PORTFOLIO MANAGER COMMENTARY

*"Under stress human beings react fairly predictably. Their time horizon shortens dramatically and their decision making processes tend to be driven by their limbic system (or lower brain function) which reacts instinctively and emotionally. Longer term plans and rational thought go out the window and avoidance of pain becomes the dominant objective. Investment decisions made in this state are often emotionally satisfying in the short term, but often financially injurious in the long term." **David Nelson, Legg Mason***

The fund returned -8.3% for the quarter against the benchmark return of -10.8%. For the year to June, the fund returned 23.1% against the benchmark's 17.6%.

The greatest contributors to quarterly performance were our overweight positions in AECI and Sasol, and underweight positions in ArcelorMittal and BHP Billiton. Our overweight position in Anglo American relative to BHP Billiton also contributed to performance. Our underweight position in gold equities detracted from performance.

The past three months has indeed not been a good one for global markets. We presented a rather cautious view in our previous commentary and fortunately our high cash position at the start of the quarter was able to cushion the fund from some of the losses resulting from the sharp market correction. The macro-economic news has indeed been poor and it is currently not possible to pick up a newspaper without being flooded by articles dealing with fears of a double-dip recession, the European sovereign debt crisis or the slowdown in China. Commodity prices have certainly responded to the bearish sentiment with copper down 17%, nickel down 22% and aluminium down 16% for the quarter. The massive change in investor sentiment among market commentators and investors have also been fairly predictable as stress levels have increased in response to increased uncertainty, and avoidance of pain has become the dominant objective. The mood has indeed soared with market commentators' recent fascination with bullish catch phrases such as 'v-shaped recovery', 'commodities super cycle' and 'de-coupling' now a thing of the past. The levels of uncertainty in the market have certainly increased, however increased levels of uncertainty has certainly presented us with good investment opportunities.

During the quarter, we took advantage of lower price levels to add to some of our existing holdings primarily Sasol, BHP Billiton, Zimplats and Pan African Resources. We have funded these purchases by taking some profits in some of our bigger positions (AngloGold, AECI, Palladium ETF and Mondi) that have worked well for us.

We also initiated a position in Highveld Steel and Vanadium Corporation (HVL), which is a vertically integrated steel and vanadium slag producer. HVL is 85% owned by Evraz Group SA, one of the world's largest vertically integrated steel and mining businesses. The stock is currently ignored by the market because of its limited free-float. The steel sector currently faces poor newsflow with rising raw material costs and declining demand diminishing the appetite for owning steel equities. We believe the current poor environment and fundamentals presents investment opportunities to those who are prepared to focus on long-term valuations. We believe the current earnings base for HVL is depressed and based on our assessment of normal earnings the stock is significantly undervalued.

Globally we continue to face great uncertainty and stress levels amongst investors have definitely increased after a fair level of complacency crept in after the rally of 2009. Based on our assessment of long-term valuations we are excited about the position of the fund and specific opportunities that have presented itself within the resources sector. When building your portfolio, we strive to ignore the constant noise in the market and identify undervalued and mispriced companies based on long-term valuations. History has taught us that our ability to forecast the immediate future is limited. However, despite short-term market uncertainty, we will continue to strive to deliver superior returns relative to the benchmark over the long term.

Portfolio managers
Henk Groenewald and Duane Cable

CORONATION RESOURCES

CLASS A as at 30 June 2010

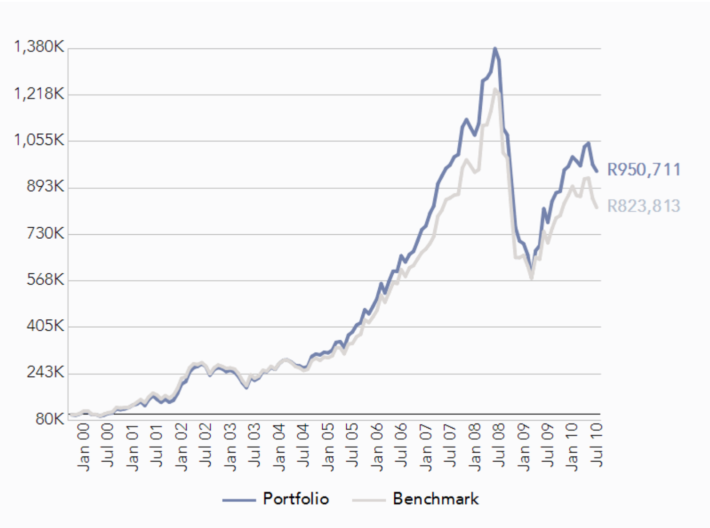
CORONATION FUND MANAGERS

Fund category	Domestic - Equity - Resources & Basic Industries
Fund description	Invests in a broad range of resource and basic industry counters that are affected by changes in the commodity cycle.
Launch date	01 October 1999
Portfolio manager/s	Henk Groenewald and Duane Cable

Fund size	R184.07 million
NAV	7359.25 cents
Benchmark/Performance Fee Hurdle	Resources & Basic Industries Sector Mean
Risk profile	Cons Mod Aggr

PERFORMANCE AND RISK STATISTICS[1]

GROWTH OF A R100,000 INVESTMENT



PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Inception (unannualised)	850.7%	723.8%	126.9%
Since Inception (annualised)	23.3%	21.7%	1.6%
Latest 5 years (annualised)	19.6%	18.7%	0.8%
Latest 3 years (annualised)	(0.8)%	(1.3)%	0.6%
Latest 1 year (annualised)	23.1%	17.6%	5.5%
Year to date	(5.0)%	(8.3)%	3.3%
2009	43.5%	36.7%	6.8%
2008	(35.2)%	(30.6)%	(4.6)%
2007	41.8%	39.5%	2.3%
2006	50.1%	46.1%	4.1%

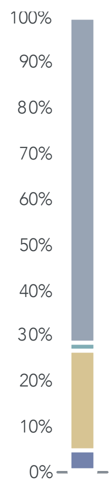
RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised Deviation	24.4%	23.8%
Sharpe Ratio	0.55	0.49
Maximum Gain	93.4%	75.6%
Maximum Drawdown	(57.9)%	(53.4)%
Positive Months	63.6%	62.0%

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 Jun 2010
Domestic Assets	**72.9%**
Equities	71.6%
Oil & Gas	14.5%
Basic Materials	55.9%
Industrials	0.1%
Consumer Goods	1.1%
Cash	1.4%
International Assets	**27.1%**
Equities	26.3%
Cash	0.7%



TOP 10 HOLDINGS

As at 30 Jun 2010	% of Fund
Anglo American Plc	16.0%
Sasol Ltd	14.5%
BHP Billiton Plc	6.8%
Mondi Plc	6.7%
Impala Platinum Holdings Ltd	6.2%
Zimplats Holdings Ltd	5.5%
Pan African Resources PLC	5.1%
OAO Gazprom Reg	4.8%
Exxaro Resources Ltd	3.4%
Highveld Steel and Vanadium Ltd	3.2%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30 Sep 2009	01 Oct 2009	10.53	8.16	2.37
31 Mar 2009	01 Apr 2009	23.74	22.09	1.65
30 Sep 2008	01 Oct 2008	87.32	83.57	3.75
31 Mar 2008	01 Apr 2008	39.88	25.30	14.58

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2010	(1.4)%	(1.7)%	6.9%	1.1%	(7.1)%	(2.4)%							(5.0)%
Fund 2009	(5.6)%	(11.8)%	16.0%	2.5%	18.7%	(5.9)%	9.5%	3.6%	0.5%	8.6%	1.3%	3.5%	43.5%
Fund 2008	3.8%	13.3%	0.7%	1.8%	6.2%	(2.9)%	(17.8)%	(2.1)%	(14.6)%	(18.0)%	(6.3)%	(1.4)%	(35.2)%

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.

Total Expense Ratio (TER)[2]	1.19% per annum

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). [1]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. [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 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.

Client Service 0800 22 11 77 **Fax:** (021) 680 2500 **Email** clientservice@coronation.co.za **Website** www.coronation.com