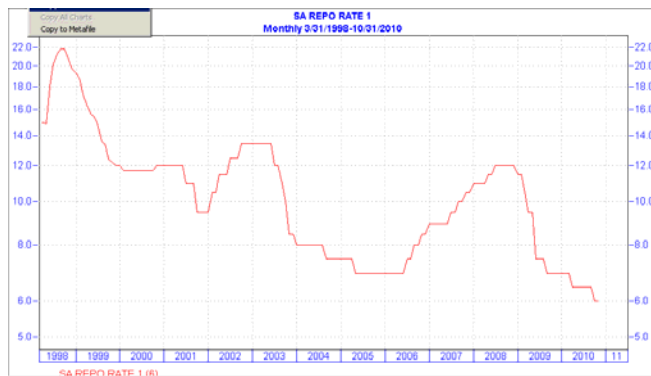


PORTFOLIO MANAGER COMMENTARY

The fund achieved 2.1% for the quarter and 8.8% total return for the 12 months to end September 2010. The fund's daily running yield at quarter-end was 7.96%. This compares extremely favourably to prevailing wholesale call rates which are now as low as 5.7%.

The big news this quarter came on 9 September when the Monetary Policy Committee (MPC) announced yet another 0.5% reduction in the South African repo rate, taking it to a new low of 6.0%. This came after a series of interest rate cuts, followed by a number of pauses. The current downward cycle in interest rates began in late 2008 (see the chart below).



The MPC decision was not entirely surprising given that consumer inflation, now at 3.5% year-on-year in August, has been falling to new lows. This has been largely due to ongoing currency strength, assisted by foreigners searching for yield in emerging market bond markets, including that of SA where they have invested around R70 billion year to date. The SA Reserve Bank expects inflation to bottom this year and then rise to an average of around 5.1% by the fourth quarter of next year. These figures all remain well within the 3% – 6% target range.

Money market investors seeking to maximise their interest income do suffer when interest rates fall to very low levels. As seen in the chart above, the previous lows of 2005/2006 lasted a year, but turned sharply upwards on the reversal. We believe that interest rates going forward are likely to follow a similar course.

The fund was recently restructured to provide investors with a modified duration of no more than 90 days, thereby minimising interest rate risk, but at the same time providing a very good yield pick-up. We have invested fully in long dated floating rate notes (FRNs) at very attractive yields. To date, banks and corporate issuers looking for 2 – 5 year funding have been tapping into the FRN market aggressively and at times have offered excellent spreads over 3-month JIBAR, the market's main reference rate. We saw great value in these and identified them as being highly suitable for a low risk, high yield product such as the income fund. The fund currently achieves an average yield JIBAR + 1.4% before fees, a spread that has been locked in for the next few years.

The fund is focused on achieving the best money market returns available in the market by participating in an area of the yield curve which, to date, has offered excellent additional yield without much more risk. We believe that this is the best way to beat the low interest rate blues which can set in at these low levels.

Portfolio manager
Tania Miglietta

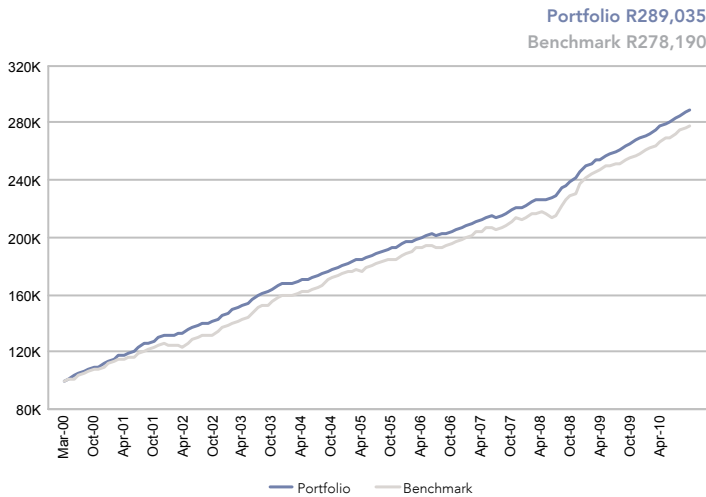
Fund category Domestic - Fixed Interest - Income
Fund description Aims to provide a high level of current income with moderate levels of capital growth. Stability of capital invested is of prime focus.
Launch date 03 April 2000
Portfolio manager/s Tania Miglietta

Fund size R75.91 million
NAV 1111.92 cents
Benchmark BEASSA ALBI (1-3 year) TR Index
Risk profile



PERFORMANCE AND RISK STATISTICS¹

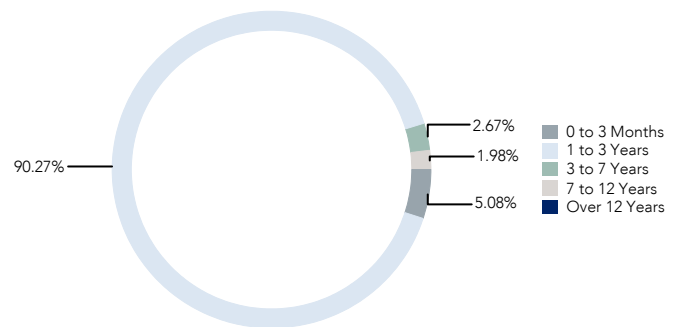
GROWTH OF A R100,000 INVESTMENT



PORTFOLIO DETAIL

MATURITY PROFILE

As at 30 Sep 2010



PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Inception (unannualised)	189.0%	178.2%	10.8%
Since Inception (annualised)	10.6%	10.2%	0.4%
Latest 5 years (annualised)	8.5%	8.6%	(0.1)%
Latest 3 years (annualised)	9.7%	9.6%	0.1%
Latest 1 year (annualised)	8.8%	8.9%	(0.1)%
Year to date	6.7%	6.8%	(0.1)%
2009	8.6%	7.7%	0.8%
2008	12.2%	12.9%	(0.7)%
2007	6.8%	7.1%	(0.3)%
2006	5.9%	5.6%	0.3%

MATURITY PROFILE DETAIL

As at 30 Sep 2010

0 to 3 Months	5.1%
1 to 3 Years	90.3%
3 to 7 Years	2.7%
7 to 12 Years	2.0%
Over 12 Years	0.0%

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised Deviation	1.8%	2.8%
Sharpe Ratio	0.44	0.14
Maximum Gain	102.1%	30.3%
Maximum Drawdown	(0.3)%	(1.9)%
Positive Months	96.8%	89.7%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Interest
30 Sep 2010	01 Oct 2010	20.09	20.09
30 Jun 2010	01 Jul 2010	19.01	19.01
31 Mar 2010	01 Apr 2010	20.55	20.55
31 Dec 2009	04 Jan 2010	19.60	19.60

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2010	0.75%	0.74%	1.10%	0.57%	0.61%	0.72%	0.66%	0.75%	0.65%				6.70%
Fund 2009	1.01%	0.62%	0.47%	1.04%	0.47%	0.46%	0.69%	0.94%	0.65%	0.64%	0.82%	0.44%	8.60%
Fund 2008	0.95%	0.54%	0.36%	0.12%	0.14%	0.75%	2.39%	0.96%	1.18%	0.68%	1.73%	1.76%	12.20%

FEES (excl. VAT)

Initial Fee	Coronation: 0.00%
Annual Management Fee*	0.45%

* 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 fee reduced to 0.45% from 0.75% (excl. VAT) from 1 September 2010

Total Expense Ratio (TER) ²	0.93% 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 is quoted from Morningstar as at 30 September 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 June 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 0.75% and is applied to each contribution and deducted before investment is made.
- Ongoing advice fees may be negotiated to a maximum of 0.50% per annum, 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.