

PORTFOLIO MANAGER COMMENTARY

The combined effect of the massive stimulus dished out by monetary and fiscal authorities around the world seems to have had the desired effect on the global economy and financial markets. The worst of the great recession has passed. What was at first called the 'green shoots' of economic recovery became more widespread during the third quarter of 2009 and a number of the largest industrial nations reported a return to positive growth. The improved economic news led to a rapid return of confidence and investors found renewed risk appetite. Global stock markets rose strongly for the second quarter in a row.

South Africa lagged the global economy going into the recession and is also lagging it in the recovery. But, buoyed by better global news, the JSE participated merrily in the widespread stock market recovery. The All Share Index climbed by 13.9%, taking the year-to-date performance to 18.6% - a number that few would have thought possible in the midst of the doom and gloom which prevailed in the first few months of the year. One of the main drivers of stock prices was the return of foreign investment into SA equities which totalled R24.8 billion during the quarter. These inflows pushed share prices higher and clearly supported the rand.

Following a very weak first half of the year, the bond market also recovered with the help of another interest rate cut by the Reserve Bank and the improved inflation outlook brought about by the stronger rand. With the steepening yield curve we have reduced our cash holdings and increased exposure to bonds.

From an asset allocation point of view, the exposure to growth assets (equity and property) was kept well within our maximum limit. The rand remains one of the most volatile currencies in the world and as we try to manage the fund's volatility we have less than the allowed maximum exposure to offshore assets.

The fund enjoyed a good quarter. The return of 5.5% was comfortably ahead of cash (1.8%). Year to date, the fund's return is 10.2% versus the 6.8% on cash, while over the past year the fund's return of 11.2% again trumps that of cash (9.9%), but shy of the cash plus 3% target.

Looking forward, the low interest rate environment is likely to remain in place for some time. Interest income from cash is therefore going to be lower than over the past number of years and we will have to seek higher income from areas such as property, preference shares, corporate bonds and inflation-linked bonds. Within equities we continue to favour the more predictable good cash generating business over the cyclical ones.

Portfolio managers

Charles de Kock and Mark le Roux

CORONATION BALANCED DEFENSIVE

CLASS A as at 30 September 2009

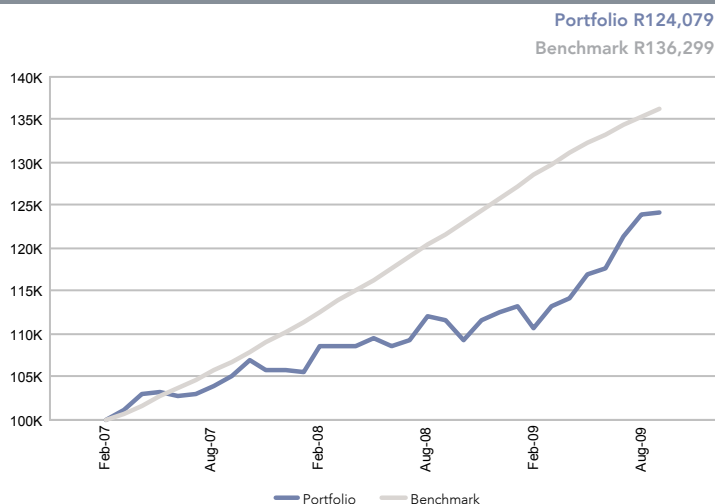
CORONATION
FUND MANAGERS

Fund category Domestic - Asset Allocation - Prudential Low Equity
Fund description The fund aims to provide a reasonable level of current income and seeks to preserve capital in real terms, with lower volatility over the medium to long-term.
Launch date 01 February 2007
Portfolio manager/s Charles de Kock and Mark le Roux

Fund size R623.47 million
NAV 108.90 cents
Benchmark/Performance Fee Hurdle Alexander Forbes 3-month (STeFI) Index + 3% 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) | 24.1% | 36.5% | (12.5)% |
| Since Inception (annualised) | 8.7% | 13.3% | (4.6)% |
| Latest 1 year (annualised) | 11.2% | 12.9% | (1.7)% |
| Year to date | 10.2% | 9.0% | 1.1% |
| 2008 | 6.6% | 14.7% | (8.2)% |

RISK STATISTICS SINCE INCEPTION

| | Fund | Benchmark |
|----------------------|--------|-----------|
| Annualised Deviation | 4.7% | 0.4% |
| Sharpe Ratio | (0.45) | N/A |
| Maximum Gain | 12.0 | N/A |
| Maximum Drawdown | (2.6) | N/A |
| Positive Months | 74.2 | N/A |

MONTHLY PERFORMANCE RETURNS

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
|-----------|--------|--------|------|------|------|--------|------|------|--------|--------|--------|--------|-------|
| Fund 2009 | 0.6% | (2.3)% | 2.3% | 0.7% | 2.5% | 0.6% | 3.2% | 2.0% | 0.2% | | | | 10.2% |
| Fund 2008 | (0.2)% | 2.9% | 0.1% | 0.0% | 0.9% | (0.9)% | 0.7% | 2.6% | (0.5)% | (2.1)% | 2.2% | 0.9% | 6.6% |
| Fund 2007 | | | 1.3% | 1.7% | 0.4% | (0.6)% | 0.3% | 0.8% | 1.2% | 1.7% | (0.9)% | (0.2)% | 5.7% |

FEES (excl. VAT)

| | |
|------------------------|-------------------|
| Initial Fee | Coronation: 0.00% |
| Annual Management Fee* | 1.50% |

* 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.

The annual management fee structure of this fund will be changed with effect from 1 November 2009.

| | |
|--|-----------------|
| Total Expense Ratio (TER) ² | 1.73% per annum |
|--|-----------------|

Annual management fee discount:

If the fund delivers a negative return over a rolling 12-month period, then Coronation will forego the total annual management fee.

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

| Sector | 30 Sep 2009 | |
|---|--------------|--|
| Domestic Assets | 84.3% | |
| ■ Equities | 19.8% | |
| Oil & Gas | 0.8% | |
| Basic Materials | 2.4% | |
| Industrials | 2.7% | |
| Consumer Goods | 1.9% | |
| Health Care | 0.4% | |
| Consumer Services | 4.4% | |
| Telecommunications | 2.5% | |
| Financials | 4.6% | |
| ■ Preference Shares & Other Securities | 4.0% | |
| ■ Real Estate | 4.0% | |
| ■ Bonds | 30.9% | |
| ■ Cash | 25.7% | |
| International Assets | 15.7% | |
| ■ Equities | 7.7% | |
| ■ Preference Shares & Other Securities | 0.0% | |
| ■ Bonds | 3.6% | |
| ■ Cash | 4.3% | |

TOP 10 HOLDINGS

| As at 30 Sep 2009 | % of Fund |
|----------------------------------|-----------|
| Coronation World Equity Fund | 5.0% |
| MTN Group Ltd | 2.2% |
| Standard Bank of SA Ltd | 1.7% |
| Coronation Preference Share Fund | 1.5% |
| Liberty International Plc | 1.4% |
| British American Tobacco Plc | 1.3% |
| Naspers Ltd | 1.3% |
| Coronation Fund Managers Ltd | 1.0% |
| Anglo American Plc | 1.0% |
| SABMiller Plc | 0.9% |

INCOME DISTRIBUTIONS

| Declaration | Payment | Amount | Dividend | Interest |
|-------------|-------------|--------|----------|----------|
| 30 Sep 2009 | 01 Oct 2009 | 1.31 | 0.32 | 0.99 |
| 30 Jun 2009 | 01 Jul 2009 | 1.24 | 0.28 | 0.96 |
| 31 Mar 2009 | 01 Apr 2009 | 2.29 | 0.99 | 1.30 |
| 31 Dec 2008 | 02 Jan 2009 | 1.75 | 0.32 | 1.43 |

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 September 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 June 2009, as well as the actual performance fee incurred over the 12 months to end June 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.