

PORTFOLIO MANAGER COMMENTARY

Equity markets declined sharply in the past quarter and risk aversion resumed globally. This was led predominantly by concerns over Europe, given their difficulties to fund budget deficits and the steps that need to be taken to cut back spending. We have seen a rapid move from risk assets back to the 'perceived' safety of US treasuries. The FTSE/JSE Top 40 index declined 9.4% for the quarter, while the Top 20 fund outperformed by 1.1%, recording a decline of 8.3%. For the half year, the Top 40 has fallen by 5.9% while the fund has only declined by 2.5%.

The reason for the fund's outperformance has been our more defensive positioning. We have highlighted in a number of past quarterlies that we were concerned domestic 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. 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 the resource sector. 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.

In order to fund the new positions we have been reducing some of the more defensive names in the portfolio. These shares 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.

We have also added to our position in the banking sector. Our investment case remains the same, where the recovery to normal earnings is not being priced into the domestic banking sector. The woes of the global banking sector have, by and large, missed our local banks and as the bad debt charge offs reduce locally we expect to see strong earnings growth for the next few years. The local banks' high level of capitalisation and low asset growth over the next few years also augurs well for handsome dividends to be returned to shareholders.

There is likely to be lots of noise and plenty of scary headlines in the months ahead. As always, we will try to ignore what's irrelevant and focus on identifying mis-priced assets that will deliver good returns over the long term – aiming to maintain the fund's enviable long-term track record.

Portfolio managers

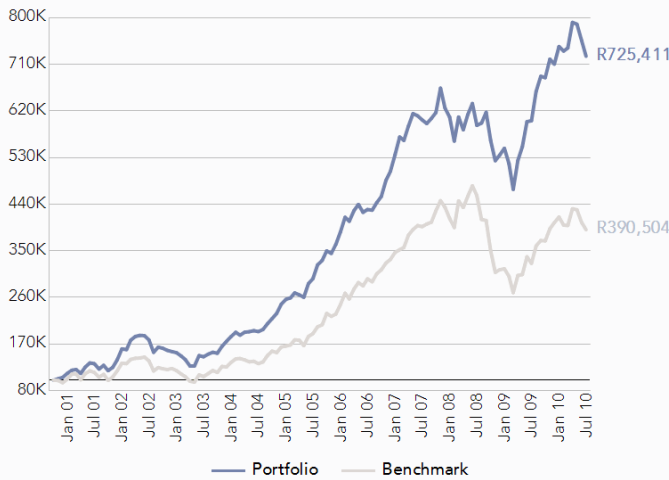
Neville Chester and Pallavi Ambekar

Fund category Domestic - Equity - Large Cap
Fund description Aims to outperform the FTSE/JSE Top 40 Index, is actively managed and typically holds no more than 20 large cap stocks at any point in time.
Launch date 01 October 2000
Portfolio manager/s Neville Chester and Pallavi Ambekar

Fund size R 4.34 billion
NAV 6127.12 cents
Benchmark/Performance Fee Hurdle FTSE/JSE Africa Top 40 Index
Risk profile Cons Mod Aggr

PERFORMANCE AND RISK STATISTICS¹

GROWTH OF A R100,000 INVESTMENT



PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Inception (unannualised)	625.4%	290.5%	334.9%
Since Inception (annualised)	22.5%	15.0%	7.5%
Latest 5 years (annualised)	19.6%	15.5%	4.1%
Latest 3 years (annualised)	6.4%	(0.5)%	6.9%
Latest 1 year (annualised)	20.7%	19.9%	0.8%
Year to date	(2.5)%	(5.9)%	3.4%
2009	35.9%	31.7%	4.1%
2008	(9.9)%	(23.6)%	13.7%
2007	13.5%	19.0%	(5.4)%
2006	38.6%	40.9%	(2.3)%

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised Deviation	18.5%	20.7%
Sharpe Ratio	0.69	0.25
Maximum Gain	46.6%	37.4%
Maximum Drawdown	(31.7)%	(43.4)%
Positive Months	62.4%	59.0%

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2010	(1.2)%	0.8%	6.7%	(0.4)%	(4.0)%	(4.0)%							(2.5)%
Fund 2009	(5.5)%	(9.5)%	11.9%	5.1%	8.8%	0.3%	9.4%	4.4%	(0.4)%	5.2%	(1.3)%	4.8%	35.9%
Fund 2008	(7.6)%	8.3%	(4.1)%	5.0%	3.5%	(6.7)%	0.8%	3.5%	(8.8)%	(6.9)%	2.1%	2.4%	(9.9)%

FEES (excl. VAT)

Initial Fee	Coronation: 0.00%
Annual Management Fee - performance related*	Minimum - standard: 1.00% Minimum - discounted: 0.50% 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.

Total Expense Ratio (TER)²	3.22% per annum, which includes a performance fee of 2.08%
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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 24-month period, and paid to Coronation monthly. If the fund produces a return in line with the benchmark, the standard minimum fee will be levied. If the fund produces a return below the benchmark, over a rolling 24-month period, the discounted minimum fee applies.

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 Jun 2010	
Domestic Assets	93.8%	
■ Equities	93.6%	
Oil & Gas	10.2%	
Basic Materials	21.4%	
Industrials	6.8%	
Consumer Goods	12.0%	
Health Care	3.1%	
Consumer Services	10.9%	
Telecommunications	12.0%	
Financials	17.3%	
■ Cash	0.2%	
International Assets	6.2%	
■ Equities	6.2%	

TOP 10 HOLDINGS

As at 30 Jun 2010	% of Fund
Anglo American Plc	12.1%
Sasol Ltd	10.2%
MTN Group Ltd	10.0%
Standard Bank of SA Ltd	8.4%
Naspers Ltd	7.5%
British American Tobacco Plc	6.2%
Impala Platinum Holdings Ltd	5.0%
FirstRand	4.7%
Bidvest Group Ltd	4.7%
SABMiller Plc	4.6%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Mar 2010	01 Apr 2010	17.09	15.71	1.38
30 Sep 2009	01 Oct 2009	20.47	18.03	2.44
31 Mar 2009	01 Apr 2009	209.46	207.04	2.42
30 Sep 2008	01 Oct 2008	93.07	91.71	1.36

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). 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.