



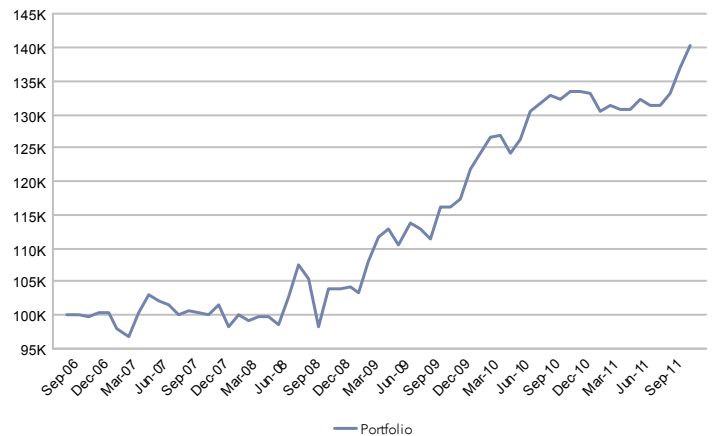
CORONATION PREFERENCE SHARE FUND
31 DECEMBER 2011



Fund purpose	Category-specific exposure to listed preference shares
Fund category	Domestic – Fixed Interest – Varied Specialist
Benchmark	STeFI (3 months), adjusted for maximum individual tax rate
Risk profile	

LONG-TERM TRACK RECORD

GROWTH OF A R100,000 INVESTMENT AT INCEPTION
Portfolio – R140,321



HIGHLIGHTS

- Specialised investment vehicle providing access to Coronation’s best views on listed preference shares
- Has outperformed its post-tax benchmark over 3 years and 5 years

INVESTMENT OBJECTIVE

The fund aims to optimise the total after-tax return, primarily in the form of dividend income and capital gains, available from listed preference shares.

INVESTOR PROFILE

The fund is suitable for investors:

- seeking a competitive after-tax return, without taking on undue traditional equity market risk

GENERAL INFORMATION

Launch date	2 October 2006
Income distribution	Quarterly (March, June, September, December)
Investment minimum	R20 000 lump sum (no debit orders permitted)
Regulation 28	Does not comply

Please note that changes to tax legislation may result in a variation of the fund’s benefits.

LIQUIDITY

Due to the less liquid nature of the preference share market, large unplanned withdrawals may prejudice investors in the fund. To manage this risk, the following would apply:

- exit fees of up to 2% may apply if repurchases are made within the first 6 months. This is not applicable in the case of regular withdrawals.
- to avoid exit fees, longer than normal notice periods would apply for repurchases totalling more than 2% of the portfolio’s value as outlined in the relevant application form.

INVESTMENT MANDATE

The fund will primarily invest in listed preference shares, cash, government bonds, listed corporate bonds, other high-yielding securities and derivatives. It will be fully invested in listed preference shares and may not invest more than 20% of its market value in preference shares that are convertible into ordinary shares. The exposure to securities, other than listed preference shares, shall never be more than 30% of the market value of the portfolio. The fund will not invest in offshore assets, but may invest in inward-listed securities on the JSE Securities Exchange.

RISK OF MONETARY LOSS

The recommended investment term is 12 months or longer. The fund does not have a risk of monetary loss comparable to that of a money market fund.

CORONATION FEES (excl. VAT)

Initial	0.00%
Annual management	0.60%

Fee Methodology

The fund charges an annual fee of 0.60%. Fees are accrued daily and collected monthly.

TOTAL EXPENSE RATIO (TER)¹

0.71%

INVESTMENT PHILOSOPHY

Coronation is a research-driven investment house. All members of the investment team have research responsibilities, where our focus is on establishing a fair value for each of the companies that we follow. Our approach is based on forming firm views on the long-term valuations of businesses. We buy companies that are temporarily underpriced by the market, and avoid those that are trading above our fair value.

In selecting preference shares for inclusion in the fund, we aim to provide diversified exposure to the preference share market with a bias towards banks. Preference shares have both fixed interest and equity characteristics and, for this reason, we make use of our equity research capabilities combined with our fixed interest skill set in selecting potential investments. The fund will thus invest in listed, perpetual preference shares issued by reputable corporates. We tap into Coronation's credit process which establishes pricing guidelines and monitors the credit quality of each issuer.



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% - 1.00%
Ongoing	0.25%

Where advice fees are agreed to, investments will be made into the B2 class of the fund. The B2 class charges an annual fee of 0.85% which includes the ongoing advice fee of 0.25%. The TER of this class is 1.00%.

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 and led by Chief Investment Officer Karl Leinberger

Our Fixed Income Team is multi skilled and complemented by extensive industry experience. Each member of the eight-person team provides key specialist input under the leadership of Mark le Roux.

PORTFOLIO MANAGERS

- **TANIA MIGLIETTA, BBusSc (Finance), CFA**
Tania joined Coronation in 2002 as a member of the fixed interest team with specific responsibility for the management of all money market and income funds. She is a member of the Coronation Credit Committee and manages the Coronation Global Cash Fund for institutional investors only. She also co-manages the Coronation Strategic Income and Coronation Preference Share funds.
- **GODWILL CHAHWAHWA, BCompt; CA (SA), CFA**
Before joining Coronation in 2003, Godwill completed his articles with Ernst & Young and worked for two years as an audit manager with Moores Rowland CA. He is an investment analyst and co-manager of the Coronation Preference Share and Financial funds. He also co-manages a segregated financial and industrial mandate.

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