

PORTFOLIO MANAGER COMMENTARY

The fund had an excellent quarter in a volatile market. It has outperformed its benchmark by 2.5% p.a. over a rolling 3-year period (8.6% p.a. versus 6.1% p.a.) and 2.4% p.a. over a rolling 5 years (19.6% p.a. versus 17.2% p.a.). It continues to be one of the top performing funds in its sector over all meaningful periods.

The second quarter proved to be a bruising reminder of how dangerous it is to try and time markets. In early March, markets rallied when investors least expected it. Before investors had time to 'wipe the sleep from their eyes' the MSCI World Index had rallied 45% and the MSCI Emerging Markets Index by 64% (21.0% and 34.8% respectively in the quarter). The fund benefited from an aggressive overweight in domestic and offshore equities, not because we had any special trading insights but because we had high conviction that equities (particularly offshore equities) provided an extraordinary opportunity for the patient, long-term investor.

The global economy stopped hemorrhaging over the past three months. This sparked numerous references to 'green shoots', despite the fact that virtually every news release still showed a meaningful decline (year on year) in economic activity. We believe that the global recession will be measured in years, not months, and expect any recovery to be anaemic. The headwinds from deleveraging (from households, banks and governments) will provide a headwind for years to come. Notwithstanding this, we remain of the view that offshore equities provide a compelling opportunity for the long-term investor. Cash sitting on the sidelines remains at record levels, with most investors unwilling to buy at a time of such poor newsflow.

Domestic equities gave an 8.6% return in the quarter, with industrials leading the market - up 14.0%. Financials also had a strong showing with a return of 12.3%, while resources lagged with a 2.7% return. We remain significantly underweight the resource sector. While one would expect a depressed commodity market to be fertile ground for the long-term investor, we are not finding enough value to justify a contrarian view. Our underweight in gold counters contributed to performance in the quarter. We remain of the view that gold has become a crowded 'fear trade'. The gold price is not low and we expect costs to remain under significant pressure with the miners likely to be forced into giving above-inflation wage settlements.

Within the industrial sector, Naspers, Netcare, Aspen and MTN all contributed to performance. In bear markets one often finds quality companies with good growth prospects trading at attractive valuations. This is very much the case in the market today and we have taken advantage of this with MTN and Naspers now being the number one and two sized positions in the fund. Small caps showed some signs of recovery in the quarter. We are finding many quality counters trading at 4 times normal earnings and we have added significantly to our small cap exposure in the last two quarters.

Banks recovered late in the quarter. We continue to believe that banks offer value. The current earnings season will be bleak, but we are close to the bottom of the interest rate cycle. Earnings should recover strongly once the heavy impairments in this earnings season have been taken.

The bond market stabilised in the quarter, returning 0.3%. In previous quarters we commented that bonds were overvalued. After a negative 4.9% return this year we think they are only starting to offer some value. The corporate bond market, in contrast, offers compelling value. In the quarter we bought inflation-linked bonds at real yields of between 5.5% and 8%. We continue to look for opportunities in what remains a paralysed credit market.

In conclusion, while we have taken some profits on our overweight equity position, we remain of the view that equities offer the best prospect of inflation-beating long-term returns. Market volatility is unlikely to subside in the near term. To the long-term investor this is not bad news. The last few quarters have produced extraordinary opportunities in both the equity and corporate credit market. We remain committed to 'cutting out the noise' and focusing on the long-term fundamentals.

Portfolio manager

Karl Leinberger

Fund category Domestic - Asset Allocation - Prudential Variable Equity

Fund description A fully managed investment solution diversified across the various asset classes and sectors. Its asset allocation is compliant with Regulation 28 of the Pension Funds Act.

Launch date 15 April 1996

Portfolio manager/s Karl Leinberger

Fund size R 3.58 billion

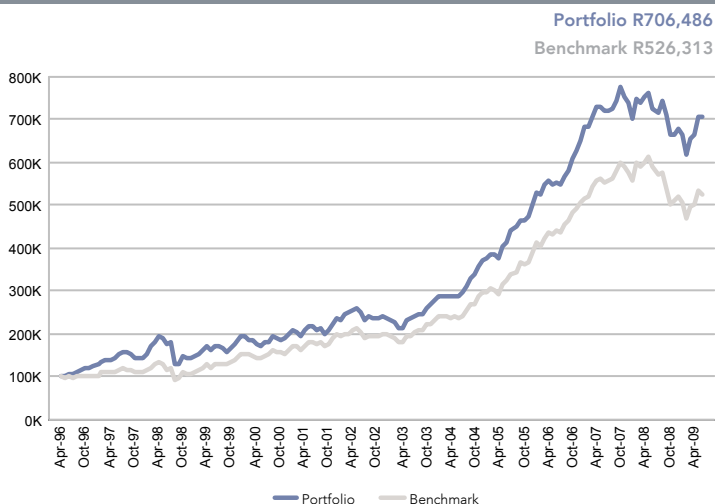
NAV 4211.97 cents

Benchmark Composite (63% equity, 22% bonds, 10% international, 5% cash)

Risk profile Cons Mod Aggr

PERFORMANCE AND RISK STATISTICS¹

GROWTH OF A R100,000 INVESTMENT



PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 Jun 2009	100%
Domestic Assets	77.8%	
Equities	45.6%	
Oil & Gas	2.7%	
Basic Materials	7.4%	
Industrials	5.7%	
Consumer Goods	4.4%	
Health Care	1.7%	
Consumer Services	11.7%	
Telecommunications	7.3%	
Financials	9.1%	
Technology	0.0%	
Derivatives	(4.3)%	
Preference Shares & Other Securities	0.1%	
Real Estate	3.9%	
Bonds	5.9%	
Cash	22.2%	
International Assets	22.2%	
Equities	21.5%	
Cash	0.7%	

PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Inception (unannualised)	606.5%	426.3%	180.2%
Since Inception (annualised)	16.0%	13.4%	2.6%
Latest 5 years (annualised)	19.6%	17.2%	2.4%
Latest 3 years (annualised)	8.6%	6.1%	2.4%
Latest 1 year (annualised)	(2.5)%	(10.4)%	7.9%
Year to date	4.5%	0.8%	3.7%
2008	(8.2)%	(9.2)%	1.0%
2007	13.1%	14.0%	(0.9)%
2006	30.5%	29.9%	0.6%
2005	35.0%	31.6%	3.4%

TOP 10 HOLDINGS

As at 30 Jun 2009	% of Fund
Coronation World Equity Fund	12.9%
MTN Group Ltd	7.0%
Naspers Ltd	5.3%
Coronation Global Emerging Markets Fund	5.1%
Standard Bank of SA Ltd	4.9%
Sasol Limited	2.7%
SABMiller Plc	2.7%
Compagnie Financiere Richemont SA	2.0%
Anglo American Plc	1.9%
British American Tobacco Plc	1.8%

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised Deviation	15.9%	14.6%
Sharpe Ratio	0.25	0.10
Maximum Gain	57.4%	29.3%
Maximum Drawdown	(34.3)%	(31.9)%
Positive Months	66.5%	63.3%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Mar 2009	01 Apr 2009	131.97	89.72	42.25
30 Sep 2008	01 Oct 2008	85.24	41.30	43.94
31 Mar 2008	01 Apr 2008	49.12	17.54	31.58
28 Sep 2007	01 Oct 2007	58.49	23.34	35.15

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2009	(1.6)%	(6.9)%	6.0%	1.5%	5.9%	0.2%							4.5%
Fund 2008	(5.0)%	6.8%	(1.5)%	1.9%	1.5%	(4.8)%	(1.4)%	3.7%	(4.5)%	(6.5)%	0.4%	1.7%	(8.2)%
Fund 2007	4.5%	0.6%	2.8%	3.2%	0.2%	(1.4)%	(0.1)%	1.2%	2.1%	4.7%	(3.4)%	(1.8)%	13.1%

FEES (excl. VAT)

Initial Fee	Coronation: 0.00%
Annual Management Fee*	1.25%

* 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	1.63% per annum
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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 30 June 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 March 2009, as well as the actual performance fee incurred over the 12 months to end March 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.