

PORTFOLIO MANAGER COMMENTARY

After three consecutive quarters of depression, we finally had a quarter with a more optimistic outlook; albeit off a low base. What the press rapidly took to calling 'green shoots' was merely a recognition of the fact that while the environment is definitely still tough, the rate of worsening is slowing and equity markets had been priced for a very dire outcome. This saw markets around the world rally quite sharply and risk appetite pick up appreciably. The fund had a great quarter, delivering a return of 8.8% - outperforming the JSE market return of 8.6% and significantly ahead of the benchmark return of 6.0%.

The fund entered the quarter with a high allocation to equity and in particular domestic equity. While sentiment was at all time lows, we felt valuations were far too compelling to ignore. While many market commentators were flirting with the concept of deflation, our view, given the vast stimulus packages being implemented, was that inflation was the biggest risk facing investors over the longer term. The best way to compensate for that risk is through equities and inflation-linked bonds. Fortunately, the valuations of both these asset classes were low, affording us the opportunity to take big stakes in both classes.

While many investors are feeling bruised by the decline we have recently experienced in equities, the return on this asset class for any period longer than three years are still good. The fund has still comfortably beaten inflation over three years and significantly outperformed it over five years. We always anchor our portfolio based on our core investment philosophy of valuation driven investing. This tends to ensure that we focus on the long term and avoid getting caught up by sentiment swings and short-term newsflow. As our models showed that equity markets were very cheap on any long-term measure we kept a high weighting to SA and global equity. As markets re-rated we have started to reduce our overall equity allocation in favour of some high-yielding bonds to which we have had very little exposure to date.

We have fundamentally not liked the bond market due to unattractive valuations based on our longer-term outlook for inflation. We did, however, get the opportunity to add some very attractively priced inflation linkers. Now, however, after a sharp sell-off bonds are starting to look more attractive and selective credit is very compelling given the large spreads currently in the credit market. Once again, it all boils down to the valuation.

Finally, we have increased the fund's offshore allocation as we believe international equities are still relatively inexpensive and that the Rand is likely to weaken from its current level. Prolonged US dollar weakness and high interest rates in SA have helped the rand to strengthen significantly over the past 6 months and it has been one of the strongest currencies in the world year to date. Given the impact of lower commodity prices and higher inflation we believe the rand will weaken from this point onwards, although not as rapidly as we have previously seen.

We believe the fund, as it is currently structured, offers investors the best risk adjusted portfolio to generate consistent inflation-beating returns in the medium to long term.

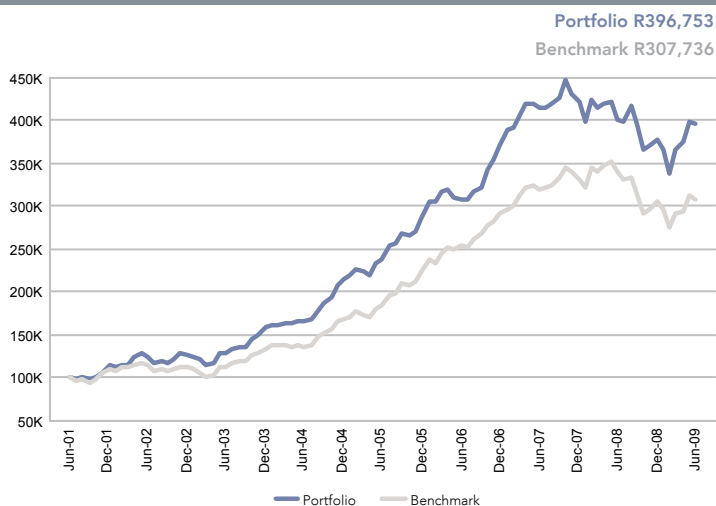
Portfolio manager
Neville Chester

Fund category Domestic - Asset Allocation - Flexible
Fund description Invests across various domestic and international asset classes, with a bias towards the equity market over the investment cycle.
Launch date 02 July 2001
Portfolio manager/s Neville Chester

Fund size R 1.05 billion
NAV 3208.64 cents
Benchmark/Performance Fee Hurdle Composite (63% equity, 22% bonds, 10% international, 5% cash) + 2% 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)	296.8%	207.9%	88.9%
Since Inception (annualised)	18.8%	16.3%	2.5%
Latest 5 years (annualised)	19.1%	19.4%	(0.3)%
Latest 3 years (annualised)	8.9%	8.1%	0.8%
Latest 1 year (annualised)	(0.9)%	(8.4)%	7.6%
Year to date	5.4%	1.8%	3.6%
2008	(10.9)%	(7.2)%	(3.7)%
2007	14.2%	16.0%	(1.8)%
2006	29.1%	32.0%	(2.8)%
2005	33.0%	34.5%	(1.5)%

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised Deviation	12.4%	12.1%
Sharpe Ratio	0.70	0.35
Maximum Gain	36.7%	29.3%
Maximum Drawdown	(24.4)%	(23.6)%
Positive Months	67.7%	66.7%

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2009	(2.9)%	(7.4)%	7.7%	2.8%	6.4%	(0.5)%							5.4%
Fund 2008	(5.7)%	6.4%	(2.4)%	1.1%	0.7%	(5.0)%	(0.3)%	4.3%	(5.2)%	(7.6)%	1.3%	1.8%	(10.9)%
Fund 2007	5.1%	0.5%	3.4%	3.8%	0.1%	(1.3)%	0.0%	1.0%	1.8%	5.2%	(3.8)%	(2.0)%	14.2%

FEES (excl. VAT)

Initial Fee	Coronation: 0.00%
Annual Management Fee - performance related*	Minimum - standard: 1.25% Minimum - discounted: 0.75% Maximum: 3.75% 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.

Total Expense Ratio (TER)²	1.31% per annum, which includes a performance fee of 0.02%
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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 60-month period, the discounted minimum fee applies.

For further information regarding our fee structure please contact us or visit our website.

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 Jun 2009	
Domestic Assets	79.6%	
Equities	54.6%	
Oil & Gas	2.6%	
Basic Materials	7.8%	
Industrials	6.8%	
Consumer Goods	6.5%	
Health Care	1.8%	
Consumer Services	11.0%	
Telecommunications	7.5%	
Financials	11.0%	
Derivatives	(0.5)%	
Preference Shares & Other Securities	11.3%	
Real Estate	5.0%	
Bonds	7.2%	
Cash	1.6%	
International Assets	20.4%	
Equities	18.1%	
Bonds	0.6%	
Cash	1.7%	

TOP 10 HOLDINGS

As at 30 Jun 2009	% of Fund
Coronation World Equity Fund	10.8%
MTN Group Ltd	7.0%
Standard Bank of SA Ltd	5.6%
Naspers Ltd	5.3%
Coronation Global Emerging Markets Fund	4.7%
SABMiller Plc	2.8%
Sasol Limited	2.6%
Anglo American Plc	2.4%
Netcare Limited	1.8%
Compagnie Financiere Richemont SA	1.8%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Mar 2009	01 Apr 2009	91.03	75.26	15.77
30 Sep 2008	01 Oct 2008	65.22	52.89	12.33
31 Mar 2008	01 Apr 2008	28.76	22.59	6.17
28 Sep 2007	01 Oct 2007	30.31	24.24	6.07

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 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.