

## PORTFOLIO MANAGER COMMENTARY

This fund is designed to give investors an additional yield pick-up over traditional money market funds. Over the last year this objective has been met with a return of 6.8%. The fund outperformed the Coronation Money Market Fund by 1.13% and the 3-month STeFI money market index by 1.3%, all after fees. This was achieved by investing in floating rate investments, locking in an attractive yield over JIBAR for a longer term.

2011 was characterised by a combination of rising inflation, a depreciating currency (the rand lost 22% against the US dollar), rocketing food prices and a materially increasing fiscal deficit; all of which would normally be negative for interest rates. Despite this, global growth concerns, worries over the fiscal situation in a number of European countries, the continued foreign bond investor appetite for yield along with record low domestic short-term interest rates, resulted in a decent offset to the fundamental negative backdrop for bonds.

As we move ahead into the new year, we expect inflation to remain above the upper end of the 3% – 6% target range during the course of 2012. The main drivers appear to be a combination of rising food prices and the currency depreciation experienced last year. The maize price again reached new highs in December, with the year-on-year percentage change at 99% for the last 12 months. This has a direct and negative impact on inflation.

The next move in short-term interest rates is likely to be up. However, given the relatively dovish stance of the Monetary Policy Committee, this will most likely only take place towards the second half of the year. Should the Reserve Bank wait to take action against the rising inflation trend there could be major ramifications for the local bond market – the longer they wait, the more entrenched higher inflation expectations become. This is a dangerous scenario as it leads to higher wage settlements which then fuels inflation even further.

The fund is fully invested in a series of liquid, good quality floating rate investments for up to five years term to maturity, currently offering a weighted average yield of around 6.7%. We acknowledge that investors in this fund seek interest yield, thus we aim to deliver a good long-term interest rate over money market, an objective achieved in the recent past with a 1.1% outperformance of 3-month STeFI on average per annum over the last three years.

The philosophy of this fund is to outperform regular money market funds by investing in a part of the yield curve that is inaccessible to traditional money market funds – the 1 – 5 year term. Investors thus benefit from more favourable pricing for the slightly longer term without incurring a great deal more risk.

**Portfolio managers**

Stephen Peirce and Tania Miglietta

# CORONATION JIBAR PLUS

Please note that this fund was renamed from CORONATION INCOME to the above, effective 1 April 2011.  
CLASS A as at 31 December 2011

**Fund category** Domestic - Fixed Interest - Income  
**Fund description** Aims to provide a high level of current income with moderate levels of capital growth. Stability of capital invested is of prime focus.  
**Launch date** 03 April 2000  
**Portfolio manager/s** Tania Miglietta & Stephen Peirce

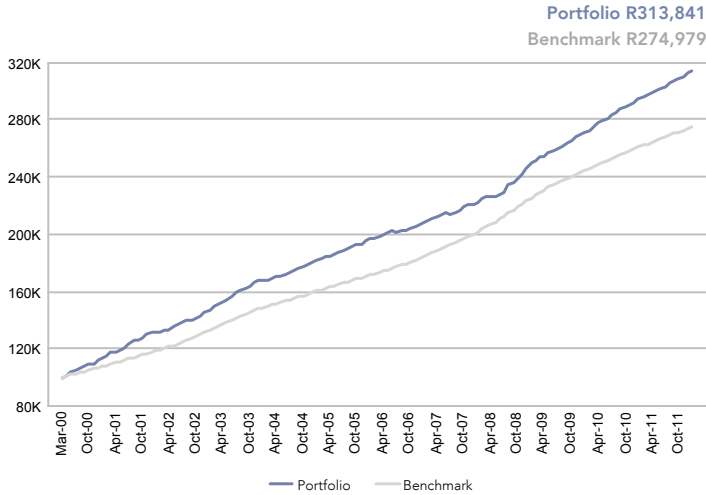
**Fund size** R148.42 million  
**NAV** 1111.16 cents  
**Benchmark** † Alexander Forbes 3-month (SteFI) Index

**Risk profile**



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

### GROWTH OF A R100,000 INVESTMENT



### PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Launch (unannualised)	213.8%	175.0%	38.9%
Since Launch (annualised)	10.2%	9.0%	1.2%
Latest 10 years (annualised)	9.1%	8.8%	0.3%
Latest 5 years (annualised)	8.6%	8.3%	0.2%
Latest 3 years (annualised)	8.0%	6.9%	1.1%
Latest 1 year (annualised)	6.8%	5.5%	1.3%
Year to date	6.8%	5.5%	1.3%
2010	8.6%	6.6%	2.0%
2009	8.6%	8.6%	(0.1)%
2008	12.2%	11.7%	0.4%
	<b>Fund</b>		
Yield	6.7%		

### RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	1.8%	0.6%
Sharpe Ratio	0.46	(0.65)
Maximum Gain	102.1%	175.0%
Maximum Drawdown	(0.3)	N/A
Positive Months	97.2%	100.0%

### MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2011	0.61%	0.62%	0.36%	0.45%	0.66%	0.45%	0.52%	0.63%	0.60%	0.55%	0.63%	0.48%	6.80%
Fund 2010	0.75%	0.74%	1.10%	0.57%	0.61%	0.72%	0.66%	0.75%	0.65%	0.51%	0.60%	0.59%	8.60%
Fund 2009	1.01%	0.62%	0.47%	1.04%	0.47%	0.46%	0.69%	0.94%	0.65%	0.64%	0.82%	0.44%	8.60%

### FEES (excl. VAT)

Initial Fee	Coronation: 0.00%
Annual Management Fee*	0.45%

\* 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 fee reduced to 0.45% from 0.75% (excl. VAT) from 1 September 2010

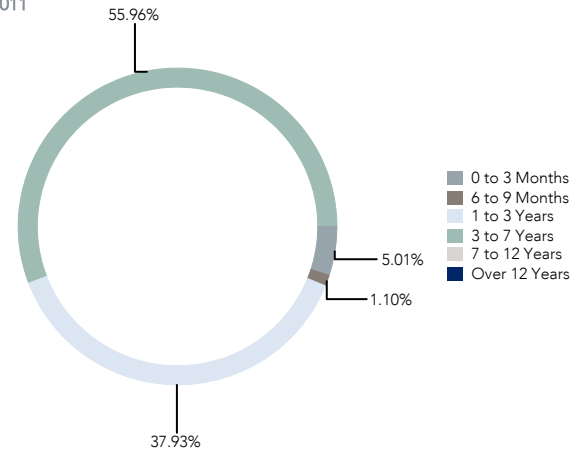
Total Expense Ratio (TER) <sup>2</sup>	0.62% per annum
--	-----------------

† Please note that the benchmark of BEASSA ALBI (1 - 3 Year) has changed with effect 1 April 2011.

## PORTFOLIO DETAIL

### MATURITY PROFILE

As at 31 Dec 2011



### MATURITY PROFILE DETAIL

As at 31 Dec 2011

0 to 3 Months	5.0%
6 to 9 Months	1.1%
1 to 3 Years	37.9%
3 to 7 Years	56.0%
7 to 12 Years	0.0%
Over 12 Years	0.0%

### INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Interest
30 Dec 2011	03 Jan 2012	16.87	16.87
30 Sep 2011	03 Oct 2011	17.84	17.84
30 Jun 2011	01 Jul 2011	16.95	16.95
31 Mar 2011	01 Apr 2011	17.12	17.12

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 0.75% and is applied to each contribution and deducted before investment is made.
- Ongoing advice fees may be negotiated to a maximum of 0.50% per annum, 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.