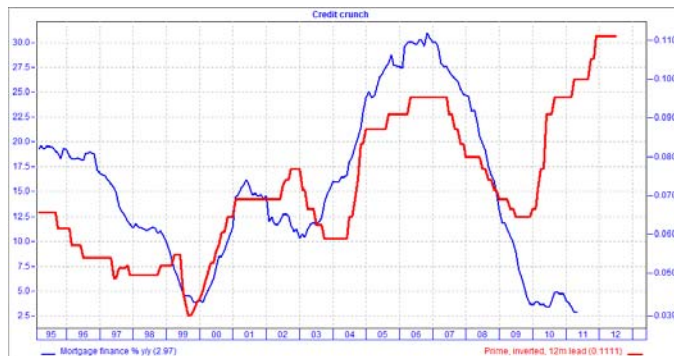


PORTFOLIO MANAGER COMMENTARY

The fund had a good second quarter with a return of 1.7%, outperforming the FTSE/JSE Financial Index which returned 1.3%. While this performance goes some way to closing the gap with the index over the 12-month period, the fund's performance remains marginally behind the index (17.1% versus 17.3%). Over more meaningful periods of three and five years however, the fund remains ahead of the index with returns of 18.3% (index return: 14.7%) and 11.5% (index return: 7.9%) respectively.

In the past quarter, the banking sector declined 0.9% and continued to underperform both the life insurance and general financials sectors, which delivered 0.9% and 1.6% respectively. Given that our fund is fully invested in banks (in line with our positive investment case for the sector), this has detracted from performance in the quarter. Whenever our big positions move against us, we take time to revisit the investment case and where the case has not fundamentally changed, we view this as an even greater opportunity. In our investment case for banks, advances growth has emerged as a challenging area in spite of interest rates currently being at three-decade lows. The chart below puts the current cycle into perspective in terms of this issue.



As is clear from the chart, which illustrates growth in mortgage finance (blue line) against the prime interest rate (inverted red line), the current cycle has not seen the levels of mortgage lending one would expect given the low interest rates. Lower risk appetite, higher capital demands and higher consumer indebtedness all contributed to this low lending growth which has taken some shine off banks' near-term earnings. We however believe some very important long-term benefits will accrue from this slower loan growth. These benefits include:

- Better lending margins. During the boom period of 2004 to 2008, banks sacrificed lending margins for market share, giving rise to the poor returns we saw in the sector over the last two years. This has changed and lending margins have widened to levels where current new business should earn the required return over the long term.

- Better lending criteria should lead to lower levels of write-off. The tightening of credit scoring within the banks means that even though they are writing low volumes of new business, one can expect a lower level of defaults on their new business over the longer term.

In a world where capital is scarce, responsible well-priced lending is the only way to preserve and strengthen franchise value. The core elements of our investment case for banks being a significant reduction in bad debt, improvement in net interest margins both from endowment benefit and re-pricing of lending margins and the release of surplus capital continue to play out. Our assessment of the sustainable earnings base for our banks therefore remains higher than current earnings in spite of the slower asset growth.

In addition to the banks and life companies, we also look for opportunities in the small cap financials space where we see meaningful undervaluations. Typically, this area of our universe is under-researched and therefore can be a key differentiator for the fund. During the quarter, holdings in Coronation Fund Managers Limited, Zeder Investments as well as Capital & Counties contributed positively to the relative performance of the fund. Our positive view on asset managers has been vindicated as both Coronation and Peregrine outperformed, and we have reduced these positions as the shares approached our assessment of intrinsic value. We continue to seek opportunities like these to differentiate the fund.

The fund's life sector exposure remains concentrated around investments in Discovery Holdings and MMI Holdings where we see significant undervaluation arising from growth and restructuring opportunities respectively. More recently we have added Liberty Holdings to the fund. This business has started to implement necessary changes to its operating model and we believe early signs of an improvement are evident. Its fortunes are in part geared to investment markets and the share price has lagged those of businesses with similar drivers. We see limited risk of capital loss with acceptable return potential and an attractive 6% dividend yield.

The domestic economy is recovering slowly, consumers remain wary of taking on long-term debt and corporate balance sheets are strong and cash flush. Low interest rates are allowing a healthy level of deleveraging for consumers – much needed after the previous strong lending cycle. The focus among financial sector businesses, especially the banks, has shifted from asset growth to delivering acceptable returns on equity and returning surplus capital to shareholders which should support and improve ratings. We believe our fund is well positioned to benefit from this.

Portfolio managers

Neill Young and Godwill Chahwahwa

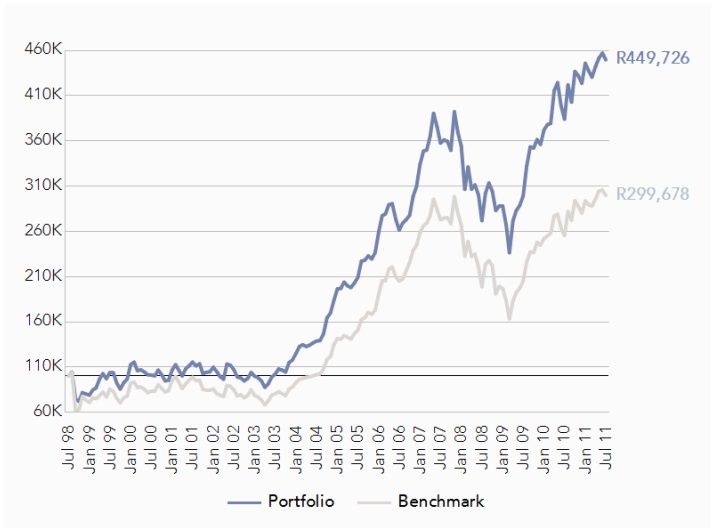
Fund category Domestic - Equity - Financial
Fund description Invests in a broad range of financial shares, including banks, insurance and investment companies.
Launch date 01 July 1998
Portfolio manager/s Neill Young and Godwill Chahwahwa

Fund size R203.75 million
NAV 2954.18 cents
Benchmark FTSE/JSE Financial Index
Risk profile



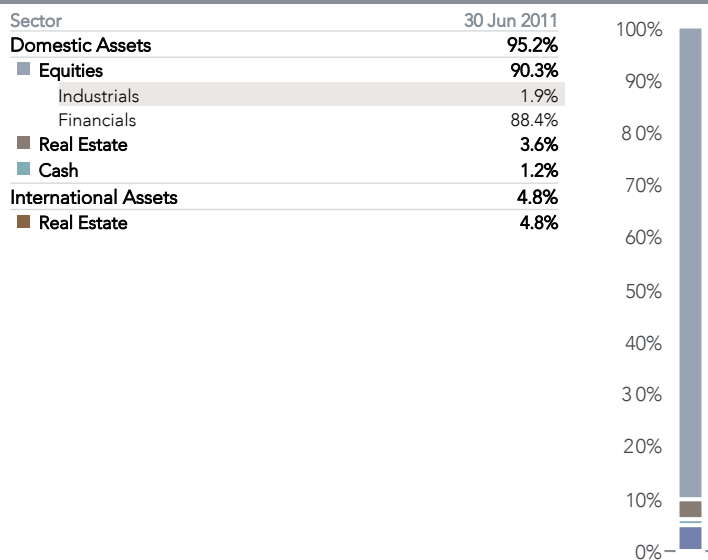
PERFORMANCE AND RISK STATISTICS¹

GROWTH OF A R100,000 INVESTMENT



PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE



PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Launch (unannualised)	349.7%	199.7%	150.1%
Since Launch (annualised)	12.3%	8.8%	3.5%
Latest 10 years (annualised)	14.6%	11.7%	2.8%
Latest 5 years (annualised)	11.5%	7.9%	3.6%
Latest 3 years (annualised)	18.3%	14.7%	3.6%
Latest 1 year (annualised)	17.1%	17.3%	(0.3)%
Year to date	0.9%	2.0%	(1.1)%
2010	19.8%	16.6%	3.2%
2009	29.2%	28.0%	1.2%
2008	(18.7)%	(26.2)%	7.5%

TOP 10 HOLDINGS

As at 30 Jun 2011	% of Fund
Standard Bank of SA Ltd	22.5%
FirstRand	13.8%
MMI Holdings Ltd	9.2%
ABSA Group Ltd	9.1%
Nedbank Group Ltd	7.2%
Investec Bank Limited	7.0%
Discovery Holdings Ltd	5.9%
Capital & Counties Properties	4.8%
Capital Shopping Centre Group	3.6%
Liberty Holdings Ltd	3.4%

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised Deviation	21.5%	23.3%
Sharpe Ratio	0.20	0.04
Maximum Gain	53.6%	80.4%
Maximum Drawdown	(39.7)%	(45.3)%
Positive Months	59.6%	60.3%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Mar 2011	01 Apr 2011	82.56	80.72	1.84
30 Sep 2010	01 Oct 2010	30.22	29.45	0.77
31 Mar 2010	01 Apr 2010	13.97	13.27	0.70
30 Sep 2009	01 Oct 2009	11.75	10.77	0.98

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2011	(2.0)%	(1.5)%	2.7%	2.1%	1.2%	(1.6)%							0.9%
Fund 2010	1.6%	0.3%	9.6%	2.1%	(6.1)%	(3.7)%	9.9%	(4.5)%	8.4%	(1.1)%	(1.9)%	5.2%	19.8%
Fund 2009	(7.4)%	(11.4)%	14.7%	4.4%	2.1%	3.6%	11.0%	6.4%	(0.4)%	2.7%	(1.5)%	4.5%	29.2%

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.

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 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.
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 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.

Total Expense Ratio (TER) ²	1.47% per annum
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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.