

PORTFOLIO MANAGER COMMENTARY

The fund returned 5.7% for the year to end December 2011. This highly conservative fund has looked to provide a steady income for investors and preserve capital over the long term, both of which it achieved.

The past year 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, thereby keeping real returns on money market investments in negative territory. Should the Reserve Bank wait to take action against the rising inflation trend there could be major ramifications for fixed interest markets – 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's objective is to maximise yield in this very low yielding environment, where base rates are at an all time low (see chart below), and as inflation rises, real money market rates continue to be severely threatened.



Chart: 3 month JIBAR, since March 1999. Source: Bloomberg

The fund is fully invested in a series of liquid, good quality floating rate investments for up to one year term to maturity, short dated corporate bonds and Government Treasury Bills. Money market rates were largely unchanged for the quarter, except for one year NCDs which moved higher to 6.17% from 5.75% in September. This move is due to inflation concerns, a weaker currency and the banks' ongoing need to fund in the one year area of the yield curve. Treasury Bills (TB) continued to outperform NCDs for most of the quarter, but their better value subsided towards the end of the year. Government's weekly TB auctions have been sizeable; the last weekly auction was for R6.5 billion. The fund's current yield is approximately 5.5%, net of fees.

The philosophy of this fund is to seek the best yields available in the money market, providing good credit diversification whilst maintaining the lowest risk possible.

Portfolio manager
Tania Miglietta

Fund category Domestic - Fixed Interest - Money Market
Fund description A fund which aims to outperform fixed deposits and call accounts, while ensuring capital preservation, stability and liquidity.
Launch date 01 October 1999
Portfolio manager/s Tania Miglietta

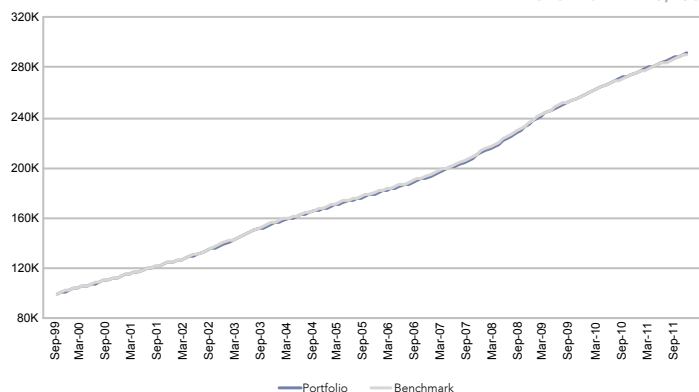
Fund size R 2.00 billion
NAV 100.00 cents
Benchmark Alexander Forbes 3-month (SteFl) Index
Risk profile



PERFORMANCE AND RISK STATISTICS ¹

GROWTH OF A R100,000 INVESTMENT

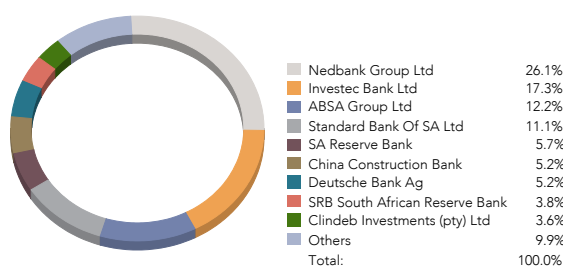
Portfolio R292,047
 Benchmark R290,955



PORTFOLIO DETAIL

CREDIT EXPOSURE

As at 31 Dec 2011



PERFORMANCE FOR VARIOUS PERIODS

| | Fund | Benchmark | Outperformance |
|------------------------------|--------|-----------|----------------|
| Since Launch (unannualised) | 192.1% | 191.0% | 1.1% |
| Since Launch (annualised) | 9.1% | 9.1% | 0.0% |
| Latest 10 years (annualised) | 8.8% | 8.8% | 0.0% |
| Latest 5 years (annualised) | 8.6% | 8.3% | 0.2% |
| Latest 3 years (annualised) | 7.2% | 6.9% | 0.3% |
| Latest 1 year (annualised) | 5.7% | 5.5% | 0.2% |
| Year to date | 5.7% | 5.5% | 0.2% |
| 2010 | 6.9% | 6.6% | 0.3% |
| 2009 | 9.0% | 8.6% | 0.4% |
| 2008 | 12.0% | 11.7% | 0.3% |

MATURITY PROFILE DETAIL

| Maturity Bucket | 31 Dec 2011 |
|-----------------|-------------|
| 0 to 3 Months | 65.5% |
| 1 to 3 Years | 0.0% |
| 3 to 6 Months | 22.1% |
| 3 to 7 Years | 0.0% |
| 6 to 9 Months | 7.2% |
| 7 to 12 Years | 0.0% |
| 9 to 12 Months | 5.3% |
| Over 12 Years | 0.0% |

RISK STATISTICS SINCE LAUNCH

| | Fund | Benchmark |
|----------------------|--------|-----------|
| Annualised Deviation | 0.61% | 0.64% |
| Sharpe Ratio | (0.60) | (0.62) |
| Maximum Gain | 192.0% | 191.0% |
| Maximum Drawdown | 0.0 | 0.00 |
| Positive Months | 100.0% | 100.0% |

The price of each unit is aimed at a constant price of 100 cents per unit. The total return to the investor is primarily made up of interest received but, may also include any gain or loss made on any particular instrument. In most cases this will merely have the effect of increasing or decreasing the daily yield, but in an extreme case it can have the effect of reducing the capital value of the fund.

INCOME DISTRIBUTIONS

| Declaration | Payment | Yield |
|-------------|-------------|-------|
| 31 Dec 2011 | 03 Jan 2012 | 5.66 |
| 30 Nov 2011 | 01 Dec 2011 | 5.61 |
| 31 Oct 2011 | 01 Nov 2011 | 5.59 |
| 30 Sep 2011 | 03 Oct 2011 | 5.56 |

MONTHLY PERFORMANCE RETURNS

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
|-----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Fund 2011 | 0.51% | 0.43% | 0.48% | 0.43% | 0.48% | 0.45% | 0.44% | 0.49% | 0.45% | 0.46% | 0.45% | 0.45% | 5.70% |
| Fund 2010 | 0.57% | 0.56% | 0.66% | 0.59% | 0.59% | 0.56% | 0.55% | 0.57% | 0.54% | 0.48% | 0.52% | 0.49% | 6.90% |
| Fund 2009 | 0.96% | 0.86% | 0.92% | 0.80% | 0.70% | 0.71% | 0.66% | 0.63% | 0.61% | 0.60% | 0.61% | 0.62% | 9.00% |

FEES (excl. VAT)

| | |
|------------------------|-------------------|
| Initial Fee | Coronation: 0.00% |
| Annual Management Fee* | 0.25% |

* 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 0.25% from 0.30% (exc. VAT) from 1 September 2010.

| | |
|--|-----------------|
| Total Expense Ratio (TER) ² | 0.30% 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).
¹Performance 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. 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 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)

- An ongoing advice fees may be facilitated on agreement between the Client and Financial Advisor.
- Ongoing advice fees may be negotiated to a maximum of 0.25% 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.