

PORTFOLIO MANAGER COMMENTARY

The general nervousness and see-saw movements in markets continued to prevail this quarter. This year we have seen markets sharply appreciate, followed by a big correction and then another upward move. All in all, global markets are marginally positive (in USD) year-to-date. Global bonds, particularly emerging market (EM) bonds, have continued to appreciate and as money floods into EM bonds in search of yield, EM currencies continued to strengthen. South Africa (representing over 10% of the Global EM Bond Index) has been a prime beneficiary of these flows and the ZAR has continued to strengthen as a result. Year-to-date the currency has appreciated by 6.4%. Against this background the fund is marginally positive (+0.6%) in ZAR year-to-date, and approximately +7% in USD over the same period.

We continue to believe that globally bonds are overvalued and getting more so by the day. The fund has nothing invested in global government bonds (in contrast to 2006 for example when as much as 15% of the fund was invested in bonds) and only a small amount (2% of fund) invested in corporate bonds. We believe that there is very good selected value in global equities, particularly in the large cap high quality companies and a large part of the fund is invested in this area (Johnson & Johnson, Coca-Cola, Wal-Mart, McDonalds, YUM Brands, Colgate Palmolive, Heineken and Tesco). Given the attractive valuations of so many of these businesses, the equity exposure of the fund (mid 80% level) is at the high end of its historical range.

We also believe a number of the US technology companies are very attractive and the fund has a number of holdings in this area (Symantec, Microsoft, Oracle, Hewlett Packard, IBM, Google and Cisco). Valuations for most of the companies mentioned are at multi-year lows after 10 years of flat global equity markets. IBM's share price for example just recently passed its previous all-time high in 1998. So IBM's share price has done nothing for 12 years! The starting point of course was a high valuation, driven by the TMT bubble. What is more important is that today, after growing the business year after year at the same time that the share price did nothing, IBM trades on just over 11x free cash flow. We think this is very attractive for what we would consider to be an above average business.

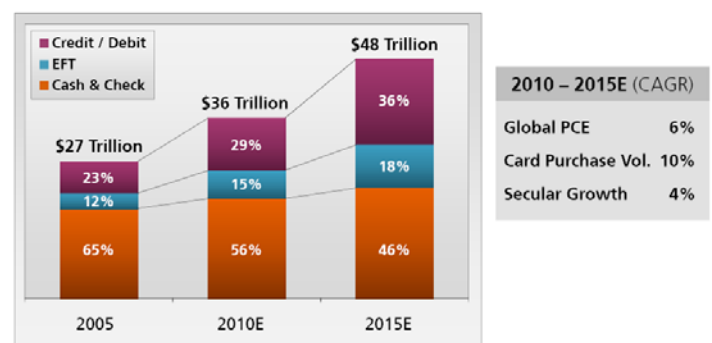
We also continue to find new ideas, particularly in the US, where the market seems to get more and more short-term focused every day. This of course creates opportunities if one has a longer time horizon. An example of this in our view is the recent rapid share price declines of the world's two largest card processors - Mastercard and Visa. We were buyers of both shares (together they make up 5.5% of the fund today) as we believe the market is focusing too much on one issue and ignoring all of the positives of these businesses. Although the drivers of these two companies are very similar, our discussion below will focus on Mastercard as it is the larger position.

The issue the market is currently focusing on is that of regulation, specifically in the US. A new bill was tabled in the US called the Durbin amendment, which proposes a number of new regulations that will negatively impact the card processors. Whilst we agree with the fact that the proposed changes will negatively impact the processors, it is our view that the impact is likely to be manageable. More importantly, following the share price declines, it is also our view that this impact is more than priced in. We would also make the point that whilst it is possible for regulatory pressure to increase in countries other than the US, the interchange fees (one of the key areas being targeted by the proposals) in the US are at the high end of all markets globally.

So at this point, the regulations are specific to the US, and in fact specific to debit cards only. In this regard, markets outside of the US (in particular emerging markets) are growing much faster than the US market. If we consider Mastercard, emerging markets already make up around 30% of revenue and this percentage is increasing rapidly. Total non-US revenues for Mastercard today are 55%, meaning that the US already makes up less than half (45%) the business. The US contribution will continue to decline given the fact that credit and debit card purchase volumes are growing twice as fast outside the US as they are in the US. Mastercard's US revenue grew at 10% CAGR from 2006-2009 whereas their international revenue grew at 21% CAGR over the same 2006-2009 period. Credit and debit card take-up in emerging markets (and even in Europe) is far below that of the US and will undoubtedly increase at a rapid rate over the next several years. Today for example, 40% of all consumer spend in the US is done by credit or debit card (this percentage on its own will increase over the next several years), whereas in a country like Brazil (whose economy is growing at over twice the rate of the US), only 20% of consumer spend is made using a credit or debit card.

The table below shows how the use of credit and debit cards has increased over the past 5 years globally (from 23% of all consumer spend in 2005 to 29% of all consumer spend in 2010). It also shows Mastercard's forecasts for what they expect over the next 5 years – for credit/debit card spend to make up 36% of all consumer spend from 29% today. Given that global consumer spend is in the trillions of dollars, a move from 29% of all spend to 36% of all spend is a huge number.

Personal Consumption Expenditure (PCE)



Source: EIU, Euromonitor and MasterCard internal estimates

Besides having very favourable long-term drivers (a switch from paper to plastic), the card processors have a largely fixed cost base (meaning that revenue increases translate into even higher profit increases, and vice versa of course) and they also require very little capital to grow. They also generate large amounts of free cash flow and convert all of their earnings into free cash flow. Mastercard have provided 2011-2013 revenue guidance in the low double-digits and EPS growth of 20%+. We would be more conservative than this and feel that EPS growth of 15% over the next number of years is very achievable, taking into account downward pressure in the US. Today Mastercard trades on approximately 15x this year's earnings excluding their net cash position (and was trading at a much lower valuation than this at the fund's average purchase price). We feel this is very attractive for a business of this quality.

Portfolio manager
Gavin Joubert

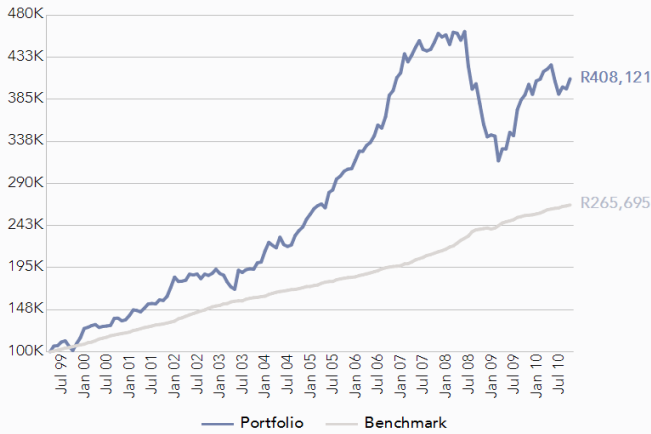
Fund category Worldwide - Asset Allocation - Flexible
Fund description An international rand-based fund that invests in a combination of local and international investments across all asset classes to deliver long-term growth.
Launch date 15 March 1999
Portfolio manager/s Gavin Joubert

Fund size R 1.05 billion
NAV 3382.01 cents
Benchmark/Performance Fee Hurdle† CPI + 5% p.a.
Risk profile



PERFORMANCE AND RISK STATISTICS¹

GROWTH OF A R100,000 INVESTMENT



PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 Sep 2010
Equities	87.1%
North America	51.0%
Europe	19.7%
South Africa	5.8%
Asia	5.3%
Japan	3.0%
Latin American	2.3%
Bonds	1.5%
Europe	0.8%
North America	0.7%
Cash	10.6%
ZAR	7.0%
Other	3.7%
USD	(0.1)%
Gold	0.8%
Gold	0.8%

RISK AND RETURNS VS BENCHMARK (ZAR)

	Fund	Benchmark	Outperformance
Since inception (unannualised)	308.1%	166.1%	142.0%
Since inception (annualised)	13.0%	11.6%	1.4%
Latest 5 years (annualised)	6.1%	11.7%	(5.6)%
Latest 3 years (annualised)	(3.2)%	12.2%	(15.4)%
Latest 1 year (annualised)	4.7%	8.4%	(3.8)%
Year to date	0.6%	6.9%	(6.3)%
Annualised Deviation	11.5%	N/A	
Sharpe Ratio	0.25	N/A	
Downside Deviation	7.3%	N/A	
Positive Months	66.7%	N/A	

TOP 10 HOLDINGS

As at 30 Sep 2010	% of Fund
Coronation Global Emerging Market Fund	6.1%
MTN Group Ltd	3.8%
Naspers Ltd	3.5%
MasterCard Inc	3.2%
Johnson & Johnson	3.1%
Symantec Corp	3.0%
CVS Caremark Corp	2.9%
Safeway Inc	2.9%
Hewlett-Packard Company	2.8%
Teva Pharmaceutical Industries Ltd	2.8%

PERFORMANCE FOR VARIOUS PERIODS (USD) VS MSCI WORLD (USD)

	Fund	MSCI World	Outperformance
Since inception (unannualised)	263.1%	27.5%	235.6%
Since inception (annualised)	11.9%	2.1%	9.7%
Latest 5 years (annualised)	4.1%	1.9%	2.2%
Latest 3 years (annualised)	(3.6)%	(7.7)%	4.2%
Latest 1 year (annualised)	13.0%	7.3%	5.7%
Year to date	7.0%	3.0%	4.0%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30 Sep 2010	01 Oct 2010	16.67	15.18	1.49
31 Mar 2009	01 Apr 2009	29.60	26.43	3.17
30 Sep 2008	01 Oct 2008	27.68	25.03	2.65
31 Mar 2008	01 Apr 2008	37.15	29.64	7.51

MONTHLY PERFORMANCE RETURNS (ZAR)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2010	0.5%	2.2%	0.7%	1.1%	(4.3)%	(3.6)%	2.1%	(0.5)%	2.9%				0.6%
Fund 2009	(0.4)%	(8.1)%	4.3%	0.0%	5.7%	(1.1)%	8.6%	2.9%	1.4%	3.1%	(2.8)%	3.9%	17.7%
Fund 2008	(2.4)%	3.1%	(0.3)%	(1.7)%	2.2%	(8.5)%	(6.1)%	1.6%	(5.5)%	(6.2)%	(4.0)%	0.6%	(24.7)%

FEES (excl. VAT)

Initial Fee	Coronation: 0.00%
Annual Management Fee - performance related*	Minimum: 1.00% Maximum: 3.50% Sharing Rate: 15.00%

* 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 the fund's financial year to date performance, and paid to Coronation annually. If the fund produces a return in line with or below the benchmark for the relevant financial year to date, the minimum fee applies. For further information regarding our fee structure please contact us or visit our website.

Total Expense Ratio (TER) ²	1.27% per annum, which includes a performance fee of 0.01%
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[†]Benchmark Methodology - From January 2009 CPIX was replaced with a newly reweighted and rebased CPI. The benchmark is calculated using a combination of the official month-to-month CPIX numbers pre-January 2009 and the new CPI from January 2009.

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 performance fee accrued over the above period. Although the performance fee as included in the TER is calculated over the above period, the actual performance fee calculation and payment corresponds with the funds financial year end. 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.