CORONATION FUND MANAGERS

PORTFOLIO MANAGER COMMENTARY

The calendar year 2009 turned out to be a great year for the fund as it significantly outperformed the benchmark of 31.7% with a return of 35.9%. This was despite a slightly weaker final quarter where the fund 'only' returned 8.8% against the benchmark of 12.5%. This quarterly underperformance was driven by a very strong return from commodities where the fund is currently underweight as well as a weak performance from a couple of specific industrial holdings.

We have outlined on a number of occasions in this note that the fund is being positioned more defensively, after having performed extremely well in the cyclical recovery off a very low base in 2008. The 2009 year was arguably an easier year for investors, even though the outlook was rather grim at the start; the valuation opportunity was undeniable and unmissable. Starting off in 2010 the economy, both locally and globally, still faces significant challenges and as thoughts shift towards how the unprecedented monetary and fiscal response to the crisis is removed more challenges will become evident. After the strong run in equities last year, even though it is an over used cliché, good results this year will hinge very much off good stock picking and solid fundamental research. In our opinion, the cyclical sectors have rallied very strongly in anticipation of a strong economic recovery, which is by no means confirmed. Should the recovery come through, this is already reflected in the valuations, and should there be disappointments there could be a sharp retracement in cyclical share prices.

The one exception to this is the local banking sector. We are increasingly of the opinion that in an environment where earnings growth will be hard to come by, the banking sector offers the prospect of very significant earnings growth for the next two to three years. This is predominantly being driven by the reduction in the bad debt expense line as low interest rates and some de-gearing allows the customers to heal. In addition, the global credit crisis has seen a wholesale re-pricing of credit which should help open margins as new business is being written on significantly better terms. Importantly these earnings prospects are not fully reflected in the valuations with most banks being on an 8 PE two years out against the market on close to a 12 PE.

One of our largest holdings, MTN has not performed particularly well from a share price perspective the past twelve months due to a number of negative news flow items which, in our view, are not significant for the long term value of the business. The reduction of mobile termination (interconnect) rates in SA, as well as the impact of subscriber registration in SA and Nigeria are likely to have a negative impact on the 2010 financial year results. However, the change in interconnect rates was always factored into our forecasts, and the impact on subscriber growth from the onerous registration is a once-off impact which will not recur post 2010. We remain convinced that MTN's excellent geographic diversification in fast growing under-penetrated mobile markets continues to make it an attractive investment. Being able to invest in a locally listed business exposed to high growth regions outside SA is not reflected in its rating which is trading at a large discount to our market.

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.

While the outlook for 2010 is certainly tougher, there are still plenty of opportunities in the local equity market and we are firmly of the belief that a focussed, actively managed fund like Top 20 can continue to deliver on its mandate to significantly outperform the market over the long term.

We also welcome Pallavi Ambekar as co-manager of the fund. Pallavi has been with Coronation for 7 years, currently responsible for analysing the telecommunications companies, Remgro, Richemont and the hotel & leisure sector. She also co-managed Coronation Industrial Fund in 2006. We are excited about her future involvement and contribution.

Portfolio managers
Neville Chester and Pallavi Ambekar

CORONATION TOP 20

CLASS A as at 31 December 2009

CORONATION FUND MANAGERS

Fund category	Domestic - Equity - Large Cap
Fund description	Aims to outperform the FTSE/JSE Top 40 Index, is actively managed and typically holds no more than 20 large cap stocks at any point in time.
Launch date	01 October 2000
Portfolio manager/s	Neville Chester and Pallavi Ambekar

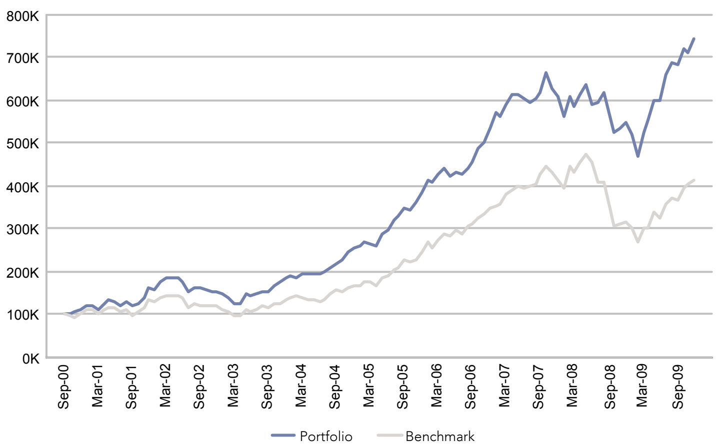
Fund size	R 3.27 billion
NAV	6301.60 cents
Benchmark/Performance Fee Hurdle	FTSE/JSE Africa Top 40 Index
Risk profile	Cons / Mod / **Aggr**

PERFORMANCE AND RISK STATISTICS[1]

GROWTH OF A R100,000 INVESTMENT

Portfolio R744 211

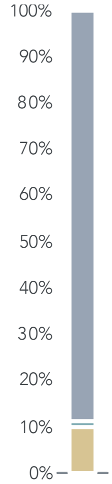
Benchmark R415 108



PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Dec 2009
Domestic Assets	**89.9%**
Equities	**88.8%**
Oil & Gas	8.3%
Basic Materials	8.1%
Industrials	11.9%
Consumer Goods	14.0%
Health Care	3.6%
Consumer Services	12.4%
Telecommunications	13.1%
Financials	17.4%
Cash	**1.1%**
International Assets	**10.1%**
Equities	**10.1%**



PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Inception (unannualised)	644.2%	315.1%	329.1%
Since Inception (annualised)	24.2%	16.6%	7.6%
Latest 5 years (annualised)	23.8%	20.1%	3.7%
Latest 3 years (annualised)	11.6%	6.2%	5.4%
Latest 1 year (annualised)	35.9%	31.7%	4.1%
Year to date	35.9%	31.7%	4.1%
2008	(9.9)%	(23.6)%	13.7%
2007	13.5%	19.0%	(5.4)%
2006	38.6%	40.9%	(2.3)%
2005	50.9%	48.2%	2.6%

TOP 10 HOLDINGS

As at 31 Dec 2009	% of Fund
MTN Group Ltd	10.2%
British American Tobacco Plc	10.1%
Sasol Limited	8.3%
Standard Bank of SA Ltd	8.3%
Naspers Ltd	7.6%
Remgro Ltd	6.2%
Bidvest Group Limited	5.7%
Nedbank Group Ltd	5.2%
Anglo American Plc	4.9%
SABMiller Plc	4.8%

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised Deviation	18.7%	20.9%
Sharpe Ratio	0.76	0.32
Maximum Gain	46.6%	37.4%
Maximum Drawdown	(31.7)%	(43.4)%
Positive Months	64.0%	61.3%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30 Sep 2009	01 Oct 2009	20.47	18.03	2.44
31 Mar 2009	01 Apr 2009	209.46	207.04	2.42
30 Sep 2008	01 Oct 2008	93.07	91.71	1.36
31 Mar 2008	01 Apr 2008	33.40	29.59	3.81

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2009	(5.5)%	(9.5)%	11.9%	5.1%	8.8%	0.3%	9.4%	4.4%	(0.4)%	5.2%	(1.3)%	4.8%	35.9%
Fund 2008	(7.6)%	8.3%	(4.1)%	5.0%	3.5%	(6.7)%	0.8%	3.5%	(8.8)%	(6.9)%	2.1%	2.4%	(9.9)%
Fund 2007	6.4%	(1.2)%	5.0%	4.0%	(0.7)%	(1.3)%	(1.2)%	1.7%	1.9%	7.7%	(5.8)%	(2.8)%	13.5%

FEES (excl. VAT)

Initial Fee	Coronation: 0.00%
Annual Management Fee - performance related*	Minimum - standard: 1.00% Minimum - discounted: 0.50% Maximum: 3.00% Sharing Rate: 20.00%

* 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.

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]	2.21% per annum, which includes a performance fee of 1.05%

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 the standard minimum fee will be levied. If the fund produces a return below the benchmark, over a rolling 24-month period, the discounted minimum fee applies.

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). [1]Performance 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. [2]The 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 actual performance fee incurred over the 12 months 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.

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