

PORTFOLIO MANAGER COMMENTARY

The recent quarter saw the risk taking switch firmly in the 'ON' position as money flowed into emerging equity and bond markets. The JSE All Share Index and local bonds benefitted handsomely from these flows, with a total return for the JSE of 13.4% and 8% for the bond index. The fund performed pretty much in line with its benchmark achieving 10.2% for the quarter compared to 10.3% for the benchmark. Year-to-date, the fund is up 11.0% against the benchmark return of 9.3% - an excellent performance in volatile markets.

The level and extent of this volatility has been surprising, and it certainly seems like the world has returned to reactionary mode where any new snippet of information, regardless of how inconsequential, results in a change of risk appetite and fund flows. Every week, month and quarter as non-farm payroll numbers, manufacturing indices or GDP returns are published globally, the market seems to spike or fall depending on whether or not these are better or worse than forecast. While this is frustrating to a long-term investor who appreciates that the value of businesses do not shift on a weekly basis, it is in fact advantageous, as it continually throws up pricing anomalies from which investors can benefit. Importantly one needs to be focussing on long-term valuations and performance and be prepared to stomach some short-term underperformance to achieve these benefits.

Within equities the fund has moved its positioning quite significantly into the resources space, with Anglo American now representing over 8% of equity. This is a business which offers the patient investor significant volume growth as a number of key investments come into production over the next 3 years in the base and bulk metals space. Similarly we have increased our weighting in Impala Platinum, a company we know well and had sold out of during the 2008 commodity boom. The price had declined to the point where the market was no longer appropriately valuing the increase in production to come from its new shafts and expansion within its Zimbabwe operations. After applying our mind to the fair values for these businesses, assuming a normal level of platinum group prices, we felt the margin of safety was sufficient to buy a position in the fund.

Our top holding, MTN, had an excellent quarter, returning in excess of 20%. This was another classic case of short-term thinking clouding what is an excellent, diversified business with access to great markets with high growth potential as well as strong cash generation. The recent announcement at the company's AGM regarding their planned significant increase in dividend payment over time was the catalyst that saw the share re-rate sharply.

The fund remains exposed to the SA banking sector. The recent interim results have by and large proven our investment thesis correct that the unwind of the excessive provisions made during the past rate cycle will come through. All indications are that the consumer is recovering, albeit slowly, and the overall level of provisioning in the bank will return to 'normal' levels. On this basis they are still trading on single digit forward PE multiples and offer good value relative to a more expensive domestic share market.

Within bonds we have moved predominantly to floating rate instruments as we believe the next major move in interest rates will be up. In general, we are exposed to good quality credit to achieve an additional pick-up over the government yields. Preference shares, where we have long held a big position were reduced as a result of their strong re-rating this year. It still remains a reasonable position at 8% of the fund. We have also taken steps to reduce our overall property weighting as the asset class also significantly re-rated as the market priced in the interest rate cuts.

Our international portion remains at a full weighting and is predominantly invested in global equities which we still think offer compelling value on any long-term view.

Portfolio manager

Neville Chester

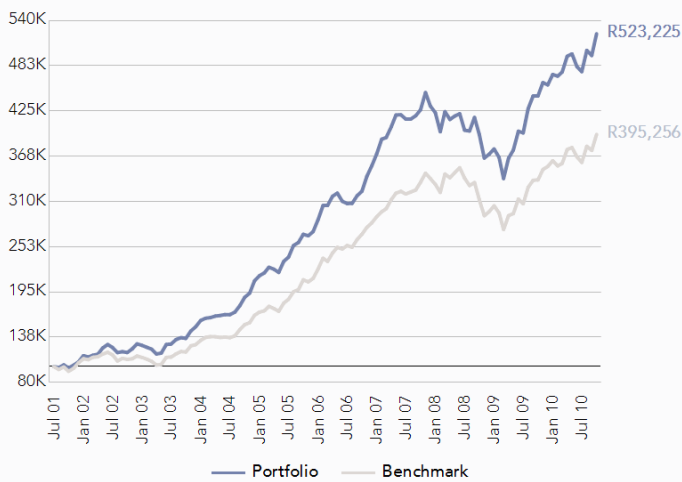
Fund category Domestic - Asset Allocation - Flexible
Fund description Invests across various domestic and international asset classes, with a bias towards the equity market over the investment cycle.
Launch date 02 July 2001
Portfolio manager/s Neville Chester

Fund size R 1.65 billion
NAV 4148.95 cents
Benchmark/Performance Fee Hurdle Composite (63% equity, 22% bonds, 10% international, 5% cash) + 2% p.a.

Risk profile  7/10
Aggressive

PERFORMANCE AND RISK STATISTICS¹

GROWTH OF A R100,000 INVESTMENT



PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 Sep 2010	%
Domestic Assets	76.9%	
Equities	48.8%	
Oil & Gas	5.1%	
Basic Materials	11.5%	
Industrials	4.7%	
Consumer Goods	4.8%	
Health Care	1.4%	
Consumer Services	7.3%	
Telecommunications	5.1%	
Financials	8.7%	
Derivatives	0.2%	
Preference Shares & Other Securities	7.7%	
Real Estate	4.9%	
Bonds	14.5%	
Cash	1.1%	
International Assets	23.1%	
Equities	20.1%	
Real Estate	1.4%	
Bonds	1.3%	
Cash	0.3%	

PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Inception (unannualised)	423.2%	295.4%	127.8%
Since Inception (annualised)	19.6%	17.4%	2.2%
Latest 5 years (annualised)	14.3%	15.3%	(1.0)%
Latest 3 years (annualised)	7.1%	7.4%	(0.3)%
Latest 1 year (annualised)	17.8%	19.4%	(1.6)%
Year to date	11.0%	10.8%	0.2%
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)%

TOP 10 HOLDINGS

As at 30 Sep 2010	% of Fund
Coronation Gbl Opp Eqty Fd CI B	12.4%
MTN Group Ltd	5.1%
Sasol Ltd	5.1%
Coronation Global Emerging Markets Fund	4.0%
Anglo American Plc	3.7%
Naspers Ltd	3.6%
Standard Bank of SA Ltd	3.6%
British American Tobacco Plc	2.3%
SABMiller Plc	2.2%
FirstRand	1.9%

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised Deviation	12.2%	12.0%
Sharpe Ratio	0.81	0.48
Maximum Gain	36.7%	29.3%
Maximum Drawdown	(24.4)%	(23.6)%
Positive Months	66.7%	67.6%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30 Sep 2010	01 Oct 2010	49.19	30.02	19.17
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

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)%	5.7%	(1.3)%	5.6%				11.0%
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)

Initial Fee	Coronation: 0.00%
Annual Management Fee - performance related*	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.

When applicable, Coronation shares in the fund performance above the performance fee hurdle. 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 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.

Total Expense Ratio (TER)²	1.76% per annum, which includes a performance fee of 0.68%
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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, as well as the actual performance fee incurred over the 12 months 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 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.