PORTFOLIO MANAGER COMMENTARY

The fund has outperformed its benchmark by 2.9% p.a. over a rolling 3-year period (10.6% versus 7.7% p.a.) and by 1.5% p.a. over a rolling 5-year period (12.2% versus 10.7% p.a.). The fund is one of the top performing funds in its sector over all meaningful periods.

News surrounding the global economy has been mostly negative over the past quarter. The US housing market remains weak with house prices continuing to decline, while consumer spending also remains sluggish with household budgets under even more pressure now that inflation has edged higher. The disappointing economic performance has raised the possibility of another round of quantitative easing aimed at stimulating growth – a scenario that was not even mooted a quarter or two ago.

Furthermore, the Eurozone continues to be plagued by sovereign debt concerns. At the time of writing, the Greek parliament voted in favour of a new austerity package. These measures would then enable Greece to receive their next €12 billion aid; of their first €110 billion bailout package. While a default may have been avoided for now, it is merely a stay of execution. To date, the market has done a fair job of pricing in a default by a small country like Greece, but not for a significant sovereign like Spain, Italy or worse. The implication of this is that global interest rates are likely to remain lower for longer, supporting the pricing of risk assets as capital continues to scour the globe in search of yield.

We increased our equity exposure during the quarter on the back of market weakness and continue to hold close to what we consider to be a neutral position. Equities remain our preferred asset class for producing superior long-term returns. We continue to believe that global equities offer more value when compared to local equities, especially in the context of an unsustainably strong rand and therefore remain at the maximum limit on offshore exposure within the fund.

The All Share Index returned -0.6% for the quarter. Industrials delivered the best performance with a return of 3.7%, while financials returned 1.3% and resources -5.7%. Resource stocks have been poor performers in response to disappointing global economic growth and we used this opportunity to add to the diversified miners, specifically our holding in Anglo American. Despite the relative underperformance, we remain underweight resources given our view that the upside to long-term valuations, based on mid-cycle earnings, is not attractive enough to justify a higher exposure. Our preferred resource exposure remains Sasol which offers good value at 8 times our assessment of normal earnings. We remain underweight gold and platinum producers given our concerns over declining grades and enormous cost pressures (labour, electricity and water) faced by these businesses.

Banks returned -0.9% for the quarter, underperforming other financials. We remain overweight banks given attractive valuations at 9 times our assessment of normal earnings and price-to-book ratios of 1.7 times. We do not hold any of the insurers, with the exception of MMI Holdings. The long-term insurance industry faces numerous regulatory headwinds, making it easier for policyholders to terminate their life insurance policies and for new product pricing to become more competitive. This is likely to place pressure on margins. In spite of this, MMI Holdings represents an attractive investment.

The merger between Metropolitan and Momentum should allow management to extract meaningful synergies and reduce costs by means of combining the two asset management and health operations. MMI also sits on a significant amount of excess capital that could be returned to shareholders by way of increased dividends or share buybacks. It trades on 8.5 times our assessment of normal earnings and offers an attractive one-year forward dividend yield of 6.8%.

Economic data in South Africa remains mixed – CPI data for May came in ahead of consensus at 4.6%, while PPI came in slightly below expectations. We remain bearish on the inflation outlook and expect CPI to breach the upper end of the South African Reserve Bank's 3% to 6% target band either later this year or early in 2012. This view is framed by rising food prices (notwithstanding rand strength), high wage settlements and continued pressure on administered prices all against the backdrop of an accommodative monetary policy. We continue to believe the local currency is overvalued and have approximately 59% of the fund invested in rand hedges such as MTN, SABMiller, Naspers and Bidvest.

SABMiller is one of the biggest positions in the fund. The share price recently came under pressure when the proposed bid for Fosters in Australia was announced. Corporate transactions often capture the headlines and can result in volatile share price reaction as arbitrageurs take positions and incumbent investors struggle to digest the new information. Such events can of course present opportunities for those with a long-term inclination. In this case, consensus opinion quickly decided that the company was overpaying, resulting in a sell-off of the stock. We too did our calculations and consider it a fair risk that some value might be destroyed by the proposed transaction. Management clearly believe differently, and our work suggests a possibility that their positive scenario may unfold. This has left us with a situation where the share price discounted bad news as a certainty, while leaving some chance, even a reasonable one, that the transaction might actually create value. As a result, we added to our holding.

Within industrials, we believe it will be a challenge for the average domestic company to defend its real earnings, a task made more difficult when interest rates are hiked from their three-decade low levels. Consequently, we own very little retailers (other than Woolworths and Mr Price) and remain defensively positioned with holdings in the Spar Group and AVI. As highlighted in previous commentary, we continue to find value in selected small caps with approximately a third of the fund invested in shares outside the ALSI40.

The bond market had a good quarter, returning 3.9% and outperforming cash which returned 1.4%. We remain underweight conventional bonds and believe that current yields do not compensate investors for the upside risks to inflation and yield pressure from heavy issuance expected in the future. We maintain good exposure to corporate bonds where spreads are still above our assessment of normal levels. We also find value in inflation-linked bonds given our view of upside risk to inflation over the next few years. Listed property enjoyed a very strong quarter, returning 5%. At current levels, property yields are still too low in our view and no longer offer value.

In conclusion, investor behaviour is likely to oscillate between high and low levels of risk appetite depending on the economic data of the day. In an environment fraught with uncertainty, assets are often mispriced which benefits the valuation-driven, patient investor. We seek to capitalise on these opportunities by setting emotion aside and investing for the long-term.

Portfolio managers

Karl Leinberger and Quinton Ivan

CORONATION BALANCED PLUS

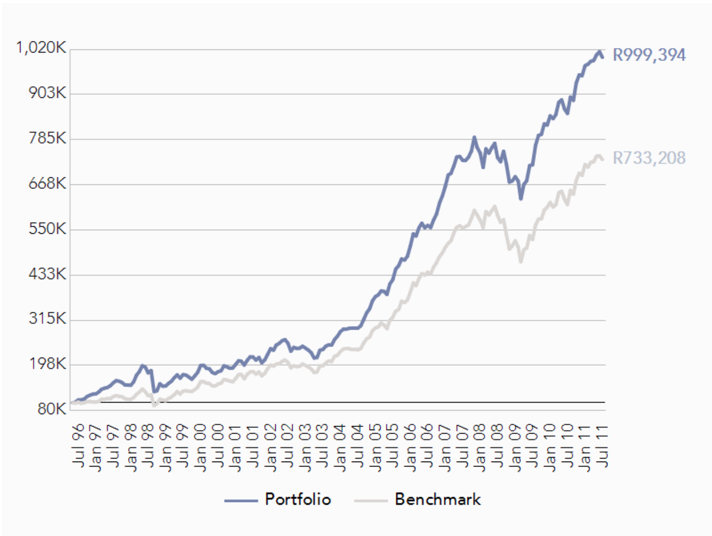
CLASS A as at 30 June 2011

CORONATION FUND MANAGERS

Fund category	Domestic - Asset Allocation - Prudential Variable Equity
Fund description	A fully managed investment solution diversified across the various asset classes and sectors. Its asset allocation is compliant with Regulation 28 of the Pension Funds Act.
Launch date	15 April 1996
Portfolio manager/s	Karl Leinberger and Quinton Ivan
Fund size	R14.23 billion
NAV	5643.26 cents
Benchmark	Composite (63% equity, 22% bonds, 10% international, 5% cash)
Risk profile	6/10 Moderate

PERFORMANCE AND RISK STATISTICS[1]

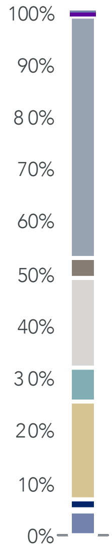
GROWTH OF A R100,000 INVESTMENT



PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 Jun 2011
Domestic Assets	74.0%
Equities	46.0%
Oil & Gas	3.7%
Basic Materials	11.2%
Industrials	4.3%
Consumer Goods	4.3%
Health Care	1.7%
Consumer Services	6.4%
Telecommunications	3.8%
Financials	8.0%
Technology	0.1%
Derivatives	2.6%
Preference Shares & Other Securities	0.7%
Real Estate	3.7%
Bonds	17.3%
Cash	6.3%
International Assets	26.0%
Equities	18.9%
Real Estate	1.0%
Bonds	1.6%
Cash	4.5%



PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Launch (unannualised)	899.4%	633.2%	266.2%
Since Launch (annualised)	16.4%	14.0%	2.4%
Latest 15 years (annualised)	16.0%	14.1%	2.0%
Latest 10 years (annualised)	16.4%	15.0%	1.4%
Latest 5 years (annualised)	12.2%	10.7%	1.5%
Latest 3 years (annualised)	10.6%	7.7%	3.0%
Latest 1 year (annualised)	17.1%	19.0%	(1.9)%
Year to date	2.2%	1.8%	0.4%
2010	15.4%	15.9%	(0.4)%
2009	23.0%	19.1%	3.9%

TOP 10 HOLDINGS

As at 30 Jun 2011	% of Fund
Coronation Global Opportunity Equity Fund	12.2%
Coronation Global Emerging Markets Fund	4.3%
MTN Group Ltd	3.8%
Standard Bank of SA Ltd	3.7%
Sasol Ltd	3.7%
SABMiller Plc	2.9%
Anglo American Plc	2.7%
BHP Billiton Plc	2.1%
Naspers Ltd	2.1%
Capital Shopping Centre Group	1.7%

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised Deviation	15.1%	14.0%
Sharpe Ratio	0.64	0.52
Maximum Gain	57.9%	29.3%
Maximum Drawdown	(34.3)%	(31.9)%
Positive Months	67.0%	64.3%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Mar 2011	01 Apr 2011	54.44	27.10	27.34
30 Sep 2010	01 Oct 2010	54.08	21.60	32.48
31 Mar 2010	01 Apr 2010	41.79	9.75	32.04
30 Sep 2009	01 Oct 2009	37.80	10.78	27.02

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2011	0.4%	0.8%	0.2%	1.5%	0.8%	(1.5)%							2.2%
Fund 2010	(0.9)%	1.2%	3.8%	0.8%	(2.7)%	(1.3)%	5.0%	(1.0)%	5.1%	2.2%	(0.2)%	2.7%	15.4%
Fund 2009	(1.6)%	(6.9)%	6.0%	1.5%	5.9%	0.2%	7.0%	3.4%	0.3%	3.5%	(0.4)%	2.9%	23.0%

FEES (excl. VAT)

Initial Fee	Coronation: 0.00%
Annual Management Fee*	1.25%

* 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.

Total Expense Ratio (TER)[2]	1.54% 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 as calculated by Coronation as at 30 June 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. [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 March 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.

Client Service 0800 22 11 77 Fax: (021) 680 2500 Email clientservice@coronation.co.za Website www.coronation.com