

## 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 14.6% - significantly outperforming the index return of 7.7%

A concerted approach to increase some of the more cyclical shares at the beginning of the year paid off. As the level of appetite for risk started to rise, so did a number of these shares as the market once again recognised their fundamentals. A great example of this is Anglo American in which the fund now has a large top 10 holding. Last year's darling rapidly became this year's dropout as a stretched balance sheet and poor short-term outlook for platinum and diamonds resulted in Anglos having to skip its dividend. The share price fell to its lowest level in 10 years as investors focused on short-term concerns rather than the quality of the underlying assets. This enabled the fund to build up a good position at attractive levels. Subsequently, some balance sheet repair, improving risk appetite and an unsolicited offer from Xstrata has seen the price re-rate strongly; far sooner than we anticipated. This is the core to using a valuation-based approach in stock selection. While you can never time the market you do manage to ignore the short-term noise to make sound long-term investments.

Another example is MTN - also a darling of the market, soaring above R150 when the news first broke of a potential Bharti deal in May 2008. However, along with most other companies MTN fell in the period of risk aversion in the second half of that year. Prior to the Lehman collapse investors were hungry for exposure to fast growing markets like Nigeria and Iran, but when risk appetite turned, these exposures became viewed as negatives and MTN fell as low as R74 - half of its previous high. This enabled the fund to build a large position in a quality business at an attractive price. We now sit with the announcement this past quarter of another potential deal with Bharti that has caused investor sentiment to improve towards MTN, resulting in a re-rating that was also sooner than we had anticipated.

What these two examples illustrate is that our priority focus is the valuation of the businesses that we buy for our unit holders. While one can speculate about global trends and the direction of currencies, the only safe way to ensure that the fund generates sustainable long-term returns is to invest where valuation offers the investor a large margin of safety. Equity markets are volatile and indeed irrational in the short term, but in the long term rationality always prevails. This is why it is important to always be prepared to take the long-term view when investing in equities and equity-based funds.

Given the extreme volatility over the past year and the recent resurgence in risk appetite, we have found that a number of defensive businesses have de-rated and are offering attractive long-term returns. As a result, we have added to these as we have sold down some of the more cyclical shares bought late last year. Given the uncertain economic outlook and the favourable valuations, this is the preferred approach.

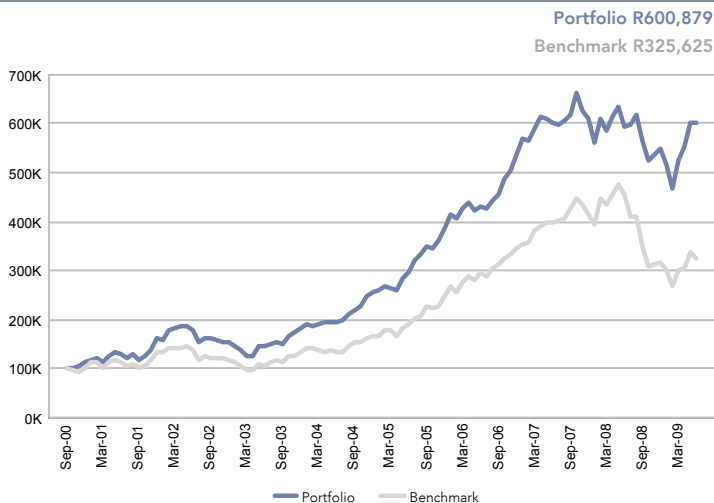
**Portfolio manager**  
Neville Chester

**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

**Fund size** R 1.76 billion  
**NAV** 5105.49 cents  
**Benchmark/Performance Fee Hurdle** FTSE/JSE Africa Top 40 Index  
**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>92.4%</b>	
■ <b>Equities</b>	<b>89.5%</b>	
Oil & Gas	6.6%	
Basic Materials	9.5%	
Industrials	14.4%	
Consumer Goods	13.8%	
Health Care	2.7%	
Consumer Services	10.6%	
Telecommunications	11.9%	
Financials	20.0%	
■ <b>Real Estate</b>	<b>3.2%</b>	
■ <b>Cash</b>	<b>(0.3)%</b>	
<b>International Assets</b>	<b>7.6%</b>	
■ <b>Equities</b>	<b>7.6%</b>	

## PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Inception (unannualised)	500.9%	225.6%	275.3%
Since Inception (annualised)	22.7%	14.4%	8.3%
Latest 5 years (annualised)	25.4%	19.8%	5.6%
Latest 3 years (annualised)	11.8%	3.3%	8.6%
Latest 1 year (annualised)	1.5%	(28.6)%	30.2%
Year to date	9.7%	3.3%	6.4%
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 30 Jun 2009	% of Fund
MTN Group Ltd	9.9%
Standard Bank of SA Ltd	9.5%
Naspers Ltd	9.4%
British American Tobacco Plc	7.6%
Remgro Ltd	7.2%
Sasol Limited	6.6%
SABMiller Plc	6.0%
Nedbank Group Ltd	5.7%
Anglo American Plc	5.0%
Bidvest Group Limited	4.9%

## RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised Deviation	18.9%	21.1%
Sharpe Ratio	0.67	0.20
Maximum Gain	38.6%	37.4%
Maximum Drawdown	(31.7)%	(43.4)%
Positive Months	63.8%	60.0%

## INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
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
28 Sep 2007	01 Oct 2007	57.68	55.34	2.34

## 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%							9.7%
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)

<b>Initial Fee</b>	Coronation: 0.00%
<b>Annual Management Fee - performance related*</b>	Minimum - standard: 1.00% Minimum - discounted: 0.50% Maximum: 3.50% 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.

<b>Total Expense Ratio (TER)<sup>2</sup></b>	0.92% per annum, which includes a performance fee of (0.23)%
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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 12-month period, the discounted minimum fee applies.

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

## 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.