

## PORTFOLIO MANAGER COMMENTARY

The fund returned -0.4% for the quarter, against 3.3% from the benchmark MSCI World Index (dividends reinvested). For a rolling 12-month period, the fund's return of -2.0% (in rands) is behind that of the benchmark's -0.6%.

The quarter ended on a very strong note as markets rallied in September on improving economic data and discussions about further quantitative easing. Early in the quarter, however, markets had worries about a double dip recession and the results of the European banking system stress test. Once the Fed and BoE began openly discussing another round of quantitative easing, markets responded positively to such an extent that the further bail-out of the Irish banking system didn't seem to have much impact. Today, Western economies are delicately poised and markets will remain volatile on the newsflow. Asian economies remain strong and indeed China is taking further steps to temper growth, especially in the housing market.

In terms of regional equity performance, Asia ex-Japan was the best performing region, rising 22.2% (in US dollar terms), while Japan was the worst performer at only 5.9% (in US dollar terms) in the face of sustained yen strength. European countries mostly had good quarters with the region as a whole returning 19.4%. North America lagged the MSCI World Index returning only 11.7%. The fund's regional positioning was a positive contributor to relative performance for the quarter.

Overall, the underlying managers detracted the relative underperformance this quarter. This was primarily as a result of their fairly defensive positioning in July which cost them dearly.

Underperformance was common in all regions. Veritas Asia Fund, in particular, could not keep pace with the very strong markets. The manager is cautious and carried a high cash balance this quarter primarily driven by concerns over China's tightening policies and its broader effect in Asia.

In Europe, Ruffer lagged the index as would be expected in such strong markets. Although they have been increasing equity exposure of late, they are still cautious.

The Legg Mason funds, our core US exposure, had a tough quarter, especially the Smaller Companies fund. Both funds had an excellent 2009 but have struggled with the volatile markets this year.

**Outlook**

We expect volatility to continue as the global economy slowly recovers in the months ahead. The latest concerns relate to potential currency wars as the crisis nations seek to weaken their currencies against the major trading partners. In this respect, China is the main target but appears to have no intention of revaluing the renminbi and is instead supporting the euro and yen, keeping those currencies strong. Heightening tensions surrounding this issue are of concern but we would hope that the issue is resolved without resorting to protectionism. We have said in the past and continue to believe that the outlook for equities is very positive especially when compared to the expected returns on cash and bonds.

**Portfolio manager**

Tony Gibson

# CORONATION WORLD EQUITY [ZAR] FUND OF FUNDS

CLASS A as at 30 September 2010

**CORONATION**  
FUND MANAGERS

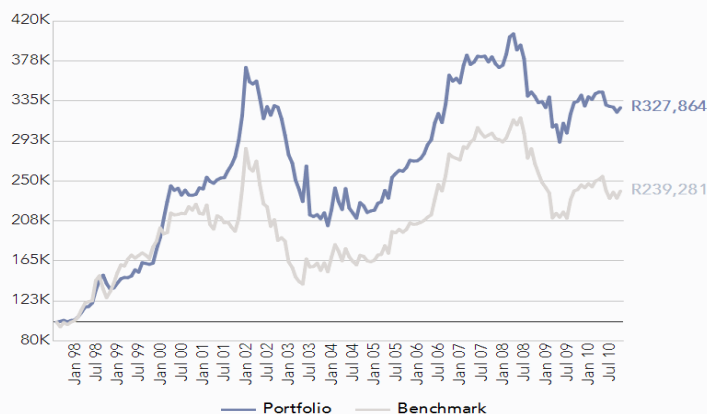
**Fund category** Foreign - Equity - General  
**Fund description** Aims to achieve long-term capital growth that exceeds the MSCI World Index in dollar terms while ensuring lower volatility of returns, particularly on the downside, than conventional index-linked equity portfolios.  
**Launch date** 01 August 1997  
**Portfolio manager/s** Tony Gibson

**Fund size** R737.84 million  
**NAV** 3039.35 cents  
**Benchmark/Performance Fee Hurdle** MSCI World Index (Rands)  
**Risk profile**



## PERFORMANCE AND RISK STATISTICS<sup>1</sup>

### GROWTH OF A R100,000 INVESTMENT



## PORTFOLIO DETAIL

### GEOGRAPHIC ASSET ALLOCATION EXPOSURE

	30 Sep 2010
<b>Equities</b>	<b>90.2%</b>
Europe (3 Funds)	26.2%
North America (3 Funds)	23.7%
Global (3 Funds)	21.9%
Asia (1 Fund)	10.4%
Japan (1 Fund)	8.0%
<b>Cash</b>	<b>9.8%</b>
Foreign	5.8%
Domestic	4.0%

### PERFORMANCE FOR VARIOUS PERIODS - ZAR RETURNS

	Fund	Benchmark	Outperformance
Since Inception (unannualised)	227.9%	139.3%	88.6%
Since Inception (annualised)	9.4%	6.9%	2.6%
Latest 5 years (annualised)	4.4%	3.8%	0.6%
Latest 3 years (annualised)	(5.0)%	(7.3)%	2.4%
Latest 1 year (annualised)	(2.0)%	(0.6)%	(1.4)%
Year to date	(3.4)%	(3.2)%	(0.3)%
2009	3.5%	1.6%	1.9%
2008	(12.1)%	(16.6)%	4.5%
2007	5.3%	7.0%	(1.7)%
2006	30.5%	33.2%	(2.7)%

### TOP 5 HOLDINGS

As at 30 Sep 2010

Canillon GV Fund E-Series E1
Legg Mason US Equity Fund B
Edinburgh Partners European Opportunity Fund
Veritas Asian Fund
CF Morant Wright Japan Fund

### PERFORMANCE FOR VARIOUS PERIODS - USD RETURNS

	Fund	Benchmark	Outperformance
Since Inception (unannualised)	116.2%	58.4%	57.8%
Since Inception (annualised)	6.0%	3.6%	2.5%
Latest 5 years (annualised)	2.4%	1.9%	0.6%
Latest 3 years (annualised)	(5.4)%	(7.7)%	2.4%
Latest 1 year (annualised)	5.8%	7.3%	(1.5)%
Year to date	2.7%	3.0%	(0.3)%
2009	33.2%	30.8%	2.4%
2008	(37.1)%	(40.3)%	3.2%
2007	7.8%	9.6%	(1.7)%
2006	18.2%	20.7%	(2.4)%

### RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised Deviation	16.5%	18.4%
Sharpe Ratio	(0.10)	(0.23)
Maximum Gain	51.7%	53.2%
Maximum Drawdown	(45.3)%	(50.7)%
Positive Months	58.9%	53.2%

### MONTHLY PERFORMANCE - ZAR RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2010	(0.8)%	1.8%	0.5%	0.0%	(4.0)%	(0.4)%	(0.2)%	(1.7)%	1.5%				(3.4)%
Fund 2009	3.4%	(9.4)%	0.8%	(6.0)%	6.9%	(3.3)%	6.7%	3.9%	0.4%	2.0%	(3.4)%	3.0%	3.5%
Fund 2008	3.2%	4.7%	0.8%	(4.2)%	1.3%	(3.7)%	(10.5)%	1.3%	(1.4)%	(2.0)%	0.4%	(1.9)%	(12.1)%

### FEES (excl. VAT)

<b>Initial Fee</b>	Coronation: 0.00%
<b>Annual Management Fee - performance related*</b>	Minimum: 1.40% Maximum: 3.50% Sharing Rate: 10.00%

\* A portion of Coronation's annual management fee may be paid to administration platforms like LSP'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 for the relevant 12-month period, the minimum fee applies. For further information regarding our fee structure please contact us or visit our website.

<b>Total Expense Ratio (TER)<sup>2</sup></b>	2.56% per annum, which includes a performance fee of 0.05%
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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).

<sup>1</sup>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. <sup>2</sup>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.