

PORTFOLIO MANAGER COMMENTARY

The fund had a good year, appreciating by 17.7%. Additionally the fund's returns were depressed by the strong rand, which appreciated by 30%. In dollar terms the fund appreciated by around 50%. The year's return of 17.7% is well ahead of the fund's inflation plus 5% (at around 11%) target and also some 15% ahead of the return of the MSCI World Index of 1.6%. Additionally, the fund was the second best performing fund out of the 20 or so funds in the Worldwide Flexible category and was the fourth best performing fund out of the broader peer group of the 70 funds in the Worldwide Flexible, Foreign Flexible and Foreign Equity categories. Since inception just over 10 years ago the fund has produced a return of 14% p.a. compounded.

Although we continue to find very good value in selected global equities, we did reduce the fund's equity exposure somewhat over the past few months, partly through reducing a few of the fund's holdings as they approached fair value and partly through selling Hang Seng China index futures. The fund's equity exposure is now around 75%, after being in the 80% - 90% range throughout most of 2009.

The fund's largest new purchase over the past few months was that of a holding in CVS Caremark which is now one of the largest positions in the fund. CVS Caremark was formed in 2007 through the merger of two businesses – CVS, which is the largest drug store chain in the US with 6 200 stores and Caremark, which is the second largest PBM (Pharmacy Benefits Manager) in the US. The drug store part of the business (CVS, which is very similar to Clicks in South Africa) generates around 60% of the company's earnings and is a high quality asset in our view: this business has a stable earnings stream and generates large amounts of free cash flow. The PBM business (the other 40% of earnings), effectively manages the filling of prescriptions for company health care plans and is a lower quality business (due to the somewhat commoditised nature of the service as well as the short duration of the contracts which are on average up for renewal every three years or so). This business however will benefit from positive long-term drivers (primarily the desire to drive down healthcare costs in the US) and in addition to this the market has become more consolidated over time with a few large providers emerging.

The fact that CVS Caremark own both a drug store business and a PBM business should be a competitive advantage and should benefit both the PBM part of the business (through being able to offer PBM plan participants choice of both mail delivery and physical collection at a drug store) and the drug store part of the business (through increased footfall). However, it is partly the failure of these benefits to be realised from the merger that has resulted in the market becoming disillusioned with CVS Caremark. At the fund's average purchase price of just below \$31, CVS Caremark was trading on around 11x 2010 earnings. As reference points, CVS's largest competitor in the drug store area (Walgreen) trades on approximately 16x this year's earnings and Caremark's two largest competitors in the PBM business (Express Scripts and Medco Health) trade on around 19x this year's earnings. Whilst we do not use relative valuations to justify purchases, we point out these valuation metrics to highlight what we believe is a significant valuation anomaly in CVS Caremark, which we believe is worth closer to \$50 than the current share price of \$33. We are not sure when sentiment towards CVS Caremark will change, but we do believe that the company's strategy makes sense and that the valuation is very attractive, with the drug store assets alone being worth around \$30 - not far off the current share price.

Over the past few months we continued to increase the fund's international exposure, taking it to around 85% of the fund. The reason for this is two-fold: firstly we are struggling to find undervalued SA equities (and still finding very good value in selected global equities) and secondly we believe the rand is too strong and fundamentally overvalued. The remaining 15% SA exposure is the lowest in the fund's history and we believe that the decision to invest such a large portion of the fund offshore will reap rewards for unitholders over the next few years.

Portfolio manager
Gavin Joubert

CORONATION OPTIMUM GROWTH

CLASS A as at 31 December 2009

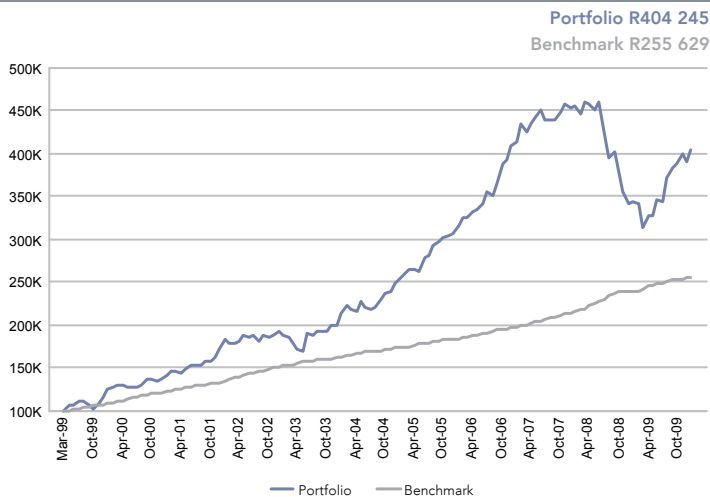
CORONATION
FUND MANAGERS

Fund category Worldwide - Asset Allocation - Flexible
Fund description An international rand-based fund that invests in a combination of local and international investments across all asset classes to deliver long-term growth.
Launch date 15 March 1999
Portfolio manager/s Gavin Joubert

Fund size R984.66 million
NAV 3362.52 cents
Benchmark/Performance Fee Hurdle† CPI + 5% p.a.
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)	304.3%	156.0%	148.2%
Since Inception (annualised)	13.9%	11.8%	2.1%
Latest 5 years (annualised)	9.7%	11.8%	(2.1)%
Latest 3 years (annualised)	(0.7)%	13.4%	(14.1)%
Latest 1 year (annualised)	17.7%	11.4%	6.3%
Year to date	17.7%	11.4%	6.3%
2008	(24.7)%	15.3%	(40.0)%
2007	10.4%	13.6%	(3.2)%
2006	31.1%	10.0%	21.1%
2005	23.9%	9.0%	14.9%

RISK AND RETURN VS MSCI WORLD (ZAR) & FTSE/JSE ALSI

	Fund	MCSI World	ALSI
Annualised return			
- Since inception	13.9%	3.2%	18.8%
- 5 years	9.7%	8.3%	20.2%
- 3 years	(0.7)%	(3.2)%	6.5%
- 1 year	17.7%	1.6%	32.1%
Annualised Deviation	11.7%	18.4%	19.8%
Sharpe Ratio	0.30	(0.39)	0.42
Downside Deviation	8.1%	11.0%	12.3%
Positive Months	66.7%	49.6%	61.2%

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2009	(0.4)%	(8.1)%	4.3%	0.0%	5.7%	(1.1)%	8.6%	2.9%	1.4%	3.1%	(2.8)%	3.9%	17.7%
Fund 2008	(2.4)%	3.1%	(0.3)%	(1.7)%	2.2%	(8.5)%	(6.1)%	1.6%	(5.5)%	(6.2)%	(4.0)%	0.6%	(24.7)%
Fund 2007	5.2%	(2.1)%	1.8%	2.0%	1.7%	(2.2)%	(0.4)%	0.4%	1.8%	2.2%	(0.9)%	0.5%	10.4%

FEES (excl. VAT)

Initial Fee	Coronation: 0.00%
Annual Management Fee - performance related*	Minimum: 1.00% Maximum: 3.50% Sharing Rate: 15.00%

* 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 1.32% per annum, which includes a performance fee of 0.00%

When applicable, Coronation shares in the fund performance above the benchmark. This performance fee is accrued daily, based on the fund's financial year to date performance, and paid to Coronation annually. If the fund produces a return in line with or below the benchmark for the relevant financial year to date, the minimum fee of 1.00% applies. For further information regarding our fee structure please contact us or visit our website.

[†]Benchmark Methodology - From January 2009 CPIX was replaced with a newly reweighted and rebased CPI. The benchmark is calculated using a combination of the official month-to-month CPIX numbers pre-January 2009 and the new CPI from January 2009.

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Dec 2009
Equities	75.8%
Europe	29.9%
North America	29.1%
South Africa	10.0%
Japan	5.7%
Latin American	2.8%
Asia	(1.8)%
Bonds	2.8%
Europe	2.0%
North America	0.7%
Cash	21.5%
Other	9.4%
ZAR	6.9%
USD	5.2%

TOP 10 HOLDINGS

As at 31 Dec 2009	% of Fund
Coronation GEM Flexible Fund	6.4%
MTN Group Ltd	6.2%
Naspers Ltd	3.9%
CF Morant Wright Japan Fund	3.1%
CVS Caremark Corp	2.9%
OAO Gazprom Reg	2.9%
Pfizer Inc	2.8%
Heidelberg Cement AG	2.7%
Symantec Corp	2.7%
DIRECTV Group Inc	2.6%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Mar 2009	01 Apr 2009	29.60	26.43	3.17
30 Sep 2008	01 Oct 2008	27.68	25.03	2.65
31 Mar 2008	01 Apr 2008	37.15	29.64	7.51
28 Sep 2007	01 Oct 2007	31.60	23.36	8.24

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.

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, as well as the performance fee accrued over the above period. Although the performance fee as included in the TER is calculated over the above period, the actual performance fee calculation and payment corresponds with the funds financial year end. 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.