

## PORTFOLIO MANAGER COMMENTARY

Global and domestic equity markets rebounded strongly in the second quarter of this year. The fund performed well, returning 3.7% for the quarter and 8.9% for the past year. The fund has achieved an annualised return of 15.4% over the past five years, which is well ahead of the outperformance target of inflation plus 4%. This return was achieved with low risk as evidenced by low volatility of fund returns.

The equity component of the fund performed well above market indices, despite a very defensive positioning as described in the last quarterly. Strong performances include top holdings such as Naspers, SABMiller, Standard Bank, JSE Ltd, Woolworths and Spar. During the quarter we further increased positions in Spar and SABMiller, which remain attractively priced and also have defensive earnings streams. Despite tentative evidence of global economic recovery, we remain sceptical of the sustainability thereof. Quality and sustainable earnings will remain an important attribute of the portfolio going forward. In this regard, one of the poorest performers in the portfolio this quarter was British American Tobacco. With the ultimate defensive earnings stream, and a dividend yield exceeding 6%, we remain long-term holders. Post the Telkom unbundling we have also built a position in Vodacom, which we believe to be an attractive asset for the longer term. At the same time we have completely sold out of our holding in the fixed line operations. Other sales during the quarter were largely on the resources side into a strong market, particularly BHP Billiton and Impala Platinum.

The bond component of the fund has continued to prove its defensive characteristics, adding to performance in an environment of further rising bond yields. Our weighting in conventional bonds remains very low. Given the large sell-off year to date, we will start looking at attractive entry points, especially in high quality corporate bonds, where spreads are very attractive and corporates are desperate for funding. We have continued to build on our position in inflation-linked bonds, which at the time of writing is approaching 5% of fund.

The domestic listed property component of the fund added to performance, despite a tough quarter for listed property. Over the past year, domestic listed property has added materially to overall fund performance.

While the international component of the fund performed strongly in dollar terms, a much stronger rand (24% appreciation versus the dollar over the past quarter) has led to a negative contribution to overall fund performance. Hedging against a stronger local currency reduced this impact somewhat, but has since been closed out.

We continue to see good opportunities in the market, and thus good prospects for risk adjusted returns for the fund going forward.

**Portfolio managers**

Edwin Schultz, Gavin Joubert and Louis Stassen

**Fund category** Domestic - Asset Allocation - Targeted Absolute & Real Return

**Fund description** Focused on the preservation of capital over all rolling 12-month periods. Over the medium term, the objective is to produce real growth of at least 4% per annum.

**Launch date** 02 July 2001

**Portfolio manager/s** Edwin Schultz, Gavin Joubert and Louis Stassen

**Fund size** R 3.98 billion

**NAV** 2233.90 cents

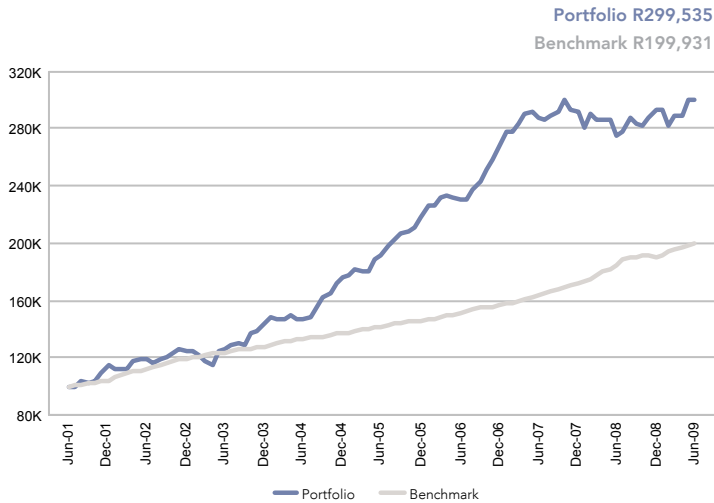
**Benchmark/Performance Fee Hurdle†** CPI + 4% p.a.

**Risk profile**

Cons Mod Aggr

## PERFORMANCE AND RISK STATISTICS<sup>1</sup>

### GROWTH OF A R100,000 INVESTMENT



## PORTFOLIO DETAIL

### EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 Jun 2009	100%
<b>Domestic Assets</b>	<b>79.8%</b>	
Equities	36.6%	
Basic Materials	4.0%	
Industrials	2.7%	
Consumer Goods	9.2%	
Health Care	0.4%	
Consumer Services	11.6%	
Telecommunications	4.3%	
Financials	6.3%	
Derivatives	(1.9)%	
Preference Shares & Other Securities	3.7%	
Real Estate	5.1%	
Bonds	9.7%	
Cash	24.7%	
<b>International Assets</b>	<b>20.2%</b>	
Equities	11.8%	
Cash	8.4%	

## PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Inception (unannualised)	199.5%	100.3%	99.3%
Since Inception (annualised)	14.7%	10.7%	4.0%
Latest 5 years (annualised)	15.4%	10.8%	4.6%
Latest 3 years (annualised)	9.1%	12.5%	(3.5)%
Latest 1 year (annualised)	8.9%	11.7%	(2.8)%
Year to date	2.0%	6.6%	(4.6)%
2008	0.7%	14.3%	(13.6)%
2007	9.5%	12.6%	(3.1)%
2006	22.4%	9.0%	13.4%
2005	23.2%	8.0%	15.2%

## TOP 10 HOLDINGS

As at 30 Jun 2009	% of Fund
Coronation World Equity Fund	4.7%
Naspers Ltd	3.8%
MTN Group Ltd	3.4%
SABMiller Plc	3.0%
Tiger Brands Ltd	2.8%
Standard Bank of SA Ltd	2.3%
Edinburgh Partners European Opportunity Fund	2.0%
Remgro Ltd	1.9%
SPAR Group Ltd	1.9%
British American Tobacco Plc	1.7%

## RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised Deviation	8.0%	1.8%
Downside Deviation	4.9	N/A
Sharpe Ratio	0.58	N/A
Maximum Gain	29.5	N/A
Maximum Drawdown	(8.3)	N/A
Positive Months	66.7	N/A

## INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30 Jun 2009	01 Jul 2009	10.50	2.74	7.76
31 Mar 2009	01 Apr 2009	53.05	38.21	14.84
31 Dec 2008	02 Jan 2009	21.25	4.44	16.81
30 Sep 2008	01 Oct 2008	33.12	17.83	15.29

## MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2009	0.1%	(4.3)%	2.7%	0.2%	3.6%	(0.1)%							2.0%
Fund 2008	(4.0)%	3.8%	(1.4)%	(0.2)%	0.3%	(4.1)%	1.0%	3.7%	(1.4)%	(0.8)%	1.9%	2.3%	0.7%
Fund 2007	4.2%	0.3%	1.6%	2.7%	0.3%	(1.3)%	(0.8)%	1.1%	1.3%	2.7%	(2.3)%	(0.6)%	9.5%

## FEES (excl. VAT)

Initial Fee	Coronation: 0.00%
Annual Management Fee - performance related*	Minimum - standard: 1.25% Minimum - discounted: 0.75% Maximum: 2.75% Sharing Rate: 10.00%

\* 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)<sup>2</sup>** 0.96% per annum, which includes a performance fee of 0.02%

When applicable, Coronation shares in the fund performance above the benchmark. This performance fee is accrued daily, based on performance over a rolling 12-month period, and paid to Coronation monthly. If the fund produces a positive return in line with or below the benchmark, the standard minimum fee will be levied. If the fund produces a negative return over a rolling 12-month period, the discounted minimum fee 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.

## 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). <sup>1</sup>Performance 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. <sup>2</sup>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 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.