

## PORTFOLIO MANAGER COMMENTARY

Risk aversion returned to markets in the past quarter with global equity markets declining sharply and US Treasuries rallying strongly. This was lead predominantly by concerns over Europe, given their difficulties to fund budget deficits and the steps that need to be taken to cut back spending. The volatility evident in all asset classes has continued which, while creating a very uncomfortable environment for investors, does allow opportunities to create value over the longer term for unit holders. The benchmark index\* declined 4.7% for the quarter, while the fund outperformed by 0.8%, recording a decline of 3.9%. For the half year, the benchmark has fallen by 0.9% while the fund has increased by 0.8%. The SA equity market has fallen by 4.1% over this period.

The reason for the funds outperformance has been our more defensive positioning. We have highlighted in a number of past quarterlies that we were concerned domestic equity valuations were getting stretched and that the cyclical shares, and resource shares in particular, were priced for a very strong return to growth which we felt was unlikely. We have been consistently reducing our equity exposure over the past few quarters after having been fairly fully invested in early 2009. As it transpires we have seen that global growth, while not going negative, is showing signs of slowing. This has driven the very rapid risk aversion trade we have seen with US Treasuries outperforming and equities and other riskier assets underperforming. The upside of this is that we are once again seeing some good investment opportunities in equities and in the resource sector in particular. While we have always known that the road to recovery will be bumpy and growth is likely to be tepid, we do not believe we are heading back to the great recession. In this framework we think the market is again focusing too much on short-term news and not on long-term intrinsic valuation. On this basis we have started increasing the exposure to equities within the fund.

Within the SA equities we have been reducing some of our more defensive exposures and moved into more cyclical companies, resources in particular. These defensive names have performed extremely well and the returns available do not match those achievable from the new resource holdings. We have increased our weightings in Anglo American, the large diversified miner as well as Sasol, the oil and chemicals business. Anglos we see as being very attractively priced based on the expansion in volumes to come from its new iron ore venture as well as improved overall returns due to a renewed focus on costs and operational efficiencies. Based on our forecasts we think Anglos trades on a single digit PE based on normalised earnings and should soon resume healthy dividend payments now that it has repaired its balance sheet.

Sasol remains one of the cheapest commodity companies in our market with great exposure to oil and rising chemical prices. Improved volumes domestically and better pricing in its international markets should see the business continue to generate very good cash flows for investors. Its recently announced progressive dividend policy should result in a good chunk of those cash flows being returned to shareholders over time.

In the fixed interest space we have moved substantially to floating rate and inflation-linked instruments as we feel we are close to the bottom of the interest rate cycle. We prefer to take on some good credit exposure to earn a premium, but link it to the floating interest rate benchmark.

We have maintained our full international exposure, still predominantly exposed to global equities where we think the valuation opportunity lies. The recent rally in US treasuries has taken these instruments once again to very low yields and we see no value in sovereign fixed interest in global markets.

As we have reiterated many times before we expect markets both locally and globally to remain volatile. While the short term might be bumpy this volatility enables investors with a long-term mindset to profit handsomely from mispricing, particularly in a flexible fund such as Market Plus.

**Portfolio manager**

Neville Chester

*\*Note that while the fund's benchmark is a composite of 63% equity, 22% bonds, 10% international and 5% cash, for comparative purposes the attached sheet states the performance hurdle figure, comprising the composite benchmark +2%.*

**Fund category** Domestic - Asset Allocation - Flexible  
**Fund description** Invests across various domestic and international asset classes, with a bias towards the equity market over the investment cycle.  
**Launch date** 02 July 2001  
**Portfolio manager/s** Neville Chester

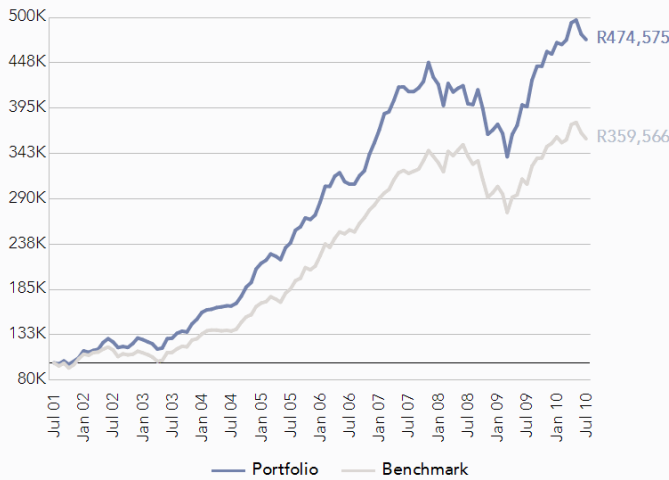
**Fund size** R 1.46 billion  
**NAV** 3766.85 cents  
**Benchmark/Performance Fee Hurdle** Composite (63% equity, 22% bonds, 10% international, 5% cash) + 2% p.a.

**Risk profile**

Cons Mod Aggr

## PERFORMANCE AND RISK STATISTICS<sup>1</sup>

### GROWTH OF A R100,000 INVESTMENT



### PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Inception (unannualised)	374.6%	259.7%	114.8%
Since Inception (annualised)	18.9%	16.6%	2.3%
Latest 5 years (annualised)	14.7%	16.0%	(1.3)%
Latest 3 years (annualised)	4.6%	5.6%	(0.9)%
Latest 1 year (annualised)	19.6%	19.4%	0.3%
Year to date	0.8%	0.1%	0.7%
2009	25.1%	21.1%	4.0%
2008	(10.9)%	(7.2)%	(3.7)%
2007	14.2%	16.0%	(1.8)%
2006	29.1%	32.0%	(2.8)%

### RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised Deviation	12.2%	11.9%
Sharpe Ratio	0.75	0.41
Maximum Gain	36.7%	29.3%
Maximum Drawdown	(24.4)%	(23.6)%
Positive Months	66.7%	67.6%

### MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2010	(0.4)%	1.1%	4.2%	0.6%	(3.3)%	(1.3)%							0.8%
Fund 2009	(2.9)%	(7.4)%	7.7%	2.8%	6.4%	(0.5)%	7.8%	3.8%	0.0%	3.8%	(0.6)%	2.9%	25.1%
Fund 2008	(5.7)%	6.4%	(2.4)%	1.1%	0.7%	(5.0)%	(0.3)%	4.3%	(5.2)%	(7.6)%	1.3%	1.8%	(10.9)%

### FEES (excl. VAT)

<b>Initial Fee</b>	Coronation: 0.00%
<b>Annual Management Fee - performance related*</b>	Minimum - standard: 1.25% Minimum - discounted: 0.75% Maximum: 3.00% Sharing Rate: 20.00%

\* 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.

<b>Total Expense Ratio (TER)<sup>2</sup></b>	2.22% per annum, which includes a performance fee of 0.95%
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When applicable, Coronation shares in the fund performance above the benchmark. This performance fee is accrued daily, based on performance over a rolling 12-month period, and paid to Coronation monthly. If the fund produces a positive return in line with or below the benchmark, the standard minimum fee will be levied. If the fund produces a negative return over a rolling 60-month period, the discounted minimum fee applies.

For further information regarding our fee structure please contact us or visit our website.

## PORTFOLIO DETAIL

### EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 Jun 2010	
<b>Domestic Assets</b>	<b>78.1%</b>	
■ <b>Equities</b>	<b>48.0%</b>	
Oil & Gas	5.0%	
Basic Materials	10.7%	
Industrials	4.7%	
Consumer Goods	5.4%	
Health Care	1.6%	
Consumer Services	6.3%	
Telecommunications	5.8%	
Financials	7.7%	
Derivatives	0.8%	
■ <b>Preference Shares &amp; Other Securities</b>	<b>11.2%</b>	
■ <b>Real Estate</b>	<b>5.2%</b>	
■ <b>Bonds</b>	<b>13.7%</b>	
■ <b>Cash</b>	<b>0.1%</b>	
<b>International Assets</b>	<b>21.9%</b>	
■ <b>Equities</b>	<b>18.9%</b>	
■ <b>Real Estate</b>	<b>1.3%</b>	
■ <b>Bonds</b>	<b>1.5%</b>	
■ <b>Cash</b>	<b>0.2%</b>	

### TOP 10 HOLDINGS

As at 30 Jun 2010	% of Fund
Coronation Gbl Opp Eqty Fd Cl B	12.2%
MTN Group Ltd	5.1%
Sasol Ltd	5.0%
Coronation Global Emerging Markets Fund	4.1%
Standard Bank of SA Ltd	3.9%
Anglo American Plc	3.6%
Naspers Ltd	3.0%
SABMiller Plc	1.9%
FirstRand	1.9%
Growthpoint Properties Ltd	1.8%

### INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Mar 2010	01 Apr 2010	34.88	19.05	15.83
30 Sep 2009	01 Oct 2009	36.01	20.37	15.64
31 Mar 2009	01 Apr 2009	91.03	75.26	15.77
30 Sep 2008	01 Oct 2008	65.22	52.89	12.33

### 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.

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). <sup>1</sup>Performance 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. <sup>2</sup>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 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.