PORTFOLIO MANAGER COMMENTARY

The fund ended the year with a strong quarter. It has outperformed its benchmark by 2.2% p.a. over a rolling 3-year period (8.2% p.a. versus 6.3% p.a.) and matched the market over a rolling 5-year period. The fund is one of the top performing funds in its sector over all meaningful periods.

The last few years have been nothing short of extraordinary. In 2008 the pendulum swung swiftly from greed to fear. Investors watched in horror as their retirement capital was washed away in the greatest banking crisis of modern times. Then, in the first quarter of 2009, just as most investors had moved to the safety of cash and government bonds, risk assets around the world rallied. The differing fortunes of equity and bond markets is well illustrated by the 2009 calendar year returns of -1.0% from the All Bond Index and +32.1% from the All Share Index (70.1% in US dollars). Emerging markets returned 79.0%, oil 105% and copper 153.1% (in US dollars).

With the very strong showing of risk assets we are much more circumspect about the future. While in 2009 a rising tide lifted all boats, we expect lower correlations in the year ahead. This should favour stock-pickers.
The All Share Index returned 11.4% in the last quarter. Resources led the market with a 16.7% return, while financials returned 6.5% and industrials 8.5%. We remain underweight resources, of the view that the upside to long-term valuations, based on mid-cycle earnings, is not attractive enough to justify higher exposures. We have virtually no exposure to gold and platinum counters. Although these companies would benefit were the rand to weaken, they are experiencing enormous cost pressures and do not offer sufficient upside to their long-term business value to justify a holding.

MTN is the largest holding in the fund. It is an over-owned stock that has underperformed as loose holders of the stock have sold over concerns on the collapse of the Bharti deal and the lack of any clear catalyst to unlock value. We, as always, have no interest in catalysts and are only concerned with long-term value. The company trades on very undemanding ratings 2-3 years out and should enjoy many years of above-average growth with their dominant position in many under-penetrated mobile markets.

Small caps remain a differentiating feature of our portfolios. The sector crashed after reaching absurdly high levels at the top of the bull market. There have been some company failures (and we expect more to come). Notwithstanding these challenges, we have identified many quality companies trading at 5 times our assessment of normalised earnings and have therefore significantly increased our exposure to small caps over the last few quarters.

Lastly, we have maintained a large rand hedge element in our portfolio. The rand's strength this year, while entirely explainable from fundamentals, is not likely to continue in the longer term. We think it is prudent to have exposure to attractively valued businesses (it is always about valuation first) that have exposure to hard currency earnings or are offshore businesses which happen to be listed in SA.

The portfolio currently offers 35% upside to our assessment of underlying business value. While we have taken profits on equities in our balanced funds, we remain of the view that equities offer the best prospect of inflation-beating long-term returns.

We also welcome Quinton Ivan as co-manager of the fund. Quinton has been with Coronation for almost 5 years and has been the co-manager of the Coronation Industrial fund for three years. We are excited about his future involvement and contribution.

Portfolio managers
Karl Leinberger and Quinton Ivan

CORONATION EQUITY

as at 31 December 2009

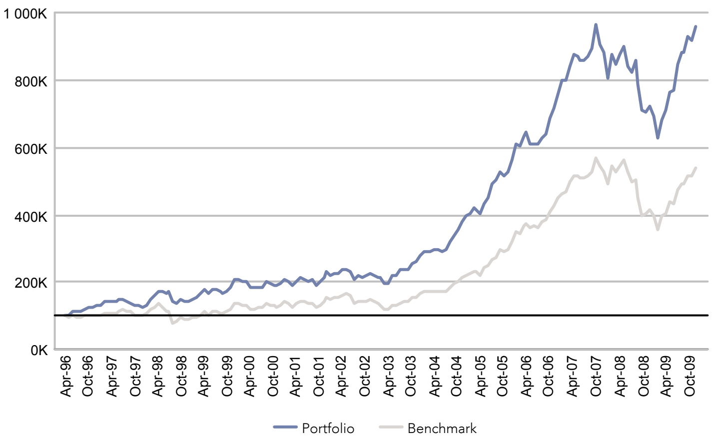
CORONATION FUND MANAGERS

Fund category	Domestic - Equity - General
Fund description	An emphasis on active stock selection and will remain fully invested in domestic equities at all times.
Launch date	15 April 1996
Portfolio manager/s	Karl Leinberger and Quinton Ivan
Fund size	R 2.26 billion
NAV	6942.87 cents
Benchmark	FTSE/JSE Shareholders Weighted All Share Index
Risk profile	Cons / Mod / **Aggr**

PERFORMANCE AND RISK STATISTICS[1]

GROWTH OF AN R100,000 INVESTMENT

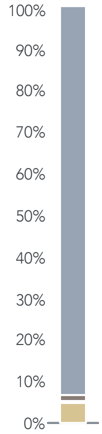
Portfolio R960 064
Benchmark R537 853



PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Dec 2009
Domestic Assets	**95.4%**
Equities	93.3%
Oil & Gas	7.7%
Basic Materials	14.8%
Industrials	11.3%
Consumer Goods	11.5%
Health Care	3.1%
Consumer Services	16.5%
Telecommunications	10.5%
Financials	15.2%
Technology	0.1%
Derivatives	2.5%
Preference Shares & Other Securities	0.0%
Real Estate	1.4%
Cash	0.8%
International Assets	**4.6%**
Equities	4.6%



PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Inception (unannualised)	860.1%	437.9%	422.2%
Since Inception (annualised)	18.0%	13.1%	4.9%
Latest 5 years (annualised)	19.3%	19.4%	(0.1)%
Latest 3 years (annualised)	8.2%	6.3%	1.9%
Latest 1 year (annualised)	33.1%	29.9%	3.2%
Year to date	33.1%	29.9%	3.2%
2008	(18.4)%	(21.7)%	3.2%
2007	16.6%	18.1%	(1.5)%
2006	34.2%	39.3%	(5.1)%
2005	42.3%	44.9%	(2.6)%

TOP 10 HOLDINGS

As at 31 Dec 2009	% of Fund
MTN Group Ltd	10.5%
Sasol Limited	7.7%
Standard Bank of SA Ltd	7.5%
Naspers Ltd	6.6%
SABMiller Plc	4.9%
British American Tobacco Plc	4.2%
Compagnie Financiere Richemont SA	4.0%
Bidvest Group Limited	3.4%
Anglo American Plc	3.4%
BHP Billiton Plc	3.2%

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised Deviation	17.1%	20.6%
Sharpe Ratio	0.36	0.06
Maximum Gain	47.4%	43.5%
Maximum Drawdown	(35.1)%	(41.0)%
Positive Months	62.8%	61.6%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30 Sep 2009	01 Oct 2009	23.33	21.41	1.92
31 Mar 2009	01 Apr 2009	230.94	223.15	7.79
30 Sep 2008	01 Oct 2008	88.12	85.64	2.48
31 Mar 2008	01 Apr 2008	21.34	20.04	1.30

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2009	(4.0)%	(9.4)%	9.2%	3.6%	7.9%	0.4%	10.0%	4.5%	(0.3)%	5.7%	(1.1)%	4.2%	33.1%
Fund 2008	(8.9)%	9.2%	(3.5)%	3.8%	2.3%	(6.7)%	(1.6)%	3.8%	(8.4)%	(9.2)%	(1.4)%	2.5%	(18.4)%
Fund 2007	5.6%	(0.2)%	5.3%	4.5%	(0.5)%	(1.5)%	0.0%	1.5%	2.3%	7.9%	(5.9)%	(2.7)%	16.6%

FEES (excl. VAT)

Initial Fee	Coronation: 0.00%
Annual Management Fee* Class A:**	Minimum: 1.10% Maximum: 3.00% Sharing Rate: 15.00%
Annual Management Fee* Class R:	Standard: 1.00%

* A portion of Coronation's annual management fee may be paid to administration platforms like LISP's as a payment fore 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]	Class A: 1.43% per annum

**When applicable, Coronation shares in the fund performance above the benchmark. This performance fee is accrued daily, based on performance over a rolling 24-month period, and paid to Coronation monthly. If the fund produces a return in line with or below the benchmark for the relevant 24-month period, the minimum fee of 1.10% applies. For further information regarding our fee structure please contact us or visit our website.

Client Service 0800 22 11 77 Fax: (021) 680 2500 Email clientservice@coronation.co.za Website www.coronation.com