove Trustees of the Trust.

The directors have considered the above factors in respect of IFRS and have concluded that Coronation does not control the Imvula Capital II nor Imvula II Trust.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 8 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. This matter was 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 judgment. 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.

### 9 RECONCILIATION OF FUND MANAGEMENT EARNINGS

Fund management earnings are used by management to measure operating financial performance, being profit for the year excluding the net impact of fair value gains and losses and related foreign exchange on investment securities held by the Group for seeding products. 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.

	FULL YEAR REVIEWED 30 SEPT 2022 R MILLION	FULL YEAR AUDITED 30 SEPT 2021 R MILLION
Headline earnings attributable to ordinary shareholders	1 281	1 707
Sundry losses/(gains) (condensed consolidated statement of comprehensive income)	129	(106)
Related tax (28% at capital gains inclusion rate) and bonus impact	(57)	46
Earnings from fund management	<b>1 353</b>	1 647
Fund management earnings per share (cents)	<b>387.0</b>	470.9
Diluted fund management earnings per share (cents)	<b>387.0</b>	470.9

### 10 EVENTS AFTER THE REPORTING PERIOD

#### Dividends paid

The final cash dividend for the 2022 financial year of R602 million (172 cents per share) was declared based on the actual shares in issue of 349 799 102.

**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)

**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](http://www.coronation.com)

**Sponsor:** PSG Capital (Pty) Ltd

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