

PORTFOLIO MANAGER COMMENTARY

Bonds had a decent month in December, producing a return of 1.2% - double that of cash (0.60%). For the year, though, it was a very disappointing one for the All Bond Index (ALBI) which returned -1%, underperforming cash by close to 10%. Inflation-linked bonds posted a below cash return for the month as the combination of improved perceptions of the inflation outlook as well as continued significant supply of inflation-linkers weighed on the asset class.

Figure 3 : Bond and Money Market (local currency returns)

Code	Name	December 2009	3 months	6 months	12 months	Year-to- date
JAPI05	All Bond	1.20%	1.1%	4.1%	-1.0%	-1.0%
GOVI	GOVI	1.18%	1.1%	4.0%	-0.8%	-0.8%
OTHI	OTHI	1.26%	1.1%	4.6%	-1.7%	-1.7%
JAPI01	Bonds 1-3 Years	0.69%	2.0%	3.9%	7.7%	7.7%
JAPI02	Bonds 3-7 Years	0.82%	1.7%	4.7%	2.8%	2.8%
JAPI03	Bonds 7-12 Years	1.05%	0.9%	4.1%	-2.2%	-2.2%
JAPI04	Bonds 12+ Years	1.91%	0.5%	3.6%	-7.5%	-7.5%
GMC1	Cash	0.60%	1.8%	3.7%	8.9%	8.9%
Barclay	Barclays/ABSA Govt Inflation-Linked Bonds	0.47%	0.2%	1.6%	7.7%	7.7%
J251	Preference Share Index	1.65%	6.1%	7.4%	14.9%	14.9%
STF3m	STEFI 3-month index	0.58%	1.7%	3.6%	8.6%	8.6%

Source: Deutsche

The weekly supply of new government debt remains to be the proverbial 'elephant in the room' that is putting pressure on the bond market. National Treasury had stepped up its nominal bond funding requirement to R2.1 billion a week in November, as well as issuing R600 million face value of inflation linkers (about double that in actual cash outlays required). Added to that is the continued state-owned enterprises (SOE) issuance.

Balanced against the negative story from the supply side is a continuation of the improving trend in the inflation outlook. CPI ended the year with a November release of 5.8%, the second month of it being within target range (3% - 6%). The continued rand strength coupled with weak money supply and negative private sector credit extension bodes well for the inflation outlook for 2010.

Risks to our relatively benign inflation outlook in 2010 come from a potential unwinding of the base effects of the lower food and fuel prices experienced in 2009, uncertainty over electricity price increases and the chance of a severe bout of global risk aversion which could result in a sharp retracement in the rand.

Looking forward, with supply weighing on and inflation supporting bonds at these yields, we are advocating a neutral duration position relative to the ALBI.

Portfolio manager

Mark le Roux

CORONATION BOND

CLASS R as at 31 December 2009

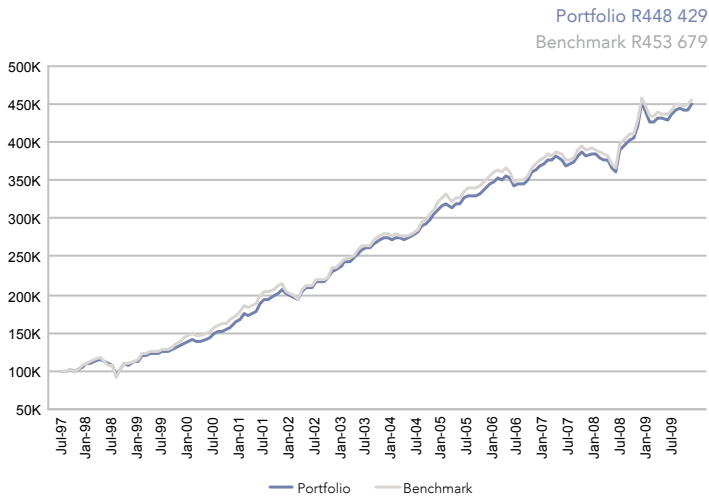
Fund category Domestic - Fixed Interest - Bond
Fund description Seeks to provide investors with a well diversified exposure to the SA bond market.
Launch date 01 August 1997
Portfolio manager/s Mark le Roux

Fund size R257.56 million
NAV 1283.40 cents
Benchmark BEASSA ALBI Index
Risk profile

Cons Mod Aggr

PERFORMANCE AND RISK STATISTICS¹

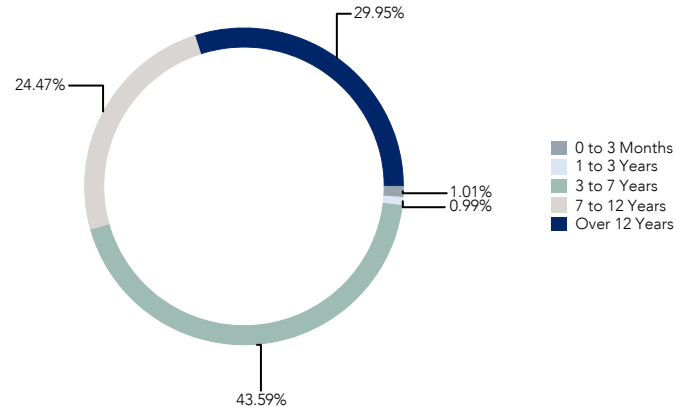
GROWTH OF A R100,000 INVESTMENT



PORTFOLIO DETAIL

MATURITY PROFILE

As at 31 Dec 2009



PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Inception (unannualised)	348.4%	353.7%	(5.2)%
Since Inception (annualised)	12.8%	13.0%	(0.1)%
Latest 5 years (annualised)	7.5%	7.1%	0.4%
Latest 3 years (annualised)	6.7%	6.5%	0.2%
Latest 1 year (annualised)	(0.6)%	(1.0)%	0.4%
Year to date	(0.6)%	(1.0)%	0.4%
2008	17.1%	17.0%	0.2%
2007	4.3%	4.2%	0.1%
2006	6.8%	5.5%	1.3%
2005	11.0%	10.8%	0.2%

MATURITY PROFILE DETAIL

Sector	31 Dec 2009
0 to 3 Months	1.0%
1 to 3 Years	1.0%
3 to 7 Years	43.6%
7 to 12 Years	24.5%
Over 12 Years	29.9%

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised Deviation	8.0%	9.3%
Sharpe Ratio	0.19	0.17
Maximum Gain	26.2%	26.4%
Maximum Drawdown	(19.0)%	(22.3)%
Positive Months	72.5%	71.8%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Interest
30 Sep 2009	01 Oct 2009	51.16	51.16
31 Mar 2009	01 Apr 2009	54.92	54.92
30 Sep 2008	01 Oct 2008	54.77	54.77
31 Mar 2008	01 Apr 2008	51.29	51.29

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2009	(2.55)%	(2.85)%	(0.28)%	1.15%	(0.19)%	(0.13)%	1.48%	1.55%	0.19%	(0.25)%	0.13%	1.24%	(0.60)%
Fund 2008	(0.47)%	(0.90)%	(0.62)%	(0.58)%	(2.30)%	(1.61)%	8.03%	1.18%	2.37%	0.02%	4.24%	7.17%	17.10%
Fund 2007	0.65%	1.25%	(0.27)%	1.47%	(0.95)%	(2.02)%	0.39%	0.68%	2.23%	1.59%	(1.39)%	0.67%	4.30%

FEES (excl. VAT)

Initial Fee	Coronation: 0.00%
Annual Management Fee*	0.75%

* A portion of Coronation's annual management fee may be paid to administration platforms like LISP's as a payment for administrative and distribution services.

Advice Costs (excluding VAT)

- Initial and ongoing advice fees may be facilitated on agreement between the Client and Financial Advisor.
- An initial advice fee may be negotiated to a maximum of 3% and is applied to each contribution and deducted before investment is made.
- Ongoing advice fees may be negotiated to a maximum of 1% per annum (if initial advice fee greater than 1.5% is selected, then the maximum annual advice fee is 0.5%), charged by way of unit reduction and paid to the Financial Advisor monthly in arrears. This annual advice fee is not part of the normal annual management fee as disclosed above.
- Where commission and incentives are paid, these are included in the overall costs.

Total Expense Ratio (TER)² 0.86% per annum

Unit trusts should be considered a medium- to long-term investment. The value of units may go down as well as up. Past performance is not necessarily an indication of future performance. Unit trusts are traded at ruling prices and can engage in scrip lending and borrowing. Fluctuations or movements in exchange rates may cause the value of underlying investments to go up or down. Instructions must reach the Management Company before 2pm (12pm for the Money Market Fund) to ensure same day value. Fund valuations take place at approximately 15h00 each business day and forward pricing is used. Coronation is a Full member of the Association for Savings & Investment SA (ASISA). ¹Performance is quoted from Morningstar as at 31 December 2009 for a lump sum investment using Class A NAV prices with income distributions reinvested. Performance figures are quoted after the deduction of all costs incurred within the fund. ²The TER is calculated as a percentage of the average NAV of the portfolio incurred as charges, levies and fees in the management of the portfolio for a rolling 12-month period to end September 2009. A higher TER ratio does not necessarily imply a poor return nor does a low TER imply a good return. The current disclosed TER cannot be regarded as an indication of future TER's.