

PORTFOLIO MANAGER COMMENTARY

The recovery in global stock markets, which started in March 2009, suffered a significant reversal during the second quarter of 2010. The turnaround in sentiment was sparked by the eurozone crisis facing large indebted governments, with Greece at the epicentre of the storm. Markets became concerned that fiscal austerity would halter the still fragile economic recovery, and that parts of the European banking system would suffer massive losses if governments defaulted on their debt.

In the US, the pace of economic recovery also slowed down as is evidenced by slower employment gains and weak home sales. Even in China there has been a slowing of growth leading to a weakening of commodity prices.

On top of the deteriorating economic news the world also had to deal with the unforeseen events of the volcanic ash cloud disrupting air travel and economic activity in Europe, as well as the disastrous oil spill in the Gulf of Mexico.

With so much negative news about, investors reduced exposure to risk assets and fled back to the so-called safety of US Treasuries. The US dollar strengthened mostly at the expense of the euro but also against emerging currencies, including the rand.

The European sovereign debt crisis was only averted at the last minute by a combined rescue package from the IMF and European Central Bank. Markets calmed down somewhat following this successful intervention but sentiment remains nervous.

South African financial markets followed the global trend and the FTSE/JSE All Share Index showed a negative 8.2% return for the quarter. Gold shares and a few selected domestic cash retailers were the best performers, while diversified miners were among the hardest hit in the sell-off.

We have kept a conservative stance in the fund by restricting our exposure to risk assets to below 30% throughout the period - significantly below our 40% maximum limit. The low equity exposure succeeded in protecting the downside to a degree, but with the benefit of hindsight we should have held even less in this asset class. Following the sharp fall in prices we do find good value in many equities and have been adding into the weakness.

The fund's investment in inflation-linked bonds paid off handsomely as this asset class showed a 5.1% return for the quarter, far outstripping the 1.1% return of conventional bonds as measured by the All Bond Index and the 1.7% return of cash.

The well diversified asset structure of the portfolio was crucial in protecting investors against the sharp decline in equities. The fund's return for the quarter was still positive at 0.29%. Over the past year the return is 12.32% and over the past three years 8.75% per annum. The fund remains one of the top performers over these periods in the low equity prudential unit trust category.

Portfolio managers

Charles de Kock, Mark le Roux and Neill Young

CORONATION BALANCED DEFENSIVE

CLASS A as at 30 June 2010

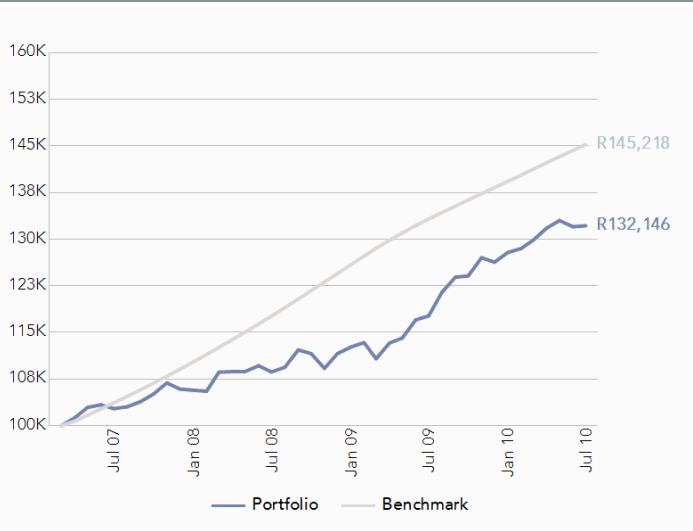
CORONATION
FUND MANAGERS

Fund category Domestic - Asset Allocation - Prudential Low Equity
Fund description The fund aims to provide a reasonable level of current income and seeks to preserve capital in real terms, with lower volatility over the medium to long-term.
Launch date 01 February 2007
Portfolio manager/s Charles de Kock, Mark le Roux and Neill Young

Fund size R 2.13 billion
NAV 112.35 cents
Benchmark/Performance Fee Hurdle Alexander Forbes 3-month (SteFl) Index + 3% p.a.
Risk profile Cons Mod Aggr

PERFORMANCE AND RISK STATISTICS¹

GROWTH OF A R100,000 INVESTMENT



PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 Jun 2010	
Domestic Assets	86.5%	
■ Equities	16.6%	
Oil & Gas	0.8%	
Basic Materials	2.4%	
Industrials	2.1%	
Consumer Goods	1.9%	
Health Care	0.6%	
Consumer Services	3.2%	
Telecommunications	2.2%	
Financials	4.7%	
Derivatives	(1.2)%	
■ Preference Shares & Other Securities	3.9%	
■ Real Estate	3.0%	
■ Bonds	40.0%	
■ Cash	23.0%	
International Assets	13.5%	
■ Equities	8.3%	
■ Preference Shares & Other Securities	0.0%	
■ Real Estate	0.3%	
■ Bonds	2.6%	
■ Cash	2.3%	

PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Inception (unannualised)	32.2%	45.5%	(13.3)%
Since Inception (annualised)	8.7%	12.5%	(3.8)%
Latest 3 years (annualised)	8.8%	12.6%	(3.8)%
Latest 1 year (annualised)	12.3%	10.1%	2.2%
Year to date	3.4%	4.9%	(1.5)%
2009	13.5%	11.6%	1.9%
2008	6.6%	14.7%	(8.2)%

TOP 10 HOLDINGS

As at 30 Jun 2010	% of Fund
Coronation Global Emerging Markets Fund	2.6%
Coronation Gbl Opp Eqty Fd CI B	2.6%
MTN Group Ltd	1.7%
Standard Bank of SA Ltd	1.5%
Coronation Gbl Opp Eqty Fd CI A	1.2%
Coronation Fund Managers Limited	1.1%
British American Tobacco Plc	1.1%
Naspers Ltd	1.0%
Anglo American Plc	1.0%
BHP Billiton Plc	0.9%

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised Deviation	4.4%	0.5%
Sharpe Ratio	(0.29)	N/A
Maximum Gain	14.7	N/A
Maximum Drawdown	(2.6)	N/A
Positive Months	75.0	N/A

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30 Jun 2010	01 Jul 2010	1.12	0.18	0.94
31 Mar 2010	01 Apr 2010	1.26	0.19	1.07
31 Dec 2009	04 Jan 2010	0.94	0.08	0.86
30 Sep 2009	01 Oct 2009	1.31	0.32	0.99

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2010	0.5%	1.1%	1.5%	0.9%	(0.8)%	0.1%							3.4%
Fund 2009	0.6%	(2.3)%	2.3%	0.7%	2.5%	0.6%	3.2%	2.0%	0.2%	2.4%	(0.6)%	1.2%	13.5%
Fund 2008	(0.2)%	2.9%	0.1%	0.0%	0.9%	(0.9)%	0.7%	2.5%	(0.5)%	(2.1)%	2.2%	0.9%	6.6%

FEES (excl. VAT)

Initial Fee	Coronation: 0.00%
Annual Management Fee*	1.50%
Annual Management Fee - performance related*	Minimum - discounted: 0.00%

* 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 1.76% per annum

Annual management fee discount:

If the fund delivers a negative return over a rolling 12-month period, a discounted fee rate of 0.75% will apply. If the fund delivers a negative return over a rolling 24-month period Coronation will forego the total annual management fee until the historical 24 month rolling return is positive. For further information regarding our fee structure please contact us or visit our website.

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 June 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 March 2010, as well as the actual performance fee incurred over the 12 months to end March 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.