

PORTFOLIO MANAGER COMMENTARY

The third quarter started strongly for preference shares, with the fund returning a healthy 3% in July. August and September, however, were negative months for preference shares with the result that the fund returned 0.85% for the quarter. Over one year, the fund achieved a total return of 5.78%. Using the total dividends earned for the year to September divided by the fund unit price at the start of the year, the fund produced an after tax yield of 10.71%.

Within the preference share universe, bank preference shares underperformed corporate preference shares particularly in September. This impacted the performance of the fund during this period as the fund holds a higher proportion (84%) in banking preference shares. Bank preference shares now yield between 8.17% and 9.13% while corporate preference shares yield between 9.39% and 11.23%.

During the quarter we continued to purchase more Investec Bank preference shares where we continue to see the greatest pickup in value among the banks. On the corporate side, we have taken up our investment in the Mvelaphanda preference shares. These shares offer the added attraction of a capital appreciation to par value as the company has committed to redeeming them in due course as part of the business realisation strategy announced recently.

The fund continues to distribute all dividends received and this quarter was one where we received dividends from most of our large bank holdings in the fund. The fund earned dividends from holdings in Absa Bank, FirstRand, Investec, Nedbank, PSG, Grindrod, Astrapak, Imperial and Mvelaphanda. Dividends earned on preference shares are calculated with reference to the ruling prime interest rate. This means that going forward, one can expect a reduced dividend payment in line with the fall in prime interest rates over the last year from 15.5% in December 2008 to the current level of 10.5%. This rather steep fall in interest rates will be more pronounced in the calculation of dividends for next year.

Currently, the estimated forward yield on the fund is 8.58% before costs.

Portfolio managers

Tania Miglietta and Godwill Chahwahwa

CORONATION PREFERENCE SHARE

CLASS A as at 30 September 2009

CORONATION 
FUND MANAGERS

Fund category Domestic - Fixed Interest - Varied Specialist
Fund description Aims to maximise yield in the form of dividend income by investing in a range of quality listed preference shares
Launch date 02 October 2006
Portfolio manager/s Tania Miglietta and Godwill Chahwahwa

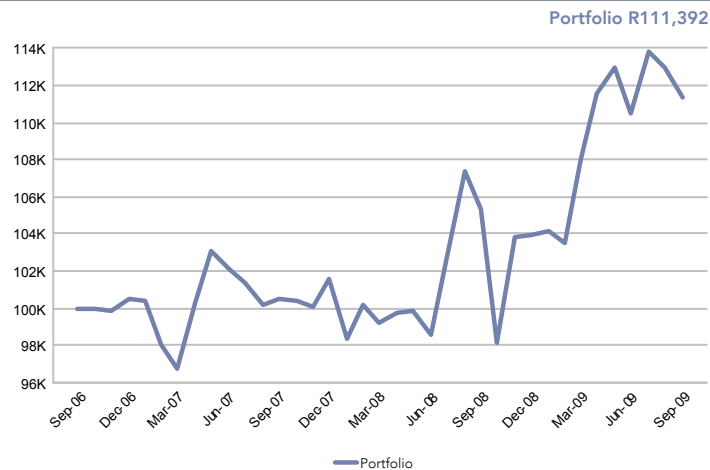
Fund size R359.27 million
NAV 86.48 cents
Benchmark/Performance Fee Hurdle Alexander Forbes 3-month (STeFI) Index, adjusted for maximum individual tax rate

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)	11.4%	19.9%	(8.5)%
Since Inception (annualised)	3.7%	6.0%	(2.4)%
Latest 3 years (annualised)	3.7%	6.0%	(2.4)%
Latest 1 year (annualised)	5.8%	5.9%	(0.2)%
Year to date	7.1%	4.1%	3.1%
2008	2.3%	7.0%	(4.7)%
2007	1.1%	5.6%	(4.5)%

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised Deviation	8.6%	0.4%
Sharpe Ratio	(0.80)	(1.37)
Maximum Gain	9.1%	33.2%
Maximum Drawdown	(8.6)%	0.00
Positive Months	47.2%	100.0%

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2009	0.1%	(0.6)%	4.4%	3.3%	1.2%	(2.2)%	3.0%	(0.7)%	(1.4)%				7.1%
Fund 2008	(3.2)%	1.8%	(0.9)%	0.6%	0.1%	(1.4)%	4.3%	4.5%	(1.9)%	(6.8)%	5.8%	0.1%	2.3%
Fund 2007	(0.1)%	(2.3)%	(1.4)%	3.7%	2.9%	(0.9)%	(0.8)%	(1.2)%	0.4%	(0.1)%	(0.4)%	1.6%	1.1%

PORTFOLIO DETAIL

ASSET ALLOCATION AND EXPECTED EFFECTIVE YIELD

As at 30 Sep 2009	Weight	Annualised Yield	Contributions to overall Yield
Bank issued preference shares	83.58%	8.44%	7.05%
Corporate issued preference shares	13.02%	9.86%	1.28%
Convertible preference shares	1.25%	7.00%	0.09%
Ordinary equity	0.00%	0.00%	0.00%
Cash (pre-tax)	2.13%	7.20%	0.15%
Gross Yield			8.58%
Less: Total expense ratio ²			(0.70%)
Less: Trading costs ²			(0.28%)
Net expected effective			7.59%

This yield estimate is provided to give an indication of the achievable yield for an investment made at the reporting date. Actual experience may differ, based on changes in market values, official interest rates and changes in costs actually experienced during the investment period.

TOP 10 HOLDINGS

As At 30 Sep 2009	Yield	Rating
Absa Preference Shares	8.40%	AA+
Nedbank Non Cum Prefs	8.40%	AA
Stndrd Bank Group Cum Pref Share	8.30%	AA
Firststrand Limited Pref Shares	8.40%	AA-
Firststrand Securities Pref Share	8.40%	AA-
Investec Non Red Cum Pref	9.00%	A+
Investec Limited Preference Shs	8.80%	AA-
Network Healthcare Pref	9.80%	A+
Psg Preference Share	9.90%	A-
Grinrod Limited Prefs	9.50%	BBB-

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30 Sep 2009	01 Oct 2009	3.12	3.08	0.04
30 Jun 2009	01 Jul 2009	0.89	0.84	0.05
31 Mar 2009	01 Apr 2009	3.91	3.80	0.11
31 Dec 2008	02 Jan 2009	1.59	1.32	0.27

FEES (excl. VAT)

Initial Fee	Coronation: 0.00%
Annual Management Fee	0.60%
Total Expense Ratio (TER) ²	0.70% per annum

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. 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.