PORTFOLIO MANAGER COMMENTARY

The fund had a good quarter, returning 16.5%. On a relative basis, the fund underperformed the average competitor fund which returned 17.5%. The gap between the fund and its competitors over the past year is however most pleasing, with the fund's 11.3% return comfortably ahead of the average fund return of negative 1%.

The fund is now up around 40% from its lows in mid-March. During this time, the historic PE of the mid-cap index has risen from 7.6x to 12x - a 58% re-rating. This re-rating is a combination of rising share prices and declining earnings. With corporate earnings still under intense pressure, it would seem that the easy money has been made. We feel that many companies will report trough earnings this year (probably not the construction companies). A poor 2009 business environment, coupled with one-off restructuring costs should mean that off this base, companies should be able to grow earnings. However, the market knows this, hence the 40% recovery.

While we have seen healthy recoveries in many share prices, several companies are still languishing near multi-year lows, with the market still unsure of the timing and extent of a recovery. Many companies which earn a living from spend on residential housing would fall into this category. Despite the 500 basis point interest rate cuts, spending on residential housing has declined substantially, mainly due to limited access to credit. As a result, the share prices of companies such as Dawn, Iliad, Ceramic and York are all back to levels last seen four to five years ago. In some cases there has been a small recovery from the lows, but generally the market is adopting a 'wait-and-see' attitude to companies exposed to this sector. Like all cyclical sectors, we believe spend on residential housing will recover in time and unless you are willing to invest when the outlook is bleak, the high potential returns from companies in this sector will be foregone.

As mentioned above, construction counters will in all likelihood still report decent earnings this year. This is mainly due to the late-cycle nature of these companies, where projects being completed today were conceived and approved two to four years ago. The current global economic crisis is therefore likely to be felt by the construction companies from 2010, being two years post the global credit crisis and the year in which the 2010 FIFA Soccer World Cup mega projects are completed. Admittedly, the huge state infrastructure spending programme will take up some of the slack, but we feel there is a real risk of earnings declines for the construction companies. Based on our forecasts, the average construction counter, while cheap today, trades on a similar rating three years hence to other better quality companies with far more predictable and consistent earnings streams. As such, we have taken a cautious stance towards investments in this sector.

Portfolio manager
Alistair Lea

CORONATION SMALLER COMPANIES

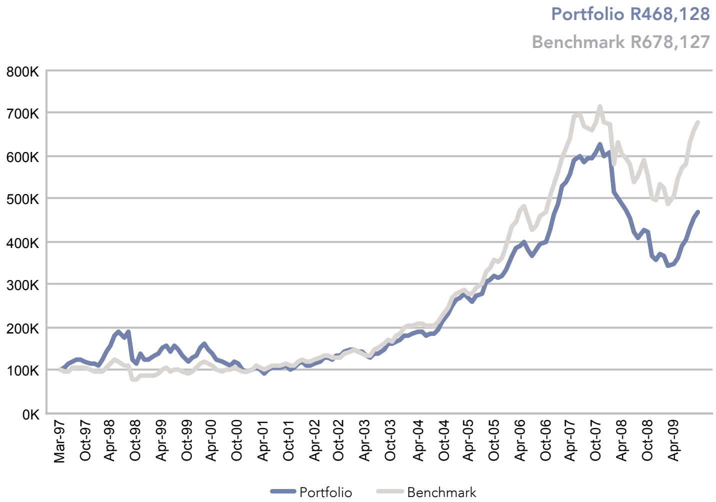
CLASS R as at 30 September 2009

CORONATION FUND MANAGERS

Fund category	Domestic - Equity - Smaller Companies	Fund size	R136.66 million
Fund description	Invests in small and mid-capitalisation companies, developing industries and recovery shares.	NAV	3540.85 cents
Launch date	01 April 1997	Benchmark	Composite: FTSE/JSE Africa Mid & Small Cap Indices
Portfolio manager/s	Alistair Lea	Risk profile	Cons / Mod / **Aggr**

PERFORMANCE AND RISK STATISTICS[1]

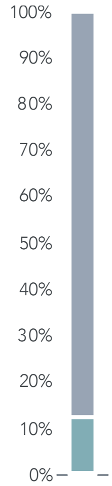
GROWTH OF A R100,000 INVESTMENT



PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 Sep 2009
Domestic Assets	99.2%
Equities	87.5%
Basic Materials	11.6%
Industrials	38.2%
Consumer Goods	12.4%
Consumer Services	11.6%
Financials	9.6%
Technology	4.1%
Cash	11.7%
International Assets	0.8%
Equities	0.8%



PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Inception (unannualised)	368.1%	578.1%	(210.0)%
Since Inception (annualised)	13.1%	16.5%	(3.4)%
Latest 5 years (annualised)	17.0%	24.2%	(7.2)%
Latest 3 years (annualised)	5.2%	13.1%	(7.9)%
Latest 1 year (annualised)	11.3%	22.5%	(11.2)%
Year to date	25.9%	27.3%	(1.4)%
2008	(38.7)%	(21.1)%	(17.6)%
2007	23.8%	20.3%	3.5%
2006	46.7%	43.3%	3.5%
2005	25.9%	41.4%	(15.4)%

TOP 10 HOLDINGS

As at 30 Sep 2009	% of Fund
Famous Brands Ltd	4.4%
Omnia Holdings Ltd	3.8%
Iliad Africal Ltd	3.7%
Advtech Ltd	3.7%
Country Bird Holdings Limited	3.6%
DAWN Ltd	3.6%
AECI Ltd	3.5%
Ceramic Industries Ltd	3.3%
Bowler Metcalf Ltd	3.0%
Mobileind Convdebs	2.8%

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised Deviation	22.3%	19.6%
Sharpe Ratio	0.07	0.25
Maximum Gain	67.2%	62.6%
Maximum Drawdown	(50.2)%	(38.2)%
Positive Months	62.7%	61.3%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30 Sep 2009	01 Oct 2009	51.76	46.16	5.60
31 Mar 2009	01 Apr 2009	41.84	37.99	3.85
30 Sep 2008	01 Oct 2008	35.65	33.94	1.71
31 Mar 2008	01 Apr 2008	26.59	24.44	2.15

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2009	(1.1)%	(6.7)%	0.8%	4.2%	7.9%	3.3%	7.3%	5.9%	2.6%				25.9%
Fund 2008	(15.3)%	(2.5)%	(2.5)%	(2.5)%	(3.9)%	(7.8)%	(3.5)%	5.5%	(2.0)%	(12.5)%	(2.5)%	3.6%	(38.7)%
Fund 2007	8.0%	2.2%	2.9%	6.2%	1.3%	(2.1)%	1.3%	0.0%	2.5%	3.5%	(4.8)%	1.3%	23.8%

FEES (excl. VAT)

Initial Fee	Coronation: 0.00%
Annual Management Fee*	1.00%

* 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]	1.21% 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). [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 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.