

PORTFOLIO MANAGER COMMENTARY

Global and domestic equity markets continued the rally from the lows established in early March this year and performed very strongly over the quarter.

The fund also had a very strong quarter, returning 9.2%. For the past year, the fund return is now 15.1%, while the annualised return since inception is 15.4% - well ahead of the outperformance target of inflation plus 4%.

The equity component of the fund again outperformed general market indices, despite a very defensive positioning within equities. Strong performances include top holdings such as Naspers, SAB Miller, Woolworths, Remgro and Liberty International.

We have started reducing domestic equity exposure in the fund as shares have started approaching fair values. At the time of writing, effective exposure in domestic equities in the fund is 35%.

Positions in Impala Platinum, Truworths and Netcare have largely been sold out. We have also reduced position sizes in some of our larger holdings such as SAB Miller, JSE Ltd. and Woolworths. Liberty International, clearly a beneficiary from risk appetite returning to global markets, was largely sold out. The timing of this sale proved to be fortuitous as the company unexpectedly announced another large capital raising.

During the quarter we also established new positions in Hulamin and Tongaat, as well as continued building positions in Shoprite, Vodacom and Spar.

The domestic listed property component of the fund performed very well and was also a major contributor to fund performance. While we have become more cautious at current price levels, forward yields of around 9% remain attractive and based on our analysis, distribution growth prospects for the quality property companies remains intact. Our positioning here is very defensive, with a focus on quality retail and A-grade offices.

The fixed income component of the fund also performed well over the quarter. Based on the large sell-off in bond rates leading up to the start of the quarter we took a tactical position in corporate bonds which paid off. This exposure has subsequently been switched into floating rate exposure as long bond rates have declined. This allows us to retain exposure to corporate spreads approaching 300bp above equivalent government bonds, and is certainly a very attractive alternative to the current low yield on cash.

We have continued building inflation-linked bond exposure within the fund to the current level of 8%. These bonds offer attractive diversification properties given their low correlation to other asset classes, and are a natural fit in a portfolio striving to provide positive real returns with low risk. We continue to believe that the risks to inflation both globally and locally remain to the upside over the medium to longer term.

The international component of the fund benefited from strongly rising global equity markets in dollar terms, only slightly reduced by continued strength in the rand. While currencies are notoriously difficult to forecast, it is clear from our interactions with Corporate SA that the current level of the rand is proving to be very challenging to the competitiveness and profitability of many companies, and is hence probably unsustainable in the long run. We are certainly maintaining maximum offshore exposure within the fund.

Markets have rallied significantly over the past two quarters. We believe the prudent approach is to reduce risk within the fund. Many of the more cyclical shares are in our opinion discounting a too optimistic expectation of the magnitude and sustainability of economic recovery, with good examples being construction shares and clothing retailers. Earnings bases for these shares are already high after a number of years of economic prosperity and above average margins.

Within the fund we will continue reducing equity exposure into a rising market and remain very defensively positioned within the equity component of the fund. Fund exposure is well balanced across a variety of asset classes, which we believe is a strength going forward in a world of significant economic uncertainty.

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 4.52 billion

NAV 2427.49 cents

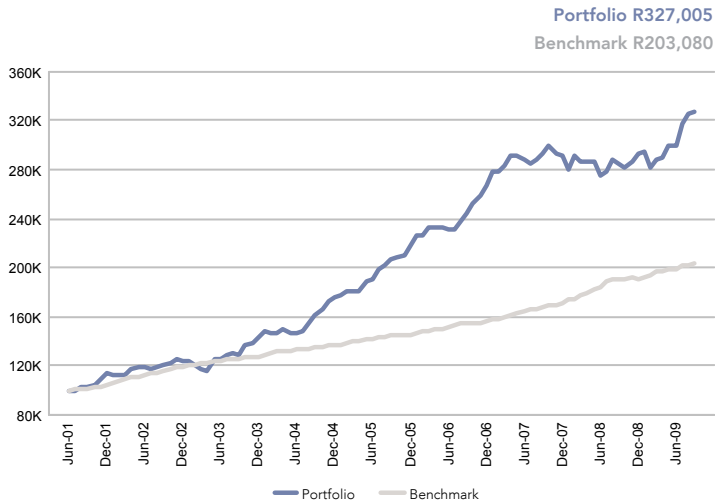
Benchmark/Performance Fee Hurdle† CPI + 4% p.a.

Risk profile

Cons Mod Aggr

PERFORMANCE AND RISK STATISTICS¹

GROWTH OF A R100,000 INVESTMENT



PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 Sep 2009	100%
Domestic Assets	79.5%	
■ Equities	32.8%	
Basic Materials	3.7%	
Industrials	3.0%	
Consumer Goods	9.5%	
Health Care	0.1%	
Consumer Services	8.8%	
Telecommunications	4.3%	
Financials	5.3%	
Derivatives	(1.9)%	
■ Preference Shares & Other Securities	3.2%	
■ Real Estate	5.2%	
■ Bonds	17.2%	
■ Cash	21.2%	
International Assets	20.5%	
■ Equities	11.0%	
■ Bonds	0.7%	
■ Cash	8.8%	

PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Inception (unannualised)	227.0%	103.4%	123.6%
Since Inception (annualised)	15.4%	10.7%	4.8%
Latest 5 years (annualised)	15.1%	10.9%	4.2%
Latest 3 years (annualised)	10.3%	12.3%	(2.0)%
Latest 1 year (annualised)	15.1%	9.4%	5.7%
Year to date	11.4%	9.0%	2.4%
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 Sep 2009	% of Fund
Coronation World Equity Fund	4.6%
MTN Group Ltd	2.9%
Naspers Ltd	2.7%
Tiger Brands Ltd	2.5%
Edinburgh Partners European Opportunity Fund	2.2%
Spar Group Ltd	2.2%
Remgro Ltd	2.0%
SABMiller Plc	1.9%
Standard Bank of SA Ltd	1.9%
AVI Ltd	1.6%

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised Deviation	8.1%	1.7%
Downside Deviation	4.9	N/A
Sharpe Ratio	0.67	N/A
Maximum Gain	29.5	N/A
Maximum Drawdown	(8.3)	N/A
Positive Months	67.7	N/A

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30 Sep 2009	01 Oct 2009	22.33	8.85	13.48
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

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)%	6.0%	2.7%	0.4%				11.4%
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)²	1.02% per annum, which includes a performance related discount of 0.25%
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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.

†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). 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.