

PORTFOLIO MANAGER COMMENTARY

For global equity markets, the third quarter of 2011 was the weakest since Q4 2008 – a quarter that followed the collapse of Lehman Brothers and marked the height of the global financial crisis. Fears of a return to global recession and a lack of concrete action to resolve the European sovereign debt crisis sent investors scurrying for the apparent safe haven of US treasuries. For the quarter the MSCI World Index was down 16.5% (in US dollars), of which 8.6% came in September alone. The impact of these events on our market was that foreign investors, after being net buyers of SA stocks and bonds earlier in the year, turned net sellers, driving the JSE down 5.8% and weakening the rand by 19.7% over the quarter.

The fund return for the quarter of -3.4% was slightly lower than that of the sector's -3.1%. Over one year and the more meaningful three and five-year periods the fund continues to outperform the benchmark with annualised returns of -0.6%, 12.6% and 9.4% compared to -1.3%, 9.3% and 5.2% respectively. It may be worth noting that the index includes an allocation of about 18% to property stocks. These shares have been outperformers over the long term as bond yields have declined. In the last 12 months for example, SA listed property returned 8.3%. With the exception of Capital Shopping Centres and Capital & Counties (previously combined in Liberty Properties), which have slightly different drivers and provide rand hedge qualities not easily found in the sector, we do not consider listed property as part of our mandate and hence do not invest in these stocks. We take the approach that investors in a financial fund specifically seek exposure to financial companies, and would invest directly in a property sector fund if this was where they wanted exposure. So given the lack of exposure to SA listed property, we would consider the fund's long-term performance to be good.

In the context of a turbulent quarter, financial stocks fared particularly poorly: the MSCI World Bank Index for example was down 23.4% in US dollars. European banks in particular face very challenging circumstances. Significant sovereign debt exposures cast doubts on the adequacy of capital and the need to raise more, while a lack of willingness to lend to each other has placed pressure on funding costs. The result is that many of these banks trade on forward price to book multiples 0.4x to 0.6x.

These sorts of ratings place an implicit cap on South African bank multiples – at face value a 1.4x book multiple does not suggest that our banks are comparatively cheap. While they face a subdued asset growth environment and decades-low interest rates put pressure on margins, they do not sit with exposure to European sovereigns on their balance sheets and their capital positions look very adequate. Some in fact have started to return excess capital to shareholders. We have written extensively in the past on the investment case for SA banks and our reasons for being overweight the sector. Some of these operational drivers have started to play out in the last 12 months, particularly the reduction in impairments. But any sort of rerating in these shares is unlikely until the risk attributed to investing in global banks is removed, and this could take some time. The SA bank sector returned -3.3% for the quarter, and the life insurance sector -3.8%. Year to date however, the banks index is down 3.1% while the life sector is up 3.3% - an indication of comparative fortunes of global financial shares.

Contributors to performance for the quarter were the fund's underweight position in Old Mutual, and overweights in Discovery and Liberty Holdings. Detractors were overweight positions in Investec and Standard Bank, and our lack of exposure to SA property stocks.

The global investment climate remains challenging. We believe that the portfolio is appropriately positioned, but emphasise that the difficulties faced by the global financial sector are likely to persist for some time. It is always difficult to know exactly when value will be realised, but we suspect that the fund's returns are likely to remain subdued in the short to medium term.

Portfolio managers

Neill Young and Godwill Chahwahwa

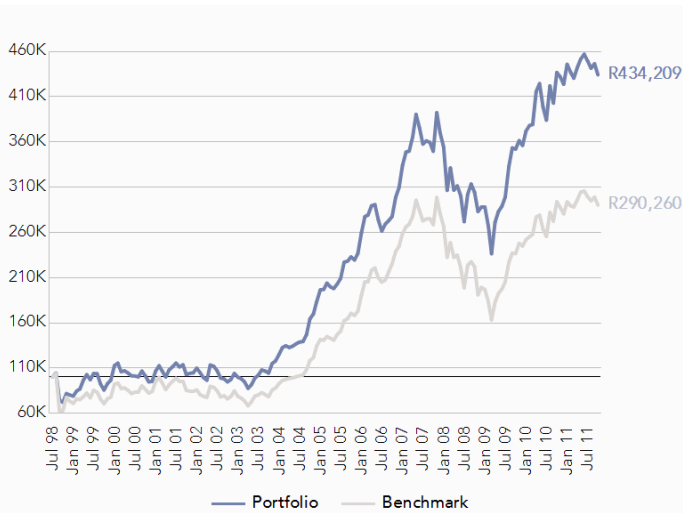
Fund category Domestic - Equity - Financial
Fund description Invests in a broad range of financial shares, including banks, insurance and investment companies.
Launch date 01 July 1998
Portfolio manager/s Neill Young and Godwill Chahwahwa

Fund size R187.60 million
NAV 2852.46 cents
Benchmark FTSE/JSE Financial Index
Risk profile



PERFORMANCE AND RISK STATISTICS¹

GROWTH OF A R100,000 INVESTMENT



PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 Sep 2011
Domestic Assets	94.8%
Equities	90.1%
Industrials	2.1%
Financials	88.0%
Real Estate	3.6%
Cash	1.0%
International Assets	5.2%
Real Estate	5.2%

PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Launch (unannualised)	334.2%	190.3%	143.9%
Since Launch (annualised)	11.7%	8.4%	3.3%
Latest 10 years (annualised)	15.5%	13.0%	2.5%
Latest 5 years (annualised)	9.4%	5.2%	4.2%
Latest 3 years (annualised)	12.5%	9.3%	3.2%
Latest 1 year (annualised)	(0.6)%	(1.3)%	0.7%
Year to date	(2.6)%	(1.2)%	(1.4)%
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 Sep 2011	% of Fund
Standard Bank of SA Ltd	22.6%
FirstRand	14.8%
ABSA Group Ltd	9.1%
MMI Holdings Ltd	7.4%
Nedgroup Global Equity Fund	7.3%
Investec Bank Limited	7.2%
Discovery Holdings Ltd	6.6%
Capital & Counties Properties	5.2%
African Bank Limited	4.3%
Capital Shopping Centre Group	3.6%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	21.4%	23.1%
Sharpe Ratio	0.06	(0.09)
Maximum Gain	53.6%	80.4%
Maximum Drawdown	(39.7)%	(45.3)%
Positive Months	59.1%	59.7%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30 Sep 2011	03 Oct 2011	34.52	34.30	0.22
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

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)%	(1.8)%	1.1%	(2.8)%				(2.6)%
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 September 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 June 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	1.46% 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.