

## PORTFOLIO MANAGER COMMENTARY

This is an auspicious quarter for the Coronation Market Plus Fund as it marks its ten-year anniversary since being launched on 2 July 2001. At the time of launching the fund, Coronation took the decision to focus on a range of risk-profiled asset allocation funds that would allow the company to utilise its skills across all asset classes in order to generate appropriate risk-adjusted returns for clients of differing risk profiles. This has allowed our clients to choose a fund that matches their risk appetite from a simple range of products, and has allowed us to generate market-beating returns through our ability to change asset allocation based on where long-term value was most attractive.

As an actively managed fund that is not subject to the constraints of Regulation 28, Market Plus is positioned towards the upper end of the risk spectrum. This enables the fund to take very strong positions around high conviction views, which should in the longer term result in it outperforming the typical Regulation 28 pension fund. In fact, the flexible asset allocation philosophy has allowed the fund to outperform the equity market as well despite not being fully invested over this period.

Since inception net of all fees the fund has delivered a return of 19.0% p.a. compared against the balanced fund benchmark return of 17.1% p.a. and the JSE All Share return of 16.5% p.a. This is a phenomenal result for those that have supported the fund. For the last quarter, the fund delivered a result of 1.8% compared against the benchmark returns of 1.3% and -0.6% respectively.

The last quarter has seen a dramatic increase in nervousness from the global investor, with equity markets around the world coming under pressure. Global macro data has looked decidedly weaker than forecast. In addition, the unresolved debt problems in Greece and now the US (which needs a special motion passed to raise its government debt levels), has resulted in a much greater level of conservatism in asset allocation and outflows from the equity markets. The commodity market in particular has come under pressure and commodity producer equities even more so.

As a result we have found more value in the resources sector on the JSE and have been adding to our Anglo American weighting as well as building up a position in BHP Billiton. During the quarter we were made an offer for our stake in Metorex, a copper producer in the DRC, and we expect this deal to be concluded in the third quarter. Despite commodity prices trading well above what we believe their normal levels are, the valuations of the producers in our view more than discount this in their share prices. At the peak of the previous commodity cycle, Anglo American traded as high as R556 a share against its current share price of R317.

The fund has also started increasing its overall equity weighting after being quite underweight in this past quarter. This view had been predominantly driven by our estimation that local equities were fully valued. Given the pullback in markets mentioned above, we do believe a slightly higher equity allocation is merited.

We remain quite heavily invested offshore, predominantly in equities, although we have had the opportunity to increase our bond weighting by investing in some high yield dollar and euro denominated bonds issued by South African corporates. We participated in a capital raising by Capital & Counties, the UK and SA listed property developer based in London, which has been extremely successful especially with its development of the Covent Garden precinct.

In the local fixed interest space the fund continues to hold very little in the way of nominal bonds and is exposed predominantly to inflation linkers and floating rate notes. This holding is driven by our view on rising inflation and ultimately higher local interest rates.

The past ten years have been a fascinating and exciting period to be in the investment markets. SA has experienced two recessions and one enormous boom period, while the globe has gone from the tail-end of one of the greatest bull markets into the deepest recession since the thirties. Throughout all of this, through careful asset allocation and excellent stock selection the fund has delivered sterling results. We hope to be able to continue to meet this benchmark in the years ahead.

**Portfolio manager**  
Neville Chester

**Fund category** Domestic - Asset Allocation - Flexible  
**Fund description** Invests across various domestic and international asset classes, with a bias towards the equity market over the investment cycle.  
**Launch date** 02 July 2001  
**Portfolio manager/s** Neville Chester

**Fund size** R 2.28 billion  
**NAV** 4402.24 cents  
**Benchmark** Composite (63% equity, 22% bonds, 10% international, 5% cash) + 2% p.a.

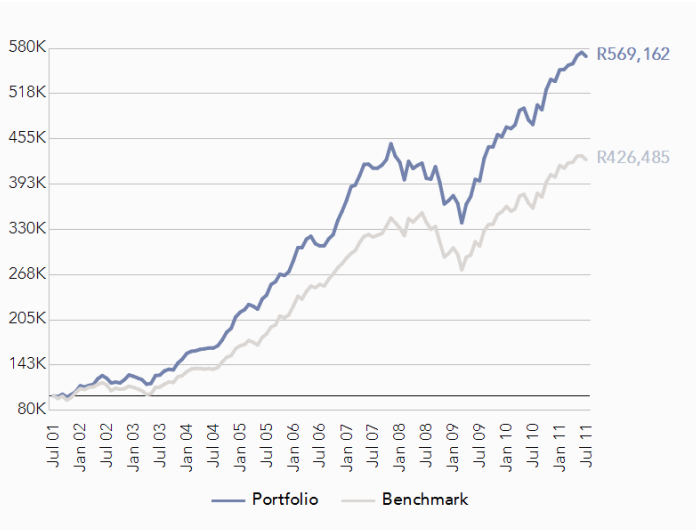
**Risk profile**

7/10

Aggressive

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

### GROWTH OF A R100,000 INVESTMENT



## PORTFOLIO DETAIL

### EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 Jun 2011	100%
<b>Domestic Assets</b>	<b>73.1%</b>	
Equities	45.2%	
Oil & Gas	3.8%	
Basic Materials	10.5%	
Industrials	3.3%	
Consumer Goods	5.1%	
Health Care	1.2%	
Consumer Services	6.3%	
Telecommunications	4.4%	
Financials	10.2%	
Derivatives	0.5%	
Preference Shares & Other Securities	4.8%	
Real Estate	6.9%	
Bonds	14.9%	
Cash	1.3%	
<b>International Assets</b>	<b>26.9%</b>	
Equities	19.9%	
Real Estate	3.0%	
Bonds	3.4%	
Cash	0.6%	

## PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Launch (unannualised)	469.2%	326.7%	142.5%
Since Launch (annualised)	19.0%	17.1%	1.9%
Latest 10 years (annualised)	19.0%	17.1%	1.9%
Latest 5 years (annualised)	13.1%	12.7%	0.4%
Latest 3 years (annualised)	12.4%	9.7%	2.8%
Latest 1 year (annualised)	19.8%	21.0%	(1.2)%
Year to date	3.4%	2.8%	0.6%
2010	16.8%	17.9%	(1.1)%
2009	25.1%	21.1%	4.0%
2008	(10.9)%	(7.2)%	(3.7)%

## TOP 10 HOLDINGS

As at 30 Jun 2011	% of Fund
Coronation Gbl Opp Eqty Fd Cl B	12.7%
MTN Group Ltd	4.4%
Standard Bank of SA Ltd	4.2%
Sasol Ltd	3.8%
Anglo American Plc	3.8%
Coronation Global Emerging Markets Fund	3.7%
SABMiller Plc	2.8%
Capital Shopping Centre Group	2.8%
Naspers Ltd	2.6%
British American Tobacco Plc	2.6%

## RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised Deviation	11.8%	11.7%
Sharpe Ratio	0.84	0.52
Maximum Gain	36.7%	29.3%
Maximum Drawdown	(24.4)%	(23.6)%
Positive Months	67.5%	67.5%

## INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Mar 2011	01 Apr 2011	56.75	34.31	22.44
30 Sep 2010	01 Oct 2010	49.19	30.02	19.17
31 Mar 2010	01 Apr 2010	34.88	19.05	15.83
30 Sep 2009	01 Oct 2009	36.01	20.37	15.64

## MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2011	0.1%	1.1%	0.4%	2.0%	0.8%	(1.0)%							3.4%
Fund 2010	(0.4)%	1.1%	4.2%	0.6%	(3.3)%	(1.3)%	5.7%	(1.3)%	5.6%	2.7%	(0.5)%	3.0%	16.8%
Fund 2009	(2.9)%	(7.4)%	7.7%	2.8%	6.4%	(0.5)%	7.8%	3.8%	0.0%	3.8%	(0.6)%	2.9%	25.1%

## FEES (excl. VAT)

Initial Fee	Coronation: 0.00%
Annual Management Fee - performance related*	Minimum - standard: 1.25% Minimum - discounted: 0.75% Maximum: 3.00% Sharing Rate: 20.00%

\* 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 benchmark, the standard minimum fee will be levied. If the fund produces a negative return over a rolling 60-month period, the discounted minimum fee applies. For further information regarding our fee structure please contact us or visit our website.

Total Expense Ratio (TER) <sup>2</sup>	1.62% per annum, which includes a performance fee of 0.10%
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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 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.  
<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 March 2011, as well as the actual performance fee incurred over the 12 months 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.