CORONATION STRATEGIC INCOME

CLASS A as at 30 September 2010

CORONATION FUND MANAGERS

PORTFOLIO MANAGER COMMENTARY

The fund finished a phenomenal one-year period to end September by producing a 12-month return of over 12% versus a cash return of around 7%.

Falling bond yields, tightening of corporate bond spreads and declining money market yields, coupled with decent performance from the property sector and preference shares, all helped to contribute to the fund's strong performance.

After moving sideways for over nine months of the year to end June 2010, the past 3 months have seen very strong performance from the SA bond market predominantly driven by foreign inflows and declining inflation. Over the past 12 months the All Bond Index (ALBI) has generated a return in excess of 15%, with inflation-linked bonds producing 10% and cash just over 7%.

Figure 3 : Bond and Money Market (local currency returns)

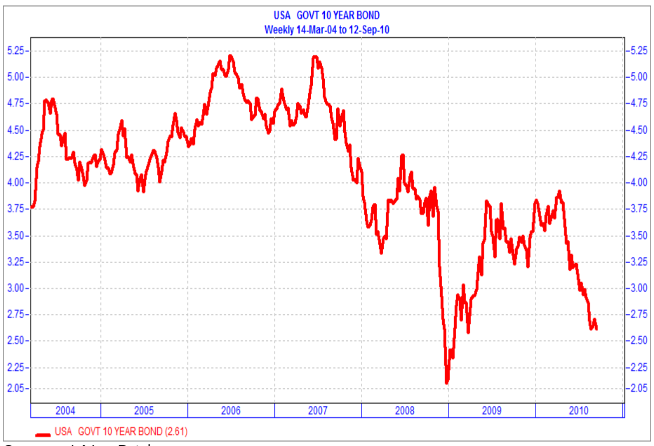
Code	Name	September 2010	3 months	6 months	12 months	Year-to-date
JAPI05	**All Bond**	**0.76%**	**8.0%**	**9.3%**	**15.3%**	**14.1%**
GOVI	GOVI	0.72%	7.8%	8.9%	14.9%	13.7%
OTHI	OTHI	0.99%	9.6%	11.2%	17.8%	16.6%
JAPI01	Bonds 1-3 Years	0.45%	2.3%	4.1%	8.9%	6.8%
JAPI02	Bonds 3-7 Years	0.29%	4.5%	6.6%	12.7%	10.8%
JAPI03	Bonds 7-12 Years	0.59%	8.0%	8.9%	16.0%	15.0%
JAPI04	Bonds 12+ Years	1.36%	11.9%	12.5%	17.2%	16.6%
GMC1	**Cash**	**0.54%**	**1.7%**	**3.4%**	**7.2%**	**5.3%**
BSAGI	**Barclays/ABSA Govt Inflation-Linked Bonds**	**-0.13%**	**4.6%**	**10.0%**	**10.2%**	**10.0%**
J251	**Preference Share Index**	**0.97%**	**5.2%**	**5.2%**	**20.2%**	**13.3%**

Source: Deutsche Bank

Aggressive foreign buying of SA bonds continued during the month of September bringing the year-to-date foreign investment into bonds to around R70 billion. This flow appears to be on the back of large scale investment into emerging market bond funds by offshore investors in search of yield. These funds in turn invest in the individual underlying emerging markets of which SA is one. A further by-product of this foreign investment flow has been for the rand to strengthen, which has had the resultant effect of subduing inflation to most recently recorded levels of 3.5% year-on-year in August. Because the fall in inflation over the past few months significantly exceeded expectations, the result has been a bull market in local bonds over the past three months.

The global search for yield has its roots in very low US bond yields, which have fallen further over the past few weeks on rising expectations of another round of quantitative easing.

Chart 1 below indicates the decline in yield experienced in the US 10-year bond yield.

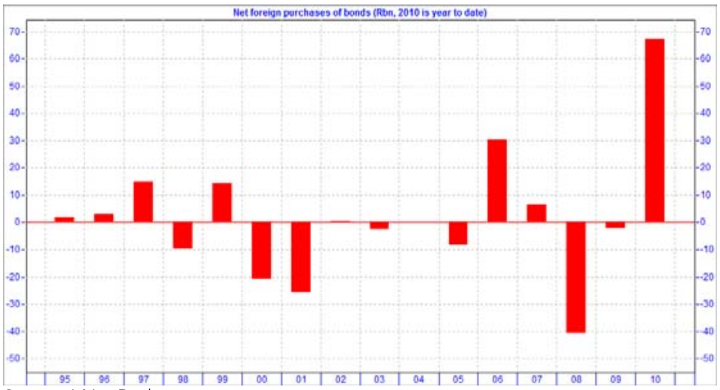


Source: I-Net Bridge

Chart 2 shows how SA long bond yields have rallied especially since July when the aggressive foreign flow started arriving on our shores.

Source: I-Net Bridge

Chart 3 depicts net foreign buying of SA bonds.



Source: I-Net Bridge

The positioning in the portfolio remains one of running a low duration. We have been accumulating a number of floating rate assets as well as holding approximately 16% in inflation-linked bonds. This view is predominately based on the fact that we are at or very near the bottom of the current inflation cycle and that inflation is likely to be closer to 5.5% one year out. Where we do hold bonds, it is in the corporate space and in the belly of the curve, namely the 5-year area. We continue to see value in good quality corporate bonds trading at what we believe to be very attractive spreads over government bonds. The preference share holding in the portfolio has been halved after their strong run and we continue to see pockets of value in the property sector where our holding currently sits just below 5%.

Portfolio managers

Mark le Roux and Tania Miglietta

CORONATION STRATEGIC INCOME

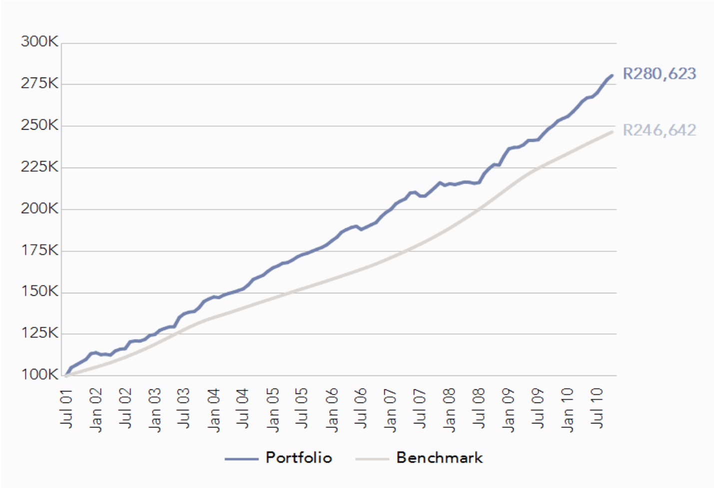
CLASS A as at 30 September 2010

CORONATION FUND MANAGERS

Fund category	Domestic - Fixed Interest - Varied Specialist
Fund description	A widely diversified, actively managed fund that aims to provide a higher level of income than a pure income fund.
Launch date	02 July 2001
Portfolio manager/s	Mark le Roux and Tania Miglietta
Fund size	R 4.00 billion
NAV	1353.35 cents
Benchmark	110% of the STeFI 3-month Index
Risk profile	Conservative 2/10

PERFORMANCE AND RISK STATISTICS[1]

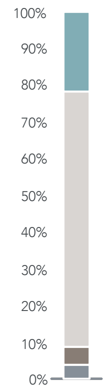
GROWTH OF A R100,000 INVESTMENT



PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 Sep 2010
Domestic Assets	94.3%
Cash	20.9%
Bonds	65.1%
Listed Property	4.4%
Preference Shares	3.9%
International Assets	5.7%

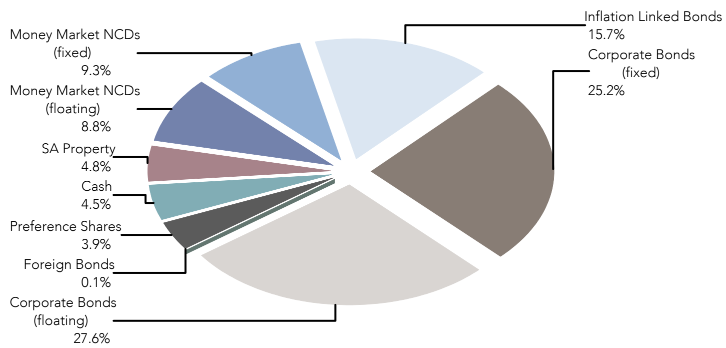


PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Inception (unannualised)	180.6%	146.6%	34.0%
Since Inception (annualised)	11.8%	10.3%	1.5%
Latest 5 years (annualised)	9.8%	9.7%	0.0%
Latest 3 years (annualised)	9.6%	10.3%	(0.7)%
Latest 1 year (annualised)	12.0%	7.6%	4.5%
Year to date	9.6%	5.5%	4.1%
2009	8.2%	9.5%	(1.3)%
2008	9.7%	13.0%	(3.2)%
2007	7.7%	10.4%	(2.7)%
2006	10.4%	8.2%	2.2%

PORTFOLIO COMPOSITION

As at 30 Sep 2010



RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised Deviation	3.2%	0.7%
Sharpe Ratio	0.65	0.83
Maximum Gain	29.2%	146.6%
Maximum Drawdown	(1.3)	N/A
Positive Months	90.1%	100.0%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30 Sep 2010	01 Oct 2010	22.80	1.06	21.74
30 Jun 2010	01 Jul 2010	22.04	1.20	20.84
31 Mar 2010	01 Apr 2010	26.39	2.37	24.02
31 Dec 2009	04 Jan 2010	20.77	0.57	20.20

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2010	1.08%	1.09%	1.34%	0.80%	0.19%	0.90%	1.54%	1.40%	0.88%				9.60%
Fund 2009	0.35%	0.06%	0.60%	1.08%	0.06%	0.12%	1.41%	1.24%	0.82%	1.17%	0.55%	0.50%	8.20%
Fund 2008	(0.26)%	0.34%	0.39%	(0.09)%	(0.29)%	0.24%	2.45%	1.43%	1.02%	(0.15)%	2.39%	1.90%	9.70%

FEES (excl. VAT)

Initial Fee	Coronation: 0.00%
Annual Management Fee*	0.85%

* 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 annual management fee applicable to the A-class was reduced from 1.00% p.a. (excl. VAT) to 0.85% p.a. (excl. VAT) effective 1 October 2009.

Total Expense Ratio (TER)[2]	1.00% per annum

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 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. [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 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.