


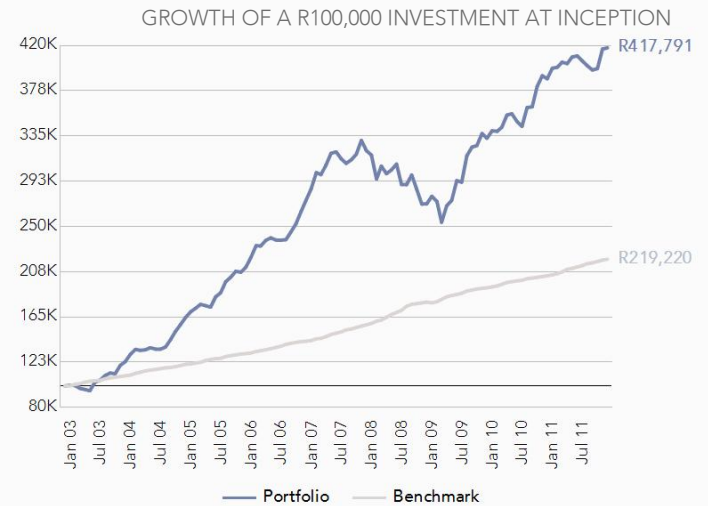


**CORONATION ABSOLUTE FUND**  
31 DECEMBER 2011

**CORONATION**   
FUND MANAGERS

<b>Fund purpose</b>	Maximising long-term returns while minimising medium-term risk
<b>Fund category</b>	Domestic – Asset Allocation – Flexible
<b>Benchmark</b>	Returns in excess of inflation + 6% per annum
<b>Risk profile</b>	

**LONG-TERM TRACK RECORD**



**HIGHLIGHTS**

- Managed by the team that pioneered Absolute Return investing in South Africa
- Third best performer in category since launch in 2002
- Outperformed inflation by 11% per annum since launch

**INVESTMENT OBJECTIVE**

The fund is managed with the objective of producing a high real return in excess of CPI +6% per annum over the longer term while preserving capital over rolling 36-month periods. It will, during some short-term periods, underperform relative to overall equity markets due to its focus on capital preservation and long-term capital growth.

**INVESTOR PROFILE**

The fund is suitable for investors:

- who believe that the risk of monetary loss is more important than the risk of underperforming the equity markets
- who believe in granting Coronation a wide degree of discretion
- who seek an investment solution with a strong focus on medium-term capital preservation, while aiming to produce significant growth over the long term
- who are prepared to accept deviations of returns when compared to the overall equity markets

**GENERAL INFORMATION**

<b>Launch date</b>	2 December 2002
<b>Income distribution</b>	Bi-annually (March and September)
<b>Investment minimum</b>	R5 000 lump sum or R500 monthly debit order
<b>Regulation 28</b>	Does not comply

*The fund may be closed to new investors at Coronation's discretion*

**INVESTMENT MANDATE**

The fund is managed with an absolute return orientation, meaning that we emphasise the management and diversification of risk and construct the portfolio on a clean slate basis. It is broadly diversified across asset classes including shares, listed property, conventional bonds, inflation-linked bonds and other appropriate instruments. Investments may be concentrated in specific securities or themes and asset allocation may be biased towards equities over the investment cycle. The fund has an aggressive asset allocation. A minimum of 75% of the fund's assets may be invested locally with maximum offshore exposure not exceeding 25%.

**RISK OF MONETARY LOSS**

The recommended investment term for this fund is 5 years and longer. While the return expectations should be set at periods over 5 years, the fund is managed not to lose money over any 36-month period. As a result, declines over any 36-month period are unlikely. Note that while capital preservation is our intent, this is not a guaranteed fund.

## CORONATION FEES (excl. VAT)<sup>1</sup>

Initial	0.00%
Annual management	0.75% - 3.00%

### Fee Methodology

The fund charges a performance-related fee, designed to reflect its dual return optimisation and capital preservation intent. A base fee of 1.25% per annum is charged that will increase or decrease depending on whether the fund has achieved its return and capital preservation objectives.

When the fund produces a return above inflation + 6%, 20% of the outperformance up to a maximum of 1.75% per annum is payable as a performance fee. When the fund does not preserve capital over a rolling 36-month period, the base fee is discounted to 0.75%. Performance is measured over a 12-month period, to reflect its short-term capital preservation intent. Fees are accrued daily and collected monthly, with 1/12th of the annual fee cap applied every month-end.

## TOTAL EXPENSE RATIO (TER)<sup>2</sup>

2.18% which includes a performance-related fee of 0.74%

## INVESTMENT PHILOSOPHY

The absolute fund range is actively managed through an integrated process of top down asset allocation and bottom-up stock selection. Overall portfolio risk is managed through the inclusion of non-correlated asset classes and stocks are selected on their equal measure of upside return and downside risk. We make no reference to a benchmark and employ a common-sense valuation-driven process that identifies mispriced assets trading at discounts or premiums to their long-term business values. Those stocks that display a substantial 'margin of safety' to Coronation's fair value qualify for inclusion in our absolute portfolios. Dependent upon the portfolio mandate, derivative instruments may be used for the purposes of managing asset allocation, enhancing income yield or hedging during periods of market volatility.

## ADVICE FEES

Coronation does not provide financial advice and therefore does not charge advice fees. However, investments are often placed on your behalf by a financial advisor, in which case fees are negotiated directly between you and your advisor, within the following ranges:

Initial	0.00% - 3.00%
Ongoing	0.00% - 1.00% when the initial fee is less than 1.50%
	0.00% - 0.50% when the initial fee is more than 1.50%

### Sharing of annual management fees

A portion of Coronation's annual management fee may be paid to administration platforms as a subsidy for administrative and advice costs incurred when investing through these channels. Where commission and incentives are paid, these are included in the overall costs.

## INVESTMENT TEAM

We have one of the most experienced and talented investment teams in the country operating in a culture of excellence. Led by Chief Investment Officer Karl Leinberger, the team is made up of 50 investment professionals of which the absolute unit forms a part. Key focus areas include equity research, with dedicated teams based in Cape Town covering South African, Pan-African and emerging markets. Our team also comprises experienced fixed income and quantitative research teams and a London-based international multi-management team. Our team of ten senior portfolio managers is supported by dedicated dealing and implementation teams.

Investment team facts:

- Includes three former chief investment officers
- 23 members with a decade or more in the industry (13 team members have more than 15 years experience)

## PORTFOLIO MANAGERS

- **LOUIS STASSEN, BSc, BCom (Hons), CFA**  
Louis is a founder member and former CIO of Coronation. He is a senior portfolio manager within the investment team responsible for the absolute return unit which he established in 1999. He also co-manages the Coronation Global Capital Plus Fund. Louis has more than 20 years' industry experience and has worked in the investment teams of Allan Gray, Syfrets Managed Assets and Standard Bank in London.
- **HENK GROENEWALD, BEng (E&E), CFA**  
Henk joined Coronation as an equity analyst in 2005. Prior to this, he spent two years as a trainee equity analyst with Allan Gray and three years as an electrical engineer at Sasol. Henk co-manages the Coronation Resources Fund and Coronation's absolute return range of funds.
- **DUANE CABLE, BCom (Hons); CA (SA), CFA**  
Duane joined Coronation in 2006 as an investment analyst focusing on the resources sector. His current research responsibilities include paper & packaging, gold, steel and various companies within the industrial sector. Duane is co-manager across the absolute return range of funds and the Coronation Resources Fund.

