PORTFOLIO MANAGER COMMENTARY

Global equity markets have continued to recover from the depths of despair experienced in February and March. At the same time, given increased risk appetites, the ZAR has continued to strengthen against the USD and other major currencies. Given this backdrop, the fund has appreciated by 13% year to date (in USD terms the fund's return is north of 40% this year). As one reference point, the MSCI World Index's year-to-date return is rather anaemic (-1%) given the 30% appreciation of the ZAR against the USD. Over the past 5 years, the fund has compounded at 10.5% p.a. and by 14.4% p.a. over 10 years. In both cases these returns have been achieved with significantly less volatility than either the MSCI World or JSE/All Share indices.

We continue to find very good value within global markets and the equity exposure of the fund has therefore remained in the 80%-85% level which is towards the high end of its historical range. At the same time we are struggling to find significantly undervalued companies in SA and we also believe that the ZAR's strength is unsustainable – we have therefore continued to reduce the fund's SA exposure, which is now down to 17% of the total fund. We also continue to hold the view that global bonds are ridiculously overvalued and the fund has limited exposure to this area.

Over the past few months we added to the fund's holding in Vodafone and also bought a stake in Tesco. These two companies are now two of the largest holdings in the fund and we believe that both offer potential multi-year double-digit returns (in GBP) at below average levels of risk given their current valuations. Vodafone is the world's largest mobile telephony company. Today, the majority (80%) of earnings come from the mature developed markets, primarily Europe and the US, with 20% of earnings coming from faster growing emerging markets. Vodafone controls (and consolidates) many of its operations, but it also has stakes in many operations that it doesn't control (and therefore are typically equity accounted). Taking Vodafone's proportionate share of the free cash flows of these associates together with subsidiary free cash flows results in Vodafone currently trading on less than 8 times adjusted Free Cash Flow. Vodafone's equity currently offers a 6% dividend yield. In addition to this, Verizon Wireless (45% owned by Vodafone) currently doesn't pay dividends, but at some point will, which in turn will provide an additional cash flow stream to Vodafone.

Tesco is the UK's largest food retailer and has successfully continued to take market share in their home market over the past several years. Today the UK still generates over 70% of profits, however Tesco has significantly expanded its international business over the past number of years to the point today where 60% of selling space sits in its international business (which in turn is primarily in emerging markets). There are numerous reasons why the international business, with 60% of the selling space, generates less than 30% of group profits – some of these reasons are structural, but some are temporary in nature in our view, with international profits for example being depressed by significant start-up costs (US and Indian businesses for example) and ongoing investment costs (the Chinese business for example). We don't believe that the current rating of Tesco gives enough credit for the long-term prospects of the international business and in addition to this we believe there is also optionality in Tesco's recent more aggressive move into the UK financial services market.

The fund also bought new positions in a number of companies that the fund has owned at points over the past 5 years including Vivendi, DirecTV and Limited Brands.

Vivendi is a French-based media and telecommunications conglomerate. The company was a serial acquirer during the height of the TMT boom in the late 90's and got itself into financial difficulty (and destroyed significant value for shareholders) by overpaying for a number of acquisitions. The CEO from those days has long gone (a French gentleman by the name of Jean-Marie Messier, who was a former Lehman Brothers investment banker which in itself partly explains the acquisition spree). Over the past several years, two successive CEO's have been reasonably successful in getting the group back into shape again. A potential bid for African mobile telecommunications assets (Zain) appeared to open old wounds amongst the investment community and the share price suffered a sharp decline as a result. At that level we felt that the risk/reward relationship was in our favour, with a cheap valuation (8x current earnings and over a 7% dividend yield) outweighing potential acquisition risk.

DirecTV is the leading US satellite pay-TV company. The US pay-TV market is a very competitive market with the satellite, cable and telecommunications companies all competing for subscribers. Despite the 'triple-play' (broadbrand, telephone and pay-TV) offering of the cable and telecommunication companies, DirecTV continues to add subscribers through a combination of tailored and exclusive content and a strong focus on customer service, marketing/branding and superior picture and sound quality vis-à-vis the cable companies. Besides having a massive base (18 million) of high-end subscribers in the US market (which in turn would arguably be attractive to the large US telecommunication companies), DirecTV also have a substantial Latin American business, primarily in Mexico and Brazil. Today this business contributes around 15%-20% of group earnings and is growing at a reasonable rate. DirecTV also has low levels of debt and has been a consistent buyer of its own shares over the years. In fact, over the past three years the company has bought back (and retired) 30% of the company's total shares in issue. The company continues to buy back shares and given the good free cash flow generation and low levels of debt, it is not inconceivable that over the next 3 to 4 years the company could buy back a further 30% of the shares in issue. Additionally in John Malone, DirecTV has a controlling shareholder who has on numerous occasions shown his ability to create wealth for himself and minority shareholders in the businesses that he owns. Finally, at the current share price in the mid 20's DirecTV is trading on around 11x our estimate of next years free cash flow, which we believe is very attractive.

Over the past few months the fund also bought a combination of Limited Brands equity and corporate bonds (2% of fund in total). Limited Brands are the owner of Victoria's Secret, La Senza (both lingerie brands) and Bath & Body Works (personal care). What appeals to us about Limited Brands is firstly that earnings are currently depressed due to the tough US economy (operating margins are 6.5% versus a 20-year average of 10%-11%). Secondly, and more importantly, we believe there is a massive opportunity to internationalise the Victoria's Secret brand – something the company has been talking about for years but has hitherto been slow to execute. Today there are 1 000 Victoria's Secret stores and all of them are situated in the US. The La Senza acquisition that was made a few years ago was partly to acquire the knowledge of taking a brand global (as La Senza have successfully done). The company has now finally started to take the first concrete steps towards internationalising Victoria's Secret. We believe that without international expansion, Limited Brands is worth over $20 a share (the fund bought its stake at an average price of around $12 a share). With successful internationalisation of Victoria's Secret, however, the equity could be worth closer to $30 a share in our view.

We continue to believe that, after 10 years of effectively 0% return from developed markets (US, Europe and Japan), there are today numerous attractive opportunities in global markets available to the long-term investor and the fund is invested in a range of these companies which we believe places it well to generate above-average long-term returns.

Portfolio manager
Gavin Joubert

CORONATION OPTIMUM GROWTH

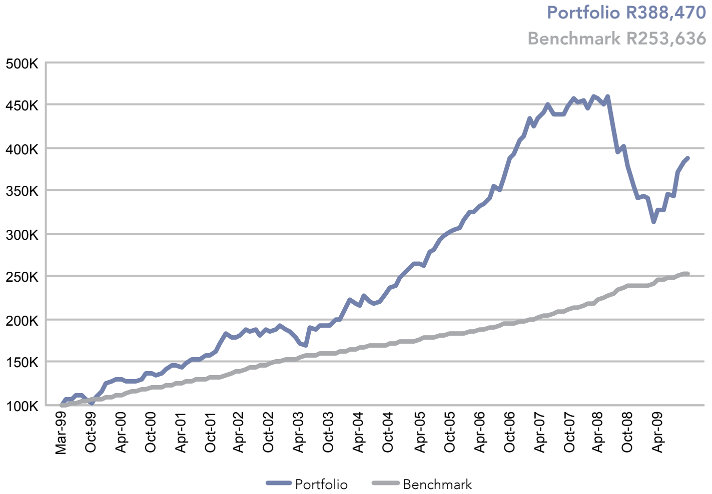
CLASS A as at 30 September 2009

CORONATION FUND MANAGERS

Fund category	Worldwide - Asset Allocation - Flexible
Fund description	An international rand-based fund that invests in a combination of local and international investments across all asset classes to deliver long-term growth.
Launch date	15 March 1999
Portfolio manager/s	Gavin Joubert
Fund size	R890.98 million
NAV	3231.31 cents
Benchmark/Performance Fee Hurdle†	CPI + 5% p.a.
Risk profile	Cons / Mod / Aggr (Aggr)

PERFORMANCE AND RISK STATISTICS[1]

GROWTH OF A R100,000 INVESTMENT



PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Inception (unannualised)	288.5%	154.1%	134.4%
Since Inception (annualised)	13.8%	11.9%	1.9%
Latest 5 years (annualised)	10.5%	11.9%	(1.4)%
Latest 3 years (annualised)	0.0%	13.3%	(13.3)%
Latest 1 year (annualised)	2.5%	10.4%	(7.9)%
Year to date	13.1%	9.7%	3.4%
2008	(24.7)%	15.3%	(40.0)%
2007	10.4%	13.6%	(3.2)%
2006	31.1%	10.0%	21.1%
2005	23.9%	9.0%	14.9%

RISK AND RETURN VS MSCI WORLD (ZAR) & FTSE/JSE ALSI

	Fund	MCSI World	ALSI
Annualised return			
- Since inception	13.8%	3.0%	17.2%
- 5 years	10.5%	7.2%	19.5%
- 3 years	0.0%	(4.7)%	6.7%
- 1 year	2.5%	(10.3)%	7.7%
Annualised Deviation	11.7%	18.6%	19.9%
Sharpe Ratio	0.29	(0.40)	0.34
Downside Deviation	8.1%	11.0%	12.2%
Positive Months	66.7%	49.2%	59.5%

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 Sep 2009
Equities	**86.8%**
North America	28.0%
Europe	26.8%
South Africa	16.0%
Japan	6.6%
Asia	5.4%
Latin American	4.0%
Bonds	**2.4%**
Europe	1.6%
North America	0.8%
Cash	**10.7%**
ZAR	4.8%
USD	4.2%
Other	1.8%

TOP 10 HOLDINGS

As at 30 Sep 2009	% of Fund
Coronation GEM Flexible Fund	6.6%
MTN Group Ltd	4.3%
Naspers Ltd	4.1%
CF Morant Wright Japan Fund	3.7%
Tesco Plc	2.5%
Symantec Corp	2.5%
Heineken Holdings Ltd	2.4%
Vodafone Group Plc	2.4%
Pernod Ricard Sa	2.0%
Pfizer Inc	1.9%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Mar 2009	01 Apr 2009	29.60	26.43	3.17
30 Sep 2008	01 Oct 2008	27.68	25.03	2.65
31 Mar 2008	01 Apr 2008	37.15	29.64	7.51
28 Sep 2007	01 Oct 2007	31.60	23.36	8.24

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2009	(0.4)%	(8.1)%	4.3%	0.0%	5.7%	(1.1)%	8.6%	2.9%	1.4%				13.1%
Fund 2008	(2.4)%	3.1%	(0.3)%	(1.7)%	2.2%	(8.5)%	(6.1)%	1.6%	(5.5)%	(6.2)%	(4.0)%	0.6%	(24.7)%
Fund 2007	5.2%	(2.1)%	1.8%	2.0%	1.7%	(2.2)%	(0.4)%	0.4%	1.8%	2.2%	(0.9)%	0.5%	10.4%

FEES (excl. VAT)

Initial Fee	Coronation: 0.00%
Annual Management Fee - performance related*	Minimum: 1.00% Maximum: 3.50% Sharing Rate: 15.00%

* 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.

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.

Total Expense Ratio (TER)[2]	1.35% per annum, which includes a performance fee of 0.00%

When applicable, Coronation shares in the fund performance above the benchmark. This performance fee is accrued daily, based on the fund's financial year to date performance, and paid to Coronation annually. If the fund produces a return in line with or below the benchmark for the relevant financial year to date, the minimum fee of 1.00% 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.

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). [1]Performance 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. [2]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 June 2009, as well as the performance fee accrued over the above period. Although the performance fee as included in the TER is calculated over the above period, the actual performance fee calculation and payment corresponds with the funds financial year end. 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.

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