

PORTFOLIO MANAGER COMMENTARY

The listed property sector continued to exhibit its positive momentum of the first three quarters of 2010 in the final quarter of the year. As in the third quarter, the sector exhibited its hybrid risk and return characteristics of being a part fixed income, part equity asset class. Despite the local bond market being under some pressure in the fourth quarter, the positive momentum of the equity market eventually pulled the sector through to a positive total return of 3.1%. Positive sentiment from another 50bps interest rate cut and potential corporate action kept more speculators in the sector. With many of the macro-economic data announcements well anticipated by the market, the sector remained fairly stable on the yield basis, with a weighted average forward yield of 8.2% at quarter end. This resulted in a marginal rerating relative to the rolling 10-year bond.

The fund performed in line with the SA Listed Property Index (SAPY) for the quarter. The positive performance contributions came from our overweight positions in Resilient and Emira as well as our exposure to the non-benchmark constituents Capital Shopping Centers (CSC), Capital & Counties (CapCo) and Foord Compass. Relative value detractor came mostly from our underweight positions in Growthpoint, Vukile and Hyprop and exposure to Hospitality A and Fortress A. We remain comfortable with our exposure to these two listings as we continue to believe that the market is not fully appreciating the benefits of the A-unit structure. In a rising market, as was experienced this past quarter, any cash exposure also detracts. We however remain comfortable with our current cash exposure.

We have increased our exposure to Redefine, Growthpoint, Hyprop and Fountainhead during the past three months. This was funded from our cash position as well as our decreased exposure to Acucap. The rationale for all these transactions was relative value related, mostly on a relative yield basis, although Hyprop and Growthpoint could surprise on the upside with its forward distribution growth prospects at the next round of results announcements. In addition, we participated in a discounted bookbuild in a surprise capital raising by CSC as part of the potential acquisition of the Trafford Centre in Manchester. The Trafford Centre is the sixth-largest shopping centre in the UK (approximately 140 000m² in size). If successful it will become 25% of CSC's assets and reduces the dependency on major assets like Lakeside, Metro and Braehead. Although the bookbuild has been successfully concluded, the company is entangled in a public stand-off with the United States-based shareholder Simon Property Group on the merits of the acquisition as well as a potential take-over bid by Simon for CSC. The acquisition enables CSC to dominate the regional shopping centre market in Manchester, where it already owns the city's other major shopping centre Arndale, as it does in Newcastle.

We continue to remain comfortable about our exposure to non-benchmark constituents CapCo and CSC. Both released interim management statements during the quarter. The statements entailed continued positive news from both companies, with letting successes across the board. Within the CSC statement an emphasis was placed on organic growth, positioning its portfolio as not being ex-growth in the UK due to the austerity measures. In turn, CapCo confirmed that it has been recognised by the two local boroughs involved in the Earls Court redevelopment and a statement of common ground between them and CapCo has been concluded. Management will also take a more hands-on roll with the management of the Great Capital Partnership, focusing on retail and residential opportunities within the partnership.

Judging from management interaction following the final round of results releases for calendar year 2010, it became evident that offices continue to bear the brunt of weak tenant demand. There seems little impetus for this to improve in the short term. Tenants seem to replace existing leases, when they expire, with much shorter-term leases as economic and operating uncertainty makes it difficult to commit to longer time periods. In addition, landlords are willing to accept lower rentals than expiry rental even on these shorter-term leases to ensure tenant continuity as not to incur tenant installation costs or broker commissions. Operating cost ratios are under pressure due to higher than inflation increases in municipal charges and electricity, with municipal valuation back charges being another recent sting in the tail. The retail sector is leading the occupational market recovery, in general showing better recovery in vacancies and upside in lease renewals close to historical lease escalation rates. Pockets of industrial property are coming through strongly - mostly big logistic or distribution spaces - while mini and midi units are still seeing some downside. In terms of gearing, companies are still riding the coat tails of the lower interest rate cycle by keeping as much debt as possible variable, as fixes unwind and are now attempting to fix at the low point of the cycle depending on the next interest rate move.

Generalists seem to increasingly enter the sector using listed property as a short-term bond play with the opinion that the sector's anticipated distribution growth prospects should buffer it against a potential turn in bond yields. The sector's volatility will probably increase as evidence emerges on the next move and timing in interest rates. At current levels the sector offers limited value relative to bonds on a risk/reward basis taking the current anticipated 12-month forward distribution growth into account. Although the growth prospects are improving compared to that of the last 12 months and remains above inflation prospects, the price the market is prepared to pay for this growth seems to offer limited scope for a further re-rating relative to bonds.

Portfolio manager
Anton de Goede

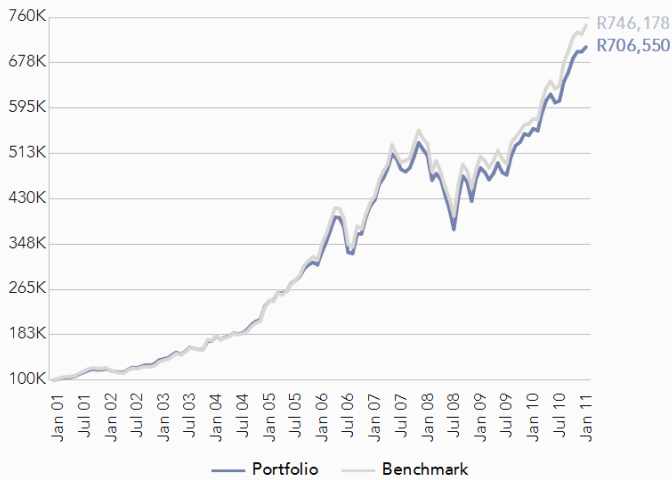
Fund category Domestic - Real Estate - General
Fund description Invests in quality listed property assets with the aim to produce high income yields and sustained long-term capital growth.
Launch date 20 November 2000
Portfolio manager/s Anton de Goede

Fund size R 1.35 billion
NAV 3394.08 cents
Benchmark FTSE/JSE SA Listed Property Index
Risk profile



PERFORMANCE AND RISK STATISTICS¹

GROWTH OF A R100,000 INVESTMENT



PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Inception (unannualised)	606.6%	646.2%	(39.6)%
Since Inception (annualised)	21.4%	22.1%	(0.7)%
Latest 10 years (annualised)	21.4%	22.0%	(0.6)%
Latest 5 years (annualised)	16.2%	16.5%	(0.3)%
Latest 3 years (annualised)	11.6%	12.1%	(0.5)%
Latest 1 year (annualised)	26.7%	29.6%	(3.0)%
Year to date	26.7%	29.6%	(3.0)%
2009	14.7%	13.5%	1.2%
2008	(4.3)%	(4.3)%	0.0%
2007	18.8%	21.8%	(3.0)%

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised Deviation	14.1%	14.3%
Sharpe Ratio	0.83	0.86
Maximum Gain	54.8%	41.0%
Maximum Drawdown	(29.7)%	(28.0)%
Positive Months	67.8%	66.1%

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2010	(0.7)%	5.7%	4.1%	1.8%	(2.4)%	0.5%	5.8%	2.7%	3.7%	1.9%	0.0%	1.3%	26.7%
Fund 2009	(1.7)%	(2.8)%	2.5%	4.0%	(3.5)%	(0.9)%	7.2%	3.8%	1.1%	2.9%	(0.5)%	2.3%	14.7%
Fund 2008	(8.7)%	2.6%	(2.2)%	(6.0)%	(6.3)%	(8.7)%	15.3%	9.2%	(2.3)%	(7.6)%	9.6%	4.2%	(4.3)%

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Dec 2010	
Domestic Assets	97.1%	
Preference Shares & Other Securities	2.1%	
Real Estate	90.1%	
Cash	4.9%	
International Assets	2.9%	
Equities	0.9%	
Real Estate	2.0%	
Cash	0.0%	

TOP 10 HOLDINGS

As at 31 Dec 2010	% of Fund
Growthpoint Properties Ltd	20.3%
Redefine Income Fund	18.6%
Resilient Property Income Fund	8.5%
Pangbourne Properties Ltd	8.1%
Acucap Properties Ltd	7.4%
EMIRA	5.2%
Fountainhead Property Trust	4.2%
Hyprop Investments Ltd	3.8%
Hospitality Properties Ltd	3.6%
Capital Shopping Centre Group	3.1%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Dec 2010	03 Jan 2011	20.85	0.00	20.85
30 Sep 2010	01 Oct 2010	72.95	0.00	72.95
30 Jun 2010	01 Jul 2010	23.49	1.94	21.55
31 Mar 2010	01 Apr 2010	76.93	0.00	76.93

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	1.43% 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 as calculated by Coronation as at 31 December 2010 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 September 2010, as well as the actual performance fee incurred over the 12 months to end September 2010. 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.

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.