

## PORTFOLIO MANAGER COMMENTARY

To claim that 2011 was an eventful year would probably be an understatement... In March, global financial markets were initially jolted by the earthquake and tsunami in Japan, but recovered reasonably quickly when it became apparent that the doomsday scenario with regards to a nuclear disaster would not materialise. The dysfunctional political process in the US regarding the lifting of the debt ceiling then tested investors' resolve, leading to the first downgrade of US debt in history. Counter intuitively this downgrade was followed by a sharp rally in US bonds and an equally sharp decline in global equities. At the same time, the European sovereign debt crisis reignited fears of a global recession. The political landscape in North America and the Middle East was permanently changed by the events following the events of the Arab Spring.

The last quarter of the calendar year proved to be a rewarding one for investors in risky assets across the globe, but specifically in the US. The MSCI World Index rose by 7.7% over the quarter, bring the total return for the year to -5.0%. Interestingly, emerging equity markets continued to underperform their developed counterparts, with the annual number -18.2% (4.4% for the quarter). Over the year the range of returns, even amongst developed equity markets, was huge with the US showing slight positive numbers (around 2%) and European bourses performing the worst with numbers around -17% for the major markets. A few percentage points of this underperformance was due to the weakness of the euro, although remarkably the currency only weakened by about 2.5% against the US dollar over the year. While global fixed interest markets were uninspiring over the quarter, the sector still returned more than 6% for the year, despite the severe sell-off in some of the European sovereign instruments during the period. Listed property was flat for the year, with a sharp rebound in the US listed market in the last quarter.

Your fund had a good last quarter, returning 3.4% in rand and 3.7% in US dollars over the period. This was significantly ahead of the benchmark, which was negatively affected by the weakness in the euro over the period. While the 12-month return of 17.0% (in rands) looks impressive at face value, we are cognisant of the fact that the fund returned -4.0% in US dollars over this period. This is very disappointing to us as managers, even though the benchmark number was also slightly negative given adverse currency movements. Since inception the fund has continued to exceed its outperformance target comfortably, and the annualised number of 8.15% in US dollars after all fees is considered to be at the upper end of our expectations over the longer term.

While the fund's high exposure to equities hurt performance in the earlier part of the year, it contributed strongly over the past quarter. In addition, stock picking has been good, with significant alpha added over the period. Over the year, alpha generation was also satisfactory. Notable stock contributors included Great Wall Motors, Safeway, Google, Interpublic and Pernod Ricard. Towards the end of the year we started to reduce our equity exposure by buying protection. We believe this to be prudent given the fund's lower risk appetite. We do continue, however, to believe that equities, in the medium-term, will deliver the best returns from all the available asset classes.

The fund's fixed interest exposure also contributed positively over the quarter; erasing losses from earlier in the year. Most of our holdings rebounded as risk appetite increased, and we continue to expect good returns from these instruments.

Listed property disappointed over the quarter and the full year, with negative returns generated over the calendar year. This has been as a result of both deeply discounted capital raisings by our Japanese stocks and a severe sell-off in Singaporean property stocks over concerns about global growth. We have added to some of these holdings, and continue to expect good returns into the future.

Our gold position was almost flat over the quarter, but still up for the year. We added slightly to the position into the weakness experienced in December. Natural gas continued to be a major disappointment, both over the shorter-term and since initiating the position. There is no doubt that the fundamentals for the commodity have weakened since the initial trade, but we still believe that the current price is discounting all of the bad news, without any possibility of an improvement in the supply/demand fundamentals being priced in.

The past year has been a trying one in financial markets, especially for risk averse investors. The fund did not escape the volatility and we are determined to make 2012 a better year for our investors. Early indications are that we should, however, continue to expect significant swings in investor sentiment given the fragility of the global economic situation.

**Portfolio managers**


Tony Gibson and Louis Stassen

# CORONATION GLOBAL CAPITAL PLUS [ZAR] FUND

Please note that this fund was renamed from CORONATION LATITUDE [ZAR] to the above, effective 1 February 2011.

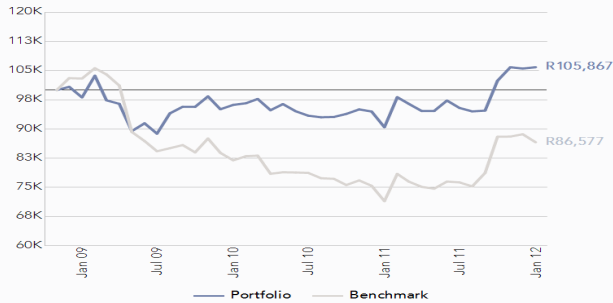
CLASS A as at 31 December 2011

**Fund category** Foreign Asset Allocation Flexible  
**Fund description** Aims to provide diversified exposure to global assets with a focus on capital preservation.  
**Launch date** 22 September 2008  
**Portfolio manager/s** Tony Gibson and Louis Stassen

**Fund size** R213.67 million  
**NAV** 110.30 cents  
**Benchmark †** 50% USD 3 month LIBOR and 50% 3 month EURIBOR  
**Performance Hurdle** Benchmark + 1.5% p.a.  
**Risk profile** 

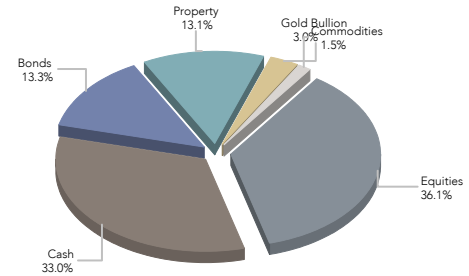
## PERFORMANCE AND RISK STATISTICS<sup>1</sup>

### GROWTH OF A R100,000 INVESTMENT



## PORTFOLIO DETAIL

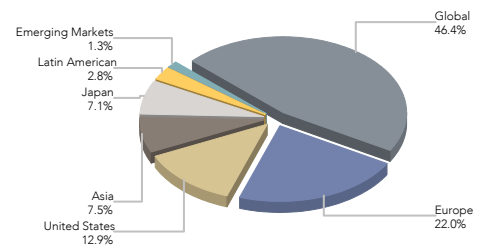
### EFFECTIVE ASSET ALLOCATION EXPOSURE



## PERFORMANCE FOR VARIOUS PERIODS (ZAR)

	Fund	Benchmark	Outperformance
Since Launch (unannualised)	5.9%	(13.4)%	19.3%
Since Launch (annualised)	1.8%	(4.4)%	6.3%
Latest 3 years (annualised)	2.6%	(5.6)%	8.2%
Latest 1 year (annualised)	17.0%	21.2%	(4.1)%
Year to date	17.0%	21.2%	(4.1)%
2010	(6.0)%	(12.8)%	6.8%
2009	(2.0)%	(20.4)%	18.5%

## GEOGRAPHIC ASSET ALLOCATION EXPOSURE



## PERFORMANCE FOR VARIOUS PERIODS (USD)

	Fund	Benchmark	Outperformance
Since Launch (unannualised)	28.2%	9.6%	18.6%
Since Launch (annualised)	8.2%	1.5%	6.7%
Latest 3 years (annualised)	8.4%	(0.2)%	8.6%
Latest 1 year (annualised)	(4.0)%	(0.6)%	(3.4)%
Year to date	(4.0)%	(0.6)%	(3.4)%
2010	5.1%	(2.5)%	7.6%
2009	26.2%	2.4%	23.8%

## CURRENCY ALLOCATION

Currency as at 31 Dec 2011	% of Fund
US Dollar	77.6%
Japanese Yen	10.1%
UK Pound Sterling	10.0%
Asia (ex Japan)	3.5%
Euro	(1.2)%

## RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	11.5%	13.7%
Sharpe Ratio	(0.49)	(0.87)
Maximum Gain	12.0%	17.8%
Maximum Drawdown	(14.4)%	(32.3)%
Positive Months	52.6%	39.5%

## MONTHLY PERFORMANCE RETURNS (ZAR)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2011	8.5%	(1.8)%	(1.9)%	0.0%	2.8%	(2.0)%	(0.9)%	0.2%	8.1%	3.4%	(0.3)%	0.3%	17.0%
Fund 2010	0.4%	1.1%	(3.0)%	1.7%	(1.9)%	(1.2)%	(0.4)%	0.1%	0.8%	1.2%	(0.6)%	(4.3)%	(6.0)%
Fund 2009	5.7%	(6.1)%	(0.9)%	(7.3)%	2.3%	(2.9)%	5.9%	1.8%	0.0%	2.8%	(3.4)%	1.2%	(2.0)%

## FEES (excl. VAT)

Initial Fee	Coronation: 0.00%
Annual Management Fee - performance related	Minimum - standard: 1.35% Minimum - discounted: 0.75% Maximum: 2.85% 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 performance over a rolling 12-month period, and paid to Coronation monthly. If the fund produces a return in line with or below the performance fee hurdle, the standard minimum fee will be levied. If the fund produces a negative return (measured in USD) over a rolling 12-month period, the discounted minimum fee applies. Please note that the fees have been adjusted, with effect 1 May 2011. For further information regarding our fee structure please contact us or visit our website.

Total Expense Ratio (TER)<sup>2</sup> 2.60% per annum, which includes a performance fee of 0.46%

† Please note that the benchmark of USD 3-month LIBOR+5% p.a. has changed with effect 5 August 2008.

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 as calculated by Coronation as at 31 December 2011 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 September 2011. 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.