CORONATION FUND MANAGERS

PORTFOLIO MANAGER COMMENTARY

The third quarter of 2009 saw a continuation of the rebound in domestic and global equity markets that began in the March. The SA financial sector participated in this, and delivered a return of 15.1% for the three months. Against this backdrop, the fund returned 17.7%, outperforming its benchmark by 260 bps.

The contribution to the outperformance came principally from the fund's relatively high weightings in businesses classified as General Financials, being Investec, Peregrine, Coronation, and to a lesser extent JSE. These are businesses that are relatively strongly geared to rising equity markets, and have rerated on the back of an improved outlook on their earnings prospects as a result of the rising equity markets we have experienced.

While we are generally pleased with the performance for the quarter, the one disappointment has been the performance of Liberty International (6.3% of the fund), particularly in September. Liberty International is a dual listed owner of UK prime retail property - mainly regional shopping centres. These are attractive assets in that the opportunities for new development of similar quality retail space are limited in the UK. But they are also cyclical assets, and with the sharp slowdown in retail spend over the last 12 months, the market had taken a very dim view on the valuation of the company. This resulted in mark downs to the NAV, bringing the business close to triggering debt covenants, and as a result a rights issue was launched in April. This rights issue was done at a significant discount to the post-rights issue NAV – an NAV which we felt was probably slightly understated given the high capitalization rates employed in the calculation.

In the lead up to this the fund held a small position in the share. We saw this as a good opportunity to increase our stake in a high quality asset at an attractive price that would also provide some protection in the event of rand weakness. We followed our rights, and subscribed for more, building the position to where it stands currently. In pence, the share has subsequently performed very strongly (it doubled in price in the six months from the middle of March to the middle of September). Some of the shine has been taken off this performance by the strength of the rand over the same period, and it is due to this rand strength that we have continued to hold the position in the fund. So it was with great disappointment that we were presented with another capital raising announcement late in September – this time not out of necessity to deal with debt covenants, but motivated by the desire to invest in new projects. The share has reacted negatively since the announcement. Although this time at a premium to NAV, the issuance signals to us (and we suspect to the market) management's readiness to raise new equity with little regard to the cost thereof. While we continue to believe that the share provides a good currency diversifier for the fund, we are reviewing the long term attractiveness of this investment.

There have been few changes to the fund over the quarter, other than an increase in the cash holding which has increased from 1% in June to 4.3 % at September. We would consider this to be a relatively high cash weighting, and is motivated by the fact that we find it more difficult to find shares in our investable universe priced with an adequate margin of safety. From its low in March, the fund is up 50% (excluding distributions). Some will point out that this is still nearly 20% below the previous peak in October 2007. But we believe that the 2006/2007 period should be considered a period of superprofit, particularly for South African banks, and unlikely to be repeated in the medium term. (Contrast for example Rand Merchant Banks' 2007 headline earnings of R3.9bn with the recently reported R1.5bn). The signs of increased regulation are already starting to appear internationally with the FSA proposing tighter liquidity requirements for banks in the UK. Despite not experiencing the same sort of excesses that drove the economic collapse of the last 12 months, domestic institutions are unlikely to entirely escape the regulatory consequences. Ultimately this will reduce returns.

The recent round of results announcements was generally a dismal one for both our banks and insurers. Although there has been little concrete evidence of it yet, we believe that from these lows the environment for these businesses will improve quite dramatically over the next 12 to 18 months. The market however tends to discount future information into share prices, and we feel that much of this improved outlook is currently priced in. While we do still see opportunity in certain stocks, our outlook from current levels is thus generally cautious.

Portfolio managers
Neill Young and Godwill Chahwahwa

CORONATION FINANCIAL

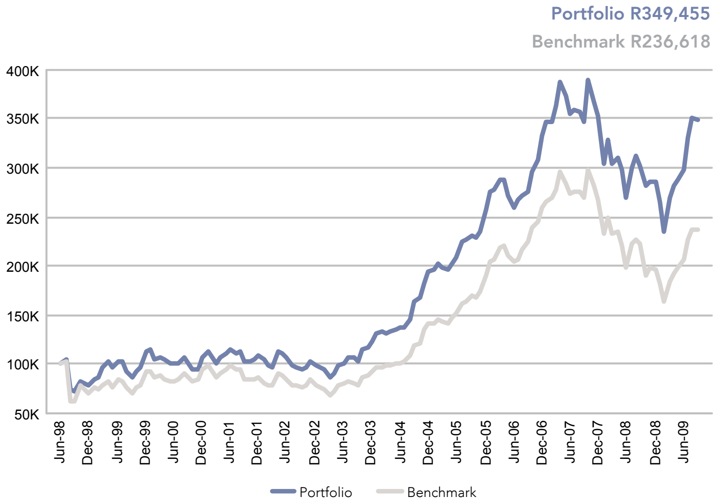
CLASS A as at 30 September 2009

CORONATION FUND MANAGERS

Fund category	Domestic - Equity - Financial	Fund size	R188.87 million
Fund description	Invests in a broad range of financial shares, including banks, insurance and investment companies.	NAV	2426.55 cents
		Benchmark	FTSE/JSE Financial Index
Launch date	01 July 1998	Risk profile	Cons / Mod / Aggr
Portfolio manager/s	Neill Young and Godwill Chahwahwa		

PERFORMANCE AND RISK STATISTICS[1]

GROWTH OF A R100,000 INVESTMENT



PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Inception (unannualised)	249.5%	136.6%	112.8%
Since Inception (annualised)	11.8%	8.0%	3.8%
Latest 5 years (annualised)	16.5%	14.9%	1.6%
Latest 3 years (annualised)	8.2%	1.6%	6.6%
Latest 1 year (annualised)	15.6%	6.5%	9.2%
Year to date	22.3%	20.2%	2.1%
2008	(18.7)%	(26.2)%	7.5%
2007	6.1%	3.0%	3.0%
2006	28.8%	35.8%	(7.0)%
2005	32.0%	34.7%	(2.7)%

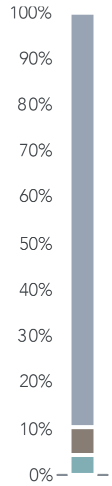
RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised Deviation	22.4%	24.5%
Sharpe Ratio	0.03	(0.13)
Maximum Gain	53.6%	80.4%
Maximum Drawdown	(39.7)%	(45.3)%
Positive Months	60.0%	60.7%

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 Sep 2009
Domestic Assets	**100.0%**
Equities	**89.3%**
Industrials	1.8%
Financials	87.6%
Real Estate	**6.3%**
Cash	**4.3%**
International Assets	**0.0%**
Cash	**0.0%**



TOP 10 HOLDINGS

As at 30 Sep 2009	% of Fund
Standard Bank of SA Ltd	22.2%
FirstRand	10.7%
Investec Bank Limited	8.9%
Nedbank Group Ltd	8.8%
Discovery Holdings Ltd	6.8%
Liberty International Plc	6.3%
ABSA Group Ltd	6.3%
Metropolitan Life Ltd	5.8%
African Bank Limited	4.5%
Coronation Fund Managers Ltd	4.3%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30 Sep 2009	01 Oct 2009	11.75	10.77	0.98
31 Mar 2009	01 Apr 2009	105.06	104.06	1.00
30 Sep 2008	01 Oct 2008	64.50	62.40	2.10
31 Mar 2008	01 Apr 2008	38.10	37.03	1.07

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2009	(7.4)%	(11.4)%	14.7%	4.4%	2.1%	3.6%	11.0%	6.4%	(0.4)%				22.3%
Fund 2008	(13.5)%	8.1%	(7.4)%	1.6%	(3.6)%	(9.5)%	11.1%	3.8%	(2.8)%	(7.0)%	1.7%	0.0%	(18.7)%
Fund 2007	4.4%	0.3%	4.5%	6.9%	(3.9)%	(4.8)%	1.0%	(0.5)%	(2.7)%	12.2%	(5.8)%	(4.2)%	6.1%

FEES (excl. VAT)

Initial Fee	Coronation: 0.00%
Annual Management Fee*	1.25%

* 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]	1.48% per annum

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.