

PORTFOLIO MANAGER COMMENTARY

The All Bond Index (ALBI) which returned 1.1% for the quarter had a very disappointing year, achieving a paltry negative 1% and underperforming cash by close to 10%. Shorter dated bonds, which did not suffer the same sell-off, returned around 7.7% in comparison. Inflation-linked bonds, although having returned just less than cash for the year, performed better than nominal bonds. The combination of an improved inflation outlook as well as continued significant supply of inflation-linked bonds weighed heavily on the asset class and real yields traded higher.

The portfolio holds around 11% in inflation-linked bonds, most of which were issued by corporate entities and provide additional yield which adds to the overall return during a time of flat to falling inflation. We will continue to hold these for the long term given the favourable yields at which they were bought. High yielding, short dated corporate bonds and floating rate money market investments make up the remainder of the portfolio.

The weekly supply of new government debt remains to be the proverbial 'elephant in the room' putting pressure on the bond market. During November the National Treasury stepped up its nominal bond funding requirement to R2.1 billion and its inflation-linked bond issuance to R600 million per week. This R600 million face value equates to a cash outlay of around double that of the nominal amount. The numbers add up to billions needed each month and added to that is the continued state-owned enterprises (SOE) issuance such as Transnet, Eskom and the Development Bank of South Africa.

Balanced against the negative story from the supply side is the improving trend in the inflation outlook. We ended 2009 with a year-on-year CPI figure for November of 5.8% which is now within the 3% - 6% target range for the second consecutive month. Continued rand strength coupled with weak money supply and negative private sector credit extension bodes well for the inflation outlook for 2010.

Despite the positive inflation story, the heavy bond supply has prevented the bond market from responding positively.

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.

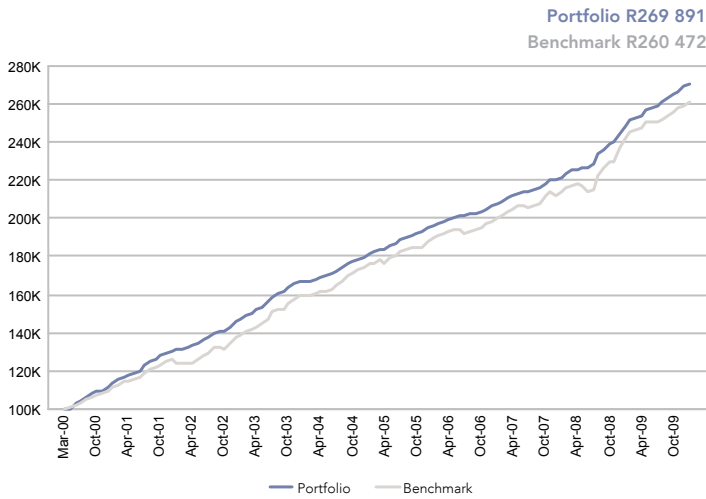
Portfolio manager
Tania Miglietta

Fund category Domestic - Fixed Interest - Income
Fund description Aims to provide a high level of current income with moderate levels of capital growth. Stability of capital invested is of prime focus.
Launch date 03 April 2000
Portfolio manager/s Tania Miglietta

Fund size R79.10 million
NAV 1099.63 cents
Benchmark BEASSA ALBI (1-3 year) TR Index
Risk profile Cons Mod Aggr

PERFORMANCE AND RISK STATISTICS¹

GROWTH OF A R100,000 INVESTMENT



PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Inception (unannualised)	169.9%	160.5%	9.4%
Since Inception (annualised)	10.7%	10.3%	0.4%
Latest 5 years (annualised)	8.3%	8.2%	0.1%
Latest 3 years (annualised)	9.2%	9.2%	(0.1)%
Latest 1 year (annualised)	8.6%	7.7%	0.8%
Year to date	8.6%	7.7%	0.8%
2008	12.2%	12.9%	(0.7)%
2007	6.8%	7.1%	(0.3)%
2006	5.9%	5.6%	0.3%
2005	8.2%	7.7%	0.5%

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised Deviation	1.9%	2.9%
Sharpe Ratio	0.36	0.09
Maximum Gain	101.4%	26.1%
Maximum Drawdown	(0.3)%	(1.9)%
Positive Months	95.7%	88.9%

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2009	1.01%	0.62%	0.47%	1.04%	0.47%	0.46%	0.69%	0.94%	0.65%	0.64%	0.82%	0.44%	8.60%
Fund 2008	0.95%	0.54%	0.36%	0.12%	0.14%	0.75%	2.39%	0.96%	1.18%	0.68%	1.73%	1.76%	12.20%
Fund 2007	0.66%	0.82%	0.42%	0.86%	0.27%	(0.26)%	0.59%	0.58%	1.12%	0.89%	(0.23)%	0.88%	6.80%

FEES (excl. VAT)

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

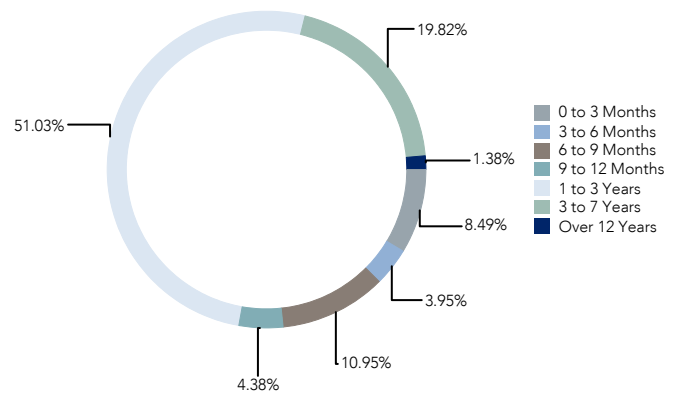
* A portion of Coronation's annual management fee may be paid to administration platforms like LISP's as a payment for administrative and distribution services.

Total Expense Ratio (TER)² 0.91% per annum

PORTFOLIO DETAIL

MATURITY PROFILE

As at 31 Dec 2009



MATURITY PROFILE DETAIL

As at 31 Dec 2009

0 to 3 Months	8.5%
3 to 6 Months	3.9%
6 to 9 Months	11.0%
9 to 12 Months	4.4%
1 to 3 Years	51.0%
3 to 7 Years	19.8%
Over 12 Years	1.4%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Interest
31 Dec 2009	04 Jan 2010	19.60	19.60
30 Sep 2009	01 Oct 2009	20.33	20.33
30 Jun 2009	01 Jul 2009	22.37	22.37
31 Mar 2009	01 Apr 2009	26.48	26.48

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 0.75% and is applied to each contribution and deducted before investment is made.
- Ongoing advice fees may be negotiated to a maximum of 0.50% per annum, 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.

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.