



# INTERIM RESULTS

*for the six months ended 31 March 2024*



**CORONATION**

TRUST IS EARNED™

Assets under management

R631  
billion

Fund management  
earnings per share

185.8  
cents

Interim dividend  
per share

185.0  
cents

Level 1  
contributor to B-BBEE

## CORONATION FUND MANAGERS' INTERIM RESULTS 2024

Last year, we celebrated the noteworthy milestone of our 30th birthday, a testament to the resilience of our client-focused operating model and owner-managed culture. Our mission remains unchanged from when we first opened our doors in 1993: to deliver long-term investment outperformance for our clients. As of 31 March 2024, Coronation's Global Houseview Strategy (a Regulation 28-compliant balanced fund) has delivered a since-inception return of 15% per annum. This means that if you had invested R100 000 in October 1993, you would now have R7.2 million, compared to the R5.0 million returned by the benchmark. This is an uplift of almost 50%<sup>1</sup> and evidence of the effective application of our single, valuation-driven investment philosophy over time.

Coronation is a focused and independent active asset manager operating in a tough global environment that has seen many firms consolidate or close their doors. Our business has grown organically from a start-up investment boutique to the custodian of R631 billion of assets that we manage on behalf of millions of South Africans and a range of high-quality international institutional investors.

Our large, stable investment team is fully integrated across global markets, and we are one of a small group of local firms that can offer clients access to a well-established offshore capability that spans developed and emerging markets across the major asset classes.

The complexities and uncertainties at play in the global operating environment continue to deepen, while in South Africa, we face a unique set of economic challenges. In the six months under review, global equity markets delivered strong returns, while SA equity market returns remained relatively anaemic. Despite these considerable headwinds, Coronation has delivered exceptional multi-decade outperformance across our fund range, with close to 95% of our portfolios<sup>2</sup> delivering since-inception alpha to investors, while short-term performance is also highly encouraging.

For the six months under review, total assets under management (AUM) have increased by 5% to R631 billion (30 September 2023: R602 billion) and average AUM was flat at R619 billion when compared to R618 billion as at 31 March 2023.

Net outflows for the period were in line with our expectations at 4% of average AUM. This is largely due to the weak SA savings industry, to which Coronation is significantly exposed. It also reflects the experience of the broader industry, as active asset managers around the world experience persistent net outflows. We expect that the domestic savings industry will continue to contract, as South Africa struggles to kickstart economic growth, formal employment remains stagnant, and households remain under pressure, exacerbated by the ongoing externalisation of both retirement and discretionary savings. We also expect a near-term uptick in industry-wide outflows once the new two-pot retirement system comes into play. However, we believe that this reform is positive for South African savers and the local savings industry over the long term.

Total operating expenses, excluding the impact of the tax matter, are up by 5% year on year. While we manage costs meticulously, we also need to look to the future and will continue to invest in our businesses to ensure that we use our scale and expertise to amplify our ability to compete globally. Areas of consistent investment include client service systems, resources to strengthen both our local and global investment capabilities, optimising information and technology systems and data management, and ensuring high standards of compliance in a demanding global regulatory environment.

We are pleased to note that fund management earnings per share (FMEPS) were 185.8 cents as at 31 March 2024 (194.7 cents excluding the impact of the tax matter<sup>3</sup>) on the back of improved revenues and our enduring focus on expense management. The tax matter<sup>3</sup> was heard by the Constitutional Court on 13 February 2024 and we await its judgment.

## TRANSFORMATION AND DIVERSITY

Our stakeholders and clients will know that the transformation of our own business and the broader industry has been a key driver of our business from the start. We are proud of the significant contribution we have made to the transformation of our industry over the past three decades.

We have maintained our Level 1 contributor status to B-BBEE<sup>4</sup> since 2021, and we are 31% black-owned<sup>4</sup>, with R263 billion (42% of total AUM) managed by black investment professionals. Of our SA-based employees, 64% are black and 50% are women. Key leadership positions are held by black leaders, including our CEO, CFO, COO, Global Head of Institutional Business, Head of Fixed Interest, Head of Core Equity and Head of Absolute Return.

<sup>1</sup> Since inception, Coronation Balanced Plus, the unit trust equivalent of the strategy, launched in 1996, has delivered 2.4% above CPI+5% and 1.5% above its peer group average; this is 83% and 46% more capital, respectively.

<sup>2</sup> Company-wide, asset-weighted, since-inception for funds with ≥10-year track record.

<sup>3</sup> Refer to Note 7 of the appended condensed consolidated financial statements.

<sup>4</sup> FSC scorecard.

At Coronation, fostering a diverse and inclusive culture underpinned by excellence is not negotiable. We dedicate considerable resources to ensure that we recruit, develop and retain professionals who will help us achieve the best outcomes for our clients and stakeholders. In an industry where skills are scarce and competition is intense, a sharp focus on talent management and maintaining our strong culture of ownership (currently 29% employee-owned) is key to our continued success.

One of Coronation's considerable strengths is the stability of our team, with many of our top investment and senior operational roles occupied by long-tenured colleagues. However, we also look to the long term and the value that young minds bring to the table, which is why we pay particular attention to development and succession planning.

We do this through various in-house training and development programmes, as well as funding further education, such as CFA qualifications. This year, all the graduates in our internship programme are black and 60% are women. Over time, we have placed 52 of our interns in permanent positions at Coronation.

Extending beyond our business, we have made significant inroads in transforming the South African financial services industry. Aside from nurturing talent internally, we also award full bursaries to students from disadvantaged backgrounds who are pursuing careers in finance. Over the years we have established four black-owned financial services companies; provided financial and training support to black brokerages, independent financial advisers and analysts via partnerships with industry bodies; and supported black-owned businesses through our Preferential Procurement Policy.

As a demonstration of our commitment to gender equality in our industry, we are a signatory to the UN-supported Women's Empowerment Principles and a global corporate member of 100 Women in Finance (100WF), an organisation dedicated to advancing gender equity in the financial services industry. Our dedication to transformation and diversity initiatives has seen us place first in several prestigious local and international awards. Most recently, we won the 100WF's EMEA Diversity & Inclusion Award, which recognises organisations that are driving change and shaping the future of women in the financial services industry. As the drive to accelerate the transformation of the asset management arena gains momentum globally, we will identify ways in which we can improve representation across both race and gender.

## **STEWARDSHIP**

We have been active stewards of our clients' capital for more than 30 years, with the goal of delivering long-term outperformance to the benefit of all of our stakeholders. While ESG and sustainability requirements have grown more complex over the last decade, we have always considered these factors and related externalities in our investment and business processes. Our ESG research and stewardship activities help us to identify and mitigate risks, ensure good governance and understand the drivers of sustainable value. Our sixth annual Stewardship Report, due to be published by June this year, will detail our active ownership activities for the calendar year 2023. It will also set out how our stewardship approach allows us to gain a holistic understanding of the underlying issues facing investee companies, how they are responding to these issues, and how we can advocate for change proactively and responsibly.

From a social impact perspective, entrepreneurship as well as primary school literacy and numeracy initiatives remain at the heart of our CSI programmes, along with a focus on providing hunger relief to schools and vulnerable communities in need.

## **INTERIM DIVIDEND**

As per our policy, we endeavour to distribute a minimum of 75% of after-tax cash profit. After fully assessing any projected future cash requirements, an interim gross dividend of 185.0 cents per share has been declared for the six months ended 31 March 2024 from income reserves, resulting in a net dividend of 148.0 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, 21 May 2024
Last day to trade cum dividend:	Tuesday, 11 June 2024
Trading ex-dividend commences:	Wednesday, 12 June 2024
Record date:	Friday, 14 June 2024
Payment date:	Tuesday, 18 June 2024

Share certificates may not be dematerialised or rematerialised between 12 June 2024 and 14 June 2024, 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 349 592 298. Coronation's tax reference number is 9 675 107 719.

## PROSPECTS

We expect the difficult operating environment to extend into the foreseeable future. Coronation is a Top 100 JSE-listed company, a leading South African asset management firm, and a household name, positions we have worked hard to earn.

We have operated successfully through numerous cycles and remain a resilient, well-capitalised and sustainable business. We will continue to invest in our business and remain committed to the delivery of superior long-term investment returns while fulfilling our role as an active and responsible investor, employer and corporate citizen.

## 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 2024, 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). The unmodified review report of KPMG Inc. is included as Annexure A of these condensed consolidated interim financial statements and is available on the JSE cloudlink as well as the Coronation website.

The auditor's review report does not necessarily report on all of the information contained in this interim results. 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. Any forward-looking information contained in this interim results has not been reviewed or reported on by the Company's external auditors.

**Alexandra Watson**  
Chairperson

Cape Town  
21 May 2024

**Anton Pillay**  
Chief Executive Officer

**Mary-Anne Musekiwa**  
Chief Financial Officer

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	SIX MONTHS REVIEWED 31 MARCH 2024 R MILLION	SIX MONTHS REVIEWED 31 MARCH 2023 R MILLION	% CHANGE	FULL YEAR AUDITED 30 SEPT 2023 R MILLION
<b>Fund management activities</b>				
<b>Revenue (note 2)</b>	<b>1 893</b>	1 815	<b>4%</b>	3 647
Other income	22	29		76
<b>Total operating expenses</b>	<b>(1 076)</b>	(1 153)	<b>(7%)</b>	(2 154)
<b>Results from operating activities</b>	<b>839</b>	691	<b>21%</b>	1 569
Finance and dividend income	35	18		50
Finance expense	(17)	(26)		(58)
<b>Profit from fund management</b>	<b>857</b>	683	<b>26%</b>	1 561
Share of profit of equity-accounted investee	2	2		5
Sundry gains	91	120		110
<b>Income attributable to policyholder linked assets and investment partnerships</b>	<b>9</b>	11		13
Net fair value gains on policyholder and investment partnership financial instruments	18	59		118
Administration expenses borne by policyholders and investors in investment partnerships	(9)	(48)		(105)
<b>Profit before income tax</b>	<b>959</b>	816	<b>18%</b>	1 689
<b>Income tax expense</b>	<b>(258)</b>	(794)		(1 049)
Taxation on shareholder profits (note 8)	(249)	(783)		(1 036)
Taxation on policyholder investment contracts	(9)	(11)		(13)
<b>Profit for the period</b>	<b>701</b>	22	<b>3 086%</b>	640
<b>Other comprehensive gains/(losses)</b>	<b>2</b>	(10)		(6)
Foreign currency translation differences for foreign operations	2	(10)		(6)
<b>Total comprehensive income for the period</b>	<b>703</b>	12		634
<b>Profits attributable to:</b>				
– equity holders of the company	701	22	3 086%	640
<b>Profit for the period</b>	<b>701</b>	22		640
<b>Total comprehensive income attributable to:</b>				
– equity holders of the company	703	12	5 758%	634
<b>Total comprehensive income for the period</b>	<b>703</b>	12		634
<b>Earnings per share (cents)</b>				
– basic	200.5	6.2	3 134%	182.9
– diluted	200.5	6.2	3 134%	182.9
<b>Headline earnings per share (cents)</b>				
– basic	200.5	6.2	3 134%	182.9
– diluted	200.5	6.2	3 134%	182.9

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	REVIEWED 31 MARCH 2024 R MILLION	REVIEWED 31 MARCH 2023 R MILLION	AUDITED 30 SEPT 2023 R MILLION
<b>Assets</b>			
Intangible assets	1 088	1 088	1 088
Equipment	19	26	26
Right-of-use assets	53	71	58
Investment in equity-accounted investees	38	38	41
Deferred tax assets	92	70	175
Investments backing policyholder funds and investments held through investment partnerships	64 315	60 359	61 483
Investment securities	959	754	639
Taxation receivable	–	4	–
Trade and other receivables	657	690	686
Cash and cash equivalents	876	320	1 141
<b>Total assets</b>	<b>68 097</b>	<b>63 420</b>	<b>65 337</b>
<b>Liabilities</b>			
Long-term borrowings (note 4)	533	478	535
Long-term other payables	57	40	29
Lease liabilities	77	107	88
Deferred tax liabilities	–	–	41
Policyholder investment contract liabilities and liabilities to holders of interests in investment partnerships	64 294	60 346	61 469
External investors in consolidated funds (note 6)	218	–	–
Tax payable (note 7)	156	351	433
Trade and other payables	561	649	669
<b>Total liabilities</b>	<b>65 896</b>	<b>61 971</b>	<b>63 264</b>
<b>Net assets</b>	<b>2 201</b>	<b>1 449</b>	<b>2 073</b>
<b>Equity</b>			
Share capital and premium	256	256	256
Retained earnings	1 792	1 050	1 668
Reserves	153	143	149
<b>Total equity</b>	<b>2 201</b>	<b>1 449</b>	<b>2 073</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 2022 (audited)</b>	256	141	1 630	12	2 039
<b>Total comprehensive income for the period</b>					
Profit for the period			22		22
<b>Other comprehensive losses</b>					
Currency translation differences		(10)			(10)
<b>Total comprehensive income for the period</b>		(10)	22		12
<b>Transactions with owners recorded directly to equity</b>					
Share-based payments					
Dividends paid			(602)		(602)
Total transactions with owners			(602)		(602)
<b>Balance as at 31 March 2023 (reviewed)</b>	256	131	1 050	12	1 449
<b>Total comprehensive income for the period</b>					
Profit for the period			618		618
<b>Other comprehensive income</b>					
Currency translation differences		4			4
<b>Total comprehensive income for the period</b>		4	618		622
<b>Transactions with owners recorded directly to equity</b>					
Share-based payments				2	2
Dividends paid					
Total transactions with owners				2	2
<b>Balance at 30 September 2023 (audited)</b>	256	135	1 668	14	2 073
<b>Total comprehensive income for the period</b>					
Profit for the period			701		701
<b>Other comprehensive income</b>					
Currency translation differences		3			3
<b>Total comprehensive income for the period</b>		3	701		704
<b>Transactions with owners recorded directly to equity</b>					
Share-based payments				1	1
Dividends paid			(577)		(577)
Total transactions with owners			(577)	1	(576)
<b>Balance at 31 March 2024 (reviewed)</b>	256	138	1 792	15	2 201

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	SIX MONTHS REVIEWED 31 MARCH 2024 R MILLION	SIX MONTHS REVIEWED 31 MARCH 2023 R MILLION	FULL YEAR AUDITED 30 SEPT 2023 R MILLION
<b>Cash flows from operating activities</b>			
Profit from fund management	857	683	1 561
Non-cash and other adjustments	6	200	2
<b>Operating profit before changes in working capital</b>	<b>863</b>	883	1 563
<b>Working capital changes</b>	<b>(52)</b>	(365)	(175)
Decrease/(increase) in trade and other receivables	28	(4)	(10)
Decrease in trade and other payables	(80)	(361)	(165)
Cash flows generated from/(utilised in) policyholders and investment partnership activities*	1 139	704	(21)
<b>Cash generated from operations</b>	<b>1 950</b>	1 222	1 367
Interest on lease liabilities paid	(3)	(4)	(7)
Interest paid	(17)	(20)	(36)
Tax paid	(497)	(283)	(512)
<b>Net cash generated from operating activities</b>	<b>1 433</b>	915	812
<b>Cash flows from investing activities</b>			
Finance and dividend income	32	18	43
Acquisition of equipment	-	(18)	(25)
Net (purchase)/disposal of investment securities	(3)	72	210
<b>Net cash from investing activities</b>	<b>29</b>	72	228
<b>Cash flows from financing activities</b>			
Dividends paid	(577)	(602)	(602)
Proceeds from long term borrowings	-	-	46
Lease liabilities paid	(11)	(7)	(14)
Repayment of long term liabilities	(2)	-	-
<b>Net cash utilised in financing activities</b>	<b>(590)</b>	(609)	(570)
<b>Increase in cash and cash equivalents</b>	<b>872</b>	378	470
Net (decrease)/ increase in cash and cash equivalents – shareholders	(267)	(326)	491
Net increase/(decrease) in cash and cash equivalents – policyholders and investment partnerships*	1 139	704	(21)
<b>Cash and cash equivalents at beginning of period</b>	<b>6 924</b>	6 460	6 460
Cash and cash equivalents at beginning of period – shareholders	1 141	656	656
Cash and cash equivalents at beginning of period – policyholders and investment partnerships*	5 783	5 804	5 804
<b>Effect of exchange rate fluctuations on cash held</b>	<b>2</b>	(10)	(6)
<b>Cash and cash equivalents at end of period</b>	<b>7 798</b>	6 828	6 924
Cash and cash equivalents at end of period – shareholders	876	320	1 141
Cash and cash equivalents at end of period – policyholders and investment partnerships*	6 922	6 508	5 783

\* 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 2024 R MILLION	SIX MONTHS REVIEWED 31 MARCH 2023 R MILLION	FULL YEAR AUDITED 30 SEPT 2023 R MILLION
Earnings attributable to shareholders	701	22	640
Headline earnings attributable to shareholders	701	22	640
<b>Earnings per share (cents)</b>			
- basic	200.5	6.2	182.9
- diluted	200.5	6.2	182.9
<b>Headline earnings per share (cents)</b>			
- basic	200.5	6.2	182.9
- diluted	200.5	6.2	182.9
<b>Dividend per share (cents)</b>			
- interim	185.0	-	-
- final			165.0

# CONDENSED CONSOLIDATED SEGMENT REPORT

	AFRICA			INTERNATIONAL			GROUP		
	SIX MONTHS REVIEWED 31 MARCH 2024 R MILLION	SIX MONTHS REVIEWED 31 MARCH 2023 R MILLION	FULL YEAR AUDITED 30 SEPT 2023 R MILLION	SIX MONTHS REVIEWED 31 MARCH 2024 R MILLION	SIX MONTHS REVIEWED 31 MARCH 2023 R MILLION	FULL YEAR AUDITED 30 SEPT 2023 R MILLION	SIX MONTHS REVIEWED 31 MARCH 2024 R MILLION	SIX MONTHS REVIEWED 31 MARCH 2023 R MILLION	FULL YEAR AUDITED 30 SEPT 2023 R MILLION
Segment external revenue	1 328	1 308	2 568	565	507	1 079	1 893	1 815	3 647
Segment operating expenses	(787)	(823)	(1 559)	(289)	(330)	(595)	(1 076)	(1 153)	(2 154)
Segment profit	541	485	1 009	276	177	484	817	662	1 493
Net finance and other income/(expenses)	39	(57)	127	1	78	(59)	40	21	68
Profit from fund management	580	428	1 136	277	255	425	857	683	1 561
Share of income of equity-accounted investee	2	2	5	-	-	-	2	2	5
Sundry gains							91	120	110
Income attributable to policyholder linked assets and investment partnerships							9	11	13
Profit before income tax							959	816	1 689
Segment assets	1 577	1 038	1 426	987	823	1 124	2 564	1 861	2 550
Investments and other assets*							65 533	61 559	62 787
Total assets							68 097	63 420	65 337
Segment liabilities	1 049	826	984	553	799	770	1 602	1 625	1 754
Investor liabilities**							64 294	60 346	61 510
Total liabilities							65 896	61 971	63 264

Total tax on shareholder profits amounts to R249 million (31 March 2023: R783 million; 30 September 2023: R1 036 million). Tax on policyholder investment contracts amounts to R9 million (31 March 2023: R11 million; 30 September 2023: R13 million).

\* Investments are attributable to investments backing policyholder funds and investments held through investment partnerships (31 March 2024: R64 315 million; 31 March 2023: R60 359 million and 30 September 2023: R61 483 million), 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 International Accounting Standard 34 Interim Financial Reporting (IAS 34); the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (the Listings Requirements of the JSE Ltd); 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<sup>®</sup> Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) 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 IAS 34, 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 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;
- 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 impact of the Supreme Court of Appeal (SCA) judgment in favour of SARS, in relation to SARS vs Coronation Investment Management SA (Pty) Ltd (CIMSA) tax matter, management has determined that the SCA judgment is an obligating event. The related taxation payable recognised is management's best estimate of the obligation as at 31 March 2024. IFRS Accounting Standards do not specifically address the accounting treatment for interest and penalties related to income taxes. The International Financial Reporting Standards 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 was a significant uncertainty regarding CIMSA taxes due as a result of this dispute, due to a difference of opinion on tax treatment (interpretation of the provisions of s9D) 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. As a result, any interest charged due to this significant uncertainty in tax treatment should be accounted for as an operating expense. In addition, should the Group be liable for any penalties these will be accounted for as an operating expense as well.

The accounting policies applied in the presentation of the condensed consolidated financial statements are consistent with those presented in the 2023 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 2024 R MILLION	SIX MONTHS REVIEWED 31 MARCH 2023 R MILLION	AUDITED 30 SEPT 2023 R MILLION
Management fees	1 678	1 660	3 353
Performance fees	215	155	294
	<b>1 893</b>	<b>1 815</b>	<b>3 647</b>

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 PARTIES

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 2023. No new significant related party transactions arose during the interim period other than the consolidation of the fund listed in note 6.

Ms. Alethea Conrad has been appointed as an independent non-executive director of the Group with effect from 22 December 2023.

### 4 LONG-TERM AND SHORT-TERM BORROWINGS

The cumulative redeemable preference shares with fixed rate dividends payable quarterly have a capital payment of R300 million (30 September 2023: R300 million) due on 1 April 2025.

On 31 August 2023, a new tranche of cumulative redeemable preference shares to the amount of R46 million were issued by CIMSA, with dividends linked to JIBAR payable on a quarterly basis and capital repayment due on 31 August 2027. A capital repayment of R2 million was made in December 2023.

In addition, long-term borrowings at period-end 31 March 2024 reflect a term loan facility of R189 million (30 September 2023: R189 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 debt instruments with financial institutions. The fair values of these debt instruments 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 of R1 896 million (30 September 2023: R2 462 million and 31 March 2023: R2 561 million) have been excluded from Investments backing policyholder funds and investments held through investment partnerships in the below table in the current and prior periods respectively as these have been measured at amortised cost.

**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>March 2024 (reviewed)</b>				
Investments backing policyholder funds and investments held through investment partnerships	55 365	7 054	-	62 419
Investment securities	949	-	10	959
	<b>56 314</b>	<b>7 054</b>	<b>10</b>	<b>63 378</b>
Policyholder, external investor and investment partnership liabilities	-	62 616	-	62 616
<b>March 2023 (reviewed)</b>				
Investments backing policyholder funds and investments held through investment partnerships	52 285	5 513	-	57 798
Investment securities	744	-	10	754
	<b>53 029</b>	<b>5 513</b>	<b>10</b>	<b>58 552</b>
Policyholder, external investors and investment partnership liabilities	-	57 785	-	57 785
<b>September 2023 (audited)</b>				
Investments backing policyholder funds and investments held through investment partnerships	54 012	5 009	-	59 021
Investment securities	629	-	10	639
	<b>54 641</b>	<b>5 009</b>	<b>10</b>	<b>59 660</b>
Policyholder, external investors and investment partnership liabilities	-	59 007	-	59 007

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.

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

### 5 FAIR VALUE DISCLOSURE (continued)

During the current period, an amount of R57 million (30 September 2023: R108 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 R5.4 million (30 September 2023: R65 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 Sustainable Equity Income Fund\* is 100% (30 September 2023: 100%), in the Coronation Emerging Markets Diversified Equity Fund\* is 100% (30 September 2023: 100%), in the Coronation International Equity Fund\* is 100% (30 September 2023: 100%) and in the Coronation International Core Equity Fund is 45% (30 September 2023: 0%).

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

\* Common Contractual Fund

### 7 TAX PAYABLE: SOUTH AFRICAN REVENUE SERVICES (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 a number of financial periods from 2012 – 2021, 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 to the Supreme Court of Appeal ("SCA"). 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, subsequently applied to the Constitutional Court for leave to appeal the SCA judgment and the matter was heard by the Constitutional Court on 13 February 2024 and the Group awaits the outcome of the case.

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 years of assessments from 2012 to 31 March 2024 and amounts to R794 million (30 September 2023: R761 million). The tax payable portion of the total obligation due is included in tax payable and the interest payable has been included in trade and other payables.

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

	TAX R MILLION	INTEREST R MILLION	TOTAL R MILLION
<b>Balance as at 30 September 2023</b>	283	38	321
Raised during the year	26	7	33
Payments made to SARS*	(167)	(39)	(206)
<b>Balance as at 31 March 2024</b>	142	6	148

\* On 29 November 2023, a payment amounting to R206 million was made to SARS as a result of additional assessments raised in relation to prior years not previously assessed. The payment to SARS was made on a non-prejudicial basis in order to facilitate the release of security ceded to SARS.

### 8 RECONCILIATION OF TAXATION ON SHAREHOLDER PROFITS

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

	SIX MONTHS REVIEWED 31 MARCH 2024	
	%	R MILLION
Tax on profit before tax, at SA rate of 27%	27.0%	257
Effect of tax rates in foreign jurisdictions	(2.8%)	(27)
Share-based payment expense	0.1%	1
Non-deductible expenses*	1.8%	17
Tax exempt income	(1.4%)	(13)
Non-taxable income**	(1.1%)	(11)
Effect of equity-accounted profits included net of tax	(0.1%)	(1)
Additional assessments: South Africa Revenue Services (SARS) Matter (note 7)	2.7%	26
	<b>26.2%</b>	<b>249</b>

\* Non-deductible expenses include accounting adjustments and the non-deductible interest on the SARS matter

\*\* Non-taxable income/losses relates mainly realised/unrealised gains/losses on investments

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

### 8 RECONCILIATION OF TAXATION ON SHAREHOLDER PROFITS (continued)

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

	SIX MONTHS REVIEWED 31 MARCH 2023	
	%	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	65.7%	529
	97.3%	783

\* Non-deductible expenses include accounting adjustments and the non-deductible interest on the SARS matter

\*\* Non-taxable income/losses relates mainly realised/unrealised gains/losses on investments

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

As part of the SCA judgment handed down, 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. Management deems it necessary to disclose a contingent liability as the outflow and payment of these penalties is dependent on the outcome of the appeal. On 6 September 2023, the Constitutional Court issued a directive that it will hear SARS' application for leave to cross-appeal and hear arguments on the merits of the matter. The matter was set down for hearing by the Constitutional Court on 13 February 2024 and the Group awaits the outcome of the case. 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 non-operational 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 2024 R MILLION	SIX MONTHS REVIEWED 31 MARCH 2023 R MILLION	AUDITED 30 SEPT 2023 R MILLION
Headline earnings attributable to ordinary shareholders	701	22	640
Sundry gains (condensed consolidated statement of comprehensive income)	(91)	(120)	(110)
Related tax* and bonus impact	40	52	48
Earnings/(losses) from fund management	650	(46)	578
Fund management earnings/(losses) per share (cents)	185.8	(13.0)	165.2
Diluted fund management earnings/(losses) per share (cents)	185.8	(13.0)	165.2

\* Based on South African corporate tax rate at the capital gains inclusion rate

### 11 EVENTS AFTER THE REPORTING PERIOD

#### Odd lot offer and specific offer

As of 26 April 2024, 206 804 shares were cancelled via the odd lot offer and specific offer. The number of ordinary shares in issue after the cancellation amounts to 349 592 298.

#### Interim cash dividend

The interim cash dividend for the 2024 financial year of R647 million (185.0 cents per share) was declared based on the actual shares in issue of 349 592 298.

# PRO FORMA FINANCIAL INFORMATION

The pro forma financial information, which is the responsibility of the Group's directors, is presented in accordance with the JSE Listings Requirements, including JSE Guidance Letter: *Presentation of pro forma financial information dated 4 March 2010* and the SAICA Guide on Pro Forma financial information. The pro forma financial information detailed below, relates to the impact of the SARS matter on the earnings of the Group for the period ended 31 March 2024. The pro forma financial information has been presented for illustrative purposes and, due to its nature, may not fairly present the Group's financial position or result. KPMG Inc has issued an unmodified Auditor's Assurance Report on the pro forma financial information for the period ended 31 March 2024, in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board (**Auditor's Assurance Report**). The starting point for all the pro forma financial information has been extracted from the Group's condensed consolidated interim financial statements for the period ended 31 March 2024 ("condensed consolidated interim financial statements"). The pro forma reconciliations presented below are comprised of reviewed or audited financial information, as applicable.

## FUND MANAGEMENT EARNINGS EXCLUDING IMPACT OF SARS MATTER

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. 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.

Per note 7 on the SARS matter, the Group has a present obligation as defined in IFRS Accounting Standards to pay the additional taxes and interest amounting to R148 million. The pro forma financial information below reflects the operational fund management earnings excluding the impact of the SARS matter.

	<b>31 MARCH 2024 R MILLION</b>	31 MARCH 2023 R MILLION	30 SEPT 2023 R MILLION
Headline earnings attributable to ordinary shareholders	<b>701</b>	22	640
Sundry gains (condensed consolidated statement of comprehensive income)	<b>(91)</b>	(120)	(110)
Related tax* and bonus impact	<b>40</b>	52	48
<b>Earnings/(losses) from fund management</b>	<b>650</b>	(46)	578
Obligation raised on SARS Matter (refer to note 7)	<b>33</b>	716	761
Related bonus impact and tax thereon (27%)	<b>(2)</b>	(41)	(44)
<b>Earnings from fund management excl. impact of SARS Matter</b>	<b>681</b>	629	1 295
Fund management earnings/(losses) per share (cents)*	<b>185.8</b>	(13.0)	165.2
Diluted fund management earnings/(losses) per share (cents)	<b>185.8</b>	(13.0)	165.2
Fund management earnings per share (cents)* excl. impact of SARS Matter	<b>194.7</b>	179.8	370.2
Diluted fund management earnings per share (cents) excl. impact of SARS Matter	<b>194.7</b>	179.8	370.2

The impact of the SARS matter is a reduction in earnings (including the related bonus impact and tax thereon) amounting to R31 million (31 March 2023: R675 million and 30 September 2023: R717 million).

\* Based on the South African corporate tax rate at the capital gains inclusion rate

## TOTAL OPERATING EXPENSES EXCLUDING IMPACT OF SARS MATTER

Per note 7, the obligation includes both taxes (R26 million) and interest (R7 million). The interest has been recognised in operating expenses (refer to note 1).

	<b>31 MARCH 2024 R MILLION</b>	31 MARCH 2023 R MILLION	30 SEPT 2023 R MILLION
Total operating expenses	<b>(1 076)</b>	(1 153)	(2 154)
Interest recognised on SARS matter	<b>7</b>	187	200
Related bonus impact	<b>(2)</b>	(56)	(60)
Total operating expenses excl. impact of SARS matter	<b>(1 071)</b>	(1 022)	(2 014)

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

# ANNEXURE A: INDEPENDENT AUDITOR'S REVIEW REPORT

## INDEPENDENT AUDITOR'S REPORT ON REVIEW OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the shareholders of Coronation Fund Managers Limited

### INTRODUCTION

We have reviewed the accompanying condensed consolidated statement of financial position of Coronation Fund Managers Limited ("the Group") at 31 March 2024, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows, earnings per share and condensed consolidated segment report for the six month period then ended, and notes to the condensed consolidated interim financial statements.

The directors are responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, Interim Financial Reporting, the requirements of the JSE Limited's Listings Requirements and the requirements of the Companies Act of South Africa. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

### SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at 31 March 2024 is not prepared, in all material respects, in accordance with IAS 34, Interim Financial Reporting, the requirements of the JSE Limited's Listings Requirements and the requirements of the Companies Act of South Africa.

**KPMG Inc.**

**KPMG Inc.**

Registered Auditor

Per ZA Beseti  
Chartered Accountant (SA)  
Registered Auditor  
Director  
21 May 2024

The Halyard  
4 Christiaan Barnard Street  
Cape Town City Centre  
8000

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