

PORTFOLIO MANAGER COMMENTARY

The fund delivered a good performance for the past year with a return of 11.2%, comfortably outperforming the risk-free money market asset class which returned 6.6% over the same period. This we attribute to the disciplined process followed and our proven ability to identify the best risk-adjusted long-term opportunities for our clients. During 2010, the riskier asset classes outperformed. Longer-dated bonds returned 15%, preference shares 13.6% and inflation-linked bonds 11%. Property stocks topped all the asset classes, returning an impressive 29.6%. Overall, it has been a good year for SA investments and a particularly good one for the fund.

During late November the South African Reserve Bank announced a further 0.5% repo rate cut, taking base rates to a new low of 5.5%. We are however concerned about a potential upward move in inflation this year and believe that ongoing interest rate cuts will further spur this on. We note that the last two CPI inflation readings have come in worse-than-expected (even though the absolute level is still low, at 3.6% in November), yet interest rates are still being reduced. Breakeven inflation derived from the shorter end of the inflation-linked curve (2013 and 2017 maturities) remains near the top of the target range at over 5.7%, indicating that the market is expecting inflation to average this figure over the next number of years.

We do not believe there is further scope for cutting interest rates. In fact, should any further repo rate cuts materialise, we would take that as another negative for the longer-term inflation outlook.

Inflation-linked bonds were fair performers over the course of 2010. This was predominantly driven by capital gains achieved as real yields declined. We continue to hold onto the fund's 17% exposure given the view that inflation protection is likely to materialise during 2011.

During the final quarter of 2010, the fund lightened exposure to property, by selling the holdings of Resilient and Growthpoint after strong share performances. We have also reduced the fund's holdings in preference shares on relative value factors. Bank preference shares are now yielding around 6.5% which still offer a premium over the money market, but the risk remains that should interest rates start to rise prices could come under pressure.

Corporate bonds had a very good year, as spreads tightened across the curve on ever improving confidence in credit and a falling risk free rate. Corporate bond issuance remained healthy during the quarter with MTN a steady issuer having reached R4 billion of issuance during 2010. A new entrant into the bond market, Growthpoint, issued a 4 year inaugural floating rate bond which was well received. The fund participated in both of these issues.

At this point in the interest rate cycle money market yields are at 30-year lows and in our view offer minimal value. Banks' funding spreads for 12 – 36 month instruments have also fallen dramatically during the course of the year taking out all the value in this asset class for now.

Looking forward, in this low interest rate environment we seek to achieve a steady long-term outperformance of cash. However, the current low level of interest rates needs to be taken into account with regards to return expectations.

Portfolio managers

Mark le Roux and Tania Miglietta

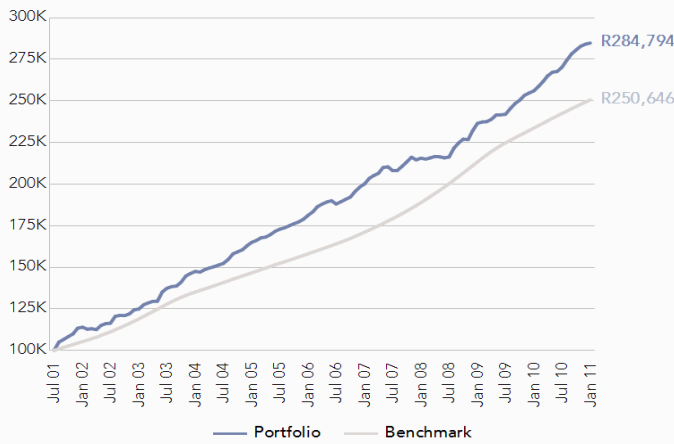
Fund category Domestic - Fixed Interest - Varied Specialist
Fund description A widely diversified, actively managed fund that aims to provide a higher level of income than a pure income fund.
Launch date 02 July 2001
Portfolio manager/s Mark le Roux and Tania Miglietta

Fund size R 4.64 billion
NAV 1348.23 cents
Benchmark 110% of the STeFI 3-month Index
Risk profile

Conservative 2/10

PERFORMANCE AND RISK STATISTICS¹

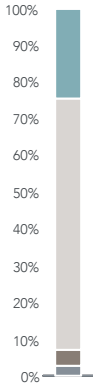
GROWTH OF A R100,000 INVESTMENT



PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Dec 2010
Domestic Assets	92.8%
Cash	23.2%
Bonds	63.2%
Listed Property	3.7%
Preference Shares	2.7%
International Assets	7.2%

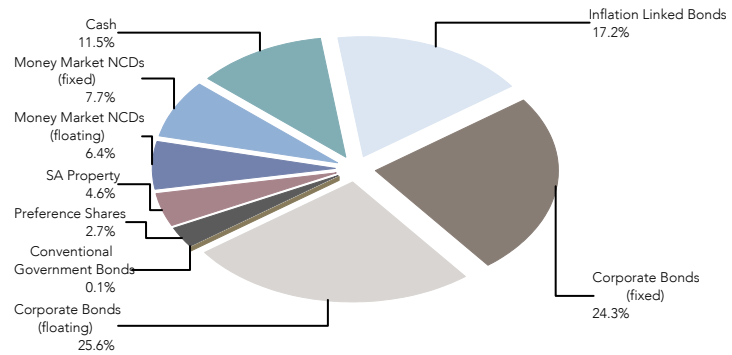


PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Inception (unannualised)	184.8%	150.6%	34.1%
Since Inception (annualised)	11.6%	10.2%	1.5%
Latest 5 years (annualised)	9.5%	9.7%	(0.2)%
Latest 3 years (annualised)	9.7%	9.9%	(0.2)%
Latest 1 year (annualised)	11.2%	7.3%	4.0%
Year to date	11.2%	7.3%	4.0%
2009	8.2%	9.5%	(1.3)%
2008	9.7%	13.0%	(3.2)%
2007	7.7%	10.4%	(2.7)%

PORTFOLIO COMPOSITION

As at 31 Dec 2010



RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised Deviation	3.2%	0.7%
Sharpe Ratio	0.64	0.81
Maximum Gain	29.2%	150.6%
Maximum Drawdown	(1.3)	N/A
Positive Months	90.4%	100.0%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Dec 2010	03 Jan 2011	20.98	0.73	20.25
30 Sep 2010	01 Oct 2010	22.80	1.06	21.74
30 Jun 2010	01 Jul 2010	22.04	1.20	20.84
31 Mar 2010	01 Apr 2010	26.39	2.37	24.02

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2010	1.08%	1.09%	1.34%	0.80%	0.19%	0.90%	1.54%	1.40%	0.88%	0.83%	0.43%	0.22%	11.20%
Fund 2009	0.35%	0.06%	0.60%	1.08%	0.06%	0.12%	1.41%	1.24%	0.82%	1.17%	0.55%	0.50%	8.20%
Fund 2008	(0.26)%	0.34%	0.39%	(0.09)%	(0.29)%	0.24%	2.45%	1.43%	1.02%	(0.15)%	2.39%	1.90%	9.70%

FEES (excl. VAT)

Initial Fee	Coronation: 0.00%
Annual Management Fee*	0.85%

* 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.

The annual management fee applicable to the A-class was reduced from 1.00% p.a. (excl. VAT) to 0.85% p.a. (excl. VAT) effective 1 October 2009.

Total Expense Ratio (TER) ²	0.97% per annum
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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. 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.