

## PORTFOLIO MANAGER COMMENTARY

For the quarter, the Resources Index delivered a return of -5.7% as concerns on global and Chinese growth intensified. The other two major South African market sectors – financial and industrial shares – delivered positive returns.

The developed world continued to experience an economic recovery, however, at a very pedestrian pace. The quarter-end also coincided with the conclusion of QE2, with a lot of uncertainty around the future impact of lower liquidity on economies and asset markets. While a default has so far been avoided in the European periphery, the debt crisis in Europe is still far from resolved and remains a major risk to investor sentiment.

The economic powerhouses of emerging markets and specifically China continue to outgrow the developed world. China's balance sheet looks very healthy and hence flexibility around monetary policy is much greater than their developed peers. Since October 2010, they have been using this flexibility to tighten policy to combat inflation and remove some of the liquidity that smoothed China through the financial crisis in 2009. The engineered slowdown weighed on commodity prices and our domestic resource shares.

In this environment the fund returned -4.5% (after all fees). The fund is measured against the mean of its peer funds, which returned -4.9%. Since the start of the year, the fund has managed to stay in positive territory (+0.5%).

The 12-month return of 26.7% is pleasing (helped by strong markets during the final four months of 2010) and ahead of the mean of our peers (24.5%). More importantly, the longer-term annualised returns over the three- and five-year periods are also ahead of our average competitor.

For the quarter, the major drivers of the fund's performance were holdings in more defensive companies like Mondi, Pan African Resources, AECI and Omnia. Anglo American, the fund's largest holding slightly outperformed the index. Sasol, however, lagged the index with a -8.3% return and its weighting as the second largest holding in the fund hurt our absolute performance. We remain convinced of the Sasol investment case and believe that investors can expect satisfactory long-term returns from current levels. While Sasol's GTL technology is still relatively immature, the market places no value on the potential and investors are effectively participating in any potential upside for free. While the economics of this technology are by no means certain, we believe the risk-return trade-off is in your favour.

During the quarter, we sold out of our Palladium ETF that has performed exceptionally well. We added natural gas and rhodium ETFs. Both commodities trade at below what we consider normal, or long-term, prices. We cannot predict when they will increase, but we believe the downside is limited from here and are happy to wait. Direct commodity exposure through ETFs, now make up 5% of the fund.

The emotional debate around the nationalisation of SA's mines is certainly increasing uncertainty in the sector. Global investors have taken note and many will have nothing to do with South African companies until the debate is concluded. We certainly hope sense will prevail – firstly nationalisation has almost always ended in terrible outcomes for countries that attempted this (for example Africa in the early 1970's) and secondly we do not believe nationalisation will in any way help address the issues (unemployment and income inequality) that has given rise to the debate.

**Portfolio managers**

Henk Groenewald and Duane Cable

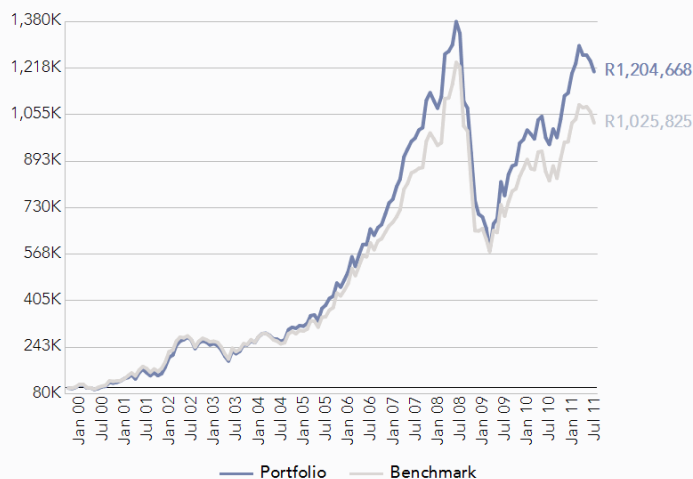
**Fund category** Domestic - Equity - Resources & Basic Industries  
**Fund description** Invests in a broad range of resource and basic industry counters that are affected by changes in the commodity cycle.  
**Launch date** 01 October 1999  
**Portfolio manager/s** Henk Groenewald and Duane Cable

**Fund size** R290.58 million  
**NAV** 9256.94 cents  
**Benchmark** Resources & Basic Industries Sector Mean

**Risk profile**  10/10  
Aggressive

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

### GROWTH OF A R100,000 INVESTMENT



## PORTFOLIO DETAIL

### EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 Jun 2011	%
<b>Domestic Assets</b>	<b>72.0%</b>	
Equities	70.3%	
Oil & Gas	12.4%	
Basic Materials	56.5%	
Industrials	0.6%	
Consumer Goods	0.9%	
Cash	1.6%	
<b>International Assets</b>	<b>28.0%</b>	
Equities	27.6%	
Cash	0.4%	

## PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Launch (unannualised)	1104.7%	925.8%	178.8%
Since Launch (annualised)	23.6%	21.9%	1.7%
Latest 10 years (annualised)	22.9%	19.8%	3.1%
Latest 5 years (annualised)	12.9%	11.1%	1.9%
Latest 3 years (annualised)	(3.5)%	(5.7)%	2.2%
Latest 1 year (annualised)	26.7%	24.5%	2.2%
Year to date	0.5%	0.0%	0.5%
2010	19.7%	14.2%	5.5%
2009	43.5%	36.7%	6.8%
2008	(35.2)%	(30.6)%	(4.6)%

## TOP 10 HOLDINGS

As at 30 Jun 2011	% of Fund
Anglo American Plc	15.5%
Sasol Ltd	12.4%
BHP Billiton Plc	12.0%
Impala Platinum Holdings Ltd	6.2%
Mondi Plc	5.4%
Pan African Resources PLC	5.3%
Zimplats Holdings Ltd	4.6%
OAQ Gazprom Reg	4.1%
Petroleo Brasileiro SA	3.5%
Northam Platinum Limited	3.4%

## RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised Deviation	23.6%	23.1%
Sharpe Ratio	0.62	0.56
Maximum Gain	93.4%	75.6%
Maximum Drawdown	(57.9)%	(53.4)%
Positive Months	63.1%	62.4%

## INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Mar 2011	01 Apr 2011	42.66	37.95	4.71
30 Sep 2010	01 Oct 2010	25.05	24.43	0.62
30 Sep 2009	01 Oct 2009	10.53	8.16	2.37
31 Mar 2009	01 Apr 2009	23.74	22.09	1.65

## MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2011	2.9%	5.0%	(2.5)%	0.0%	(1.6)%	(3.0)%							0.5%
Fund 2010	(1.4)%	(1.7)%	6.9%	1.1%	(7.1)%	(2.4)%	5.7%	(3.0)%	6.5%	7.9%	0.9%	6.0%	19.7%
Fund 2009	(5.6)%	(11.8)%	16.0%	2.5%	18.7%	(5.9)%	9.5%	3.6%	0.5%	8.6%	1.3%	3.5%	43.5%

## FEES (excl. VAT)

Initial Fee	Coronation: 0.00%
Annual Management Fee*	1.00%

\* 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.

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. 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)<sup>2</sup> 1.19% per annum

### 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.