

PORTFOLIO MANAGER COMMENTARY

The fund returned 6.82% for the last 12 months in a market where wholesale call rates are 5.2% p.a. and money market funds are now suffering the consequences of perennially low interest rates, and yielding around 1% less.

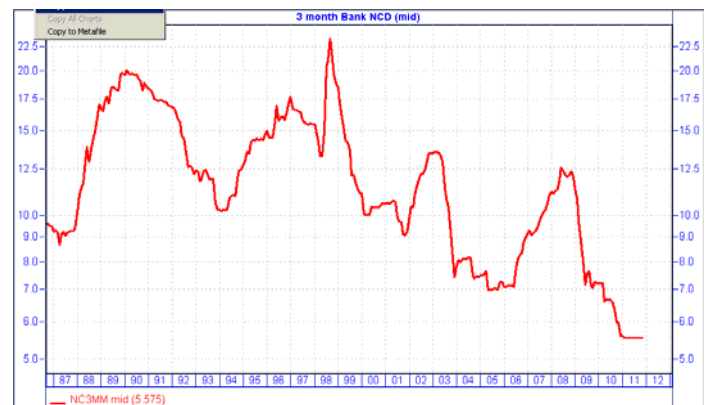
The fund is designed to identify the best short-term interest rates in the market and remains fully invested in floating rate notes (FRNs) or bonds (with 3-month JIBAR quarterly resets), thereby providing investors with a natural hedge to interest rate movements. FRNs are quoted as a spread over 3-month JIBAR and thus provide a return in excess of this widely used benchmark rate, which is currently at 5.575%, throughout the interest rate cycle. Typical investments for the fund include bank FRNs which yield around JIBAR + 0.85% for a 3-year term. Hence the overall yield achieved from this is 6.4% in a market where call rates are 5.2%. Corporate FRNs such as Netcare, Bidvest, Barloworld and Mercedes Benz SA offer an even higher spread as they present a slightly higher credit risk profile to that of a bank and thus need to compensate lenders for that.

The portfolio is made up of 72% exposure to the top five banks (including Investec Bank) with the balance in corporate FRNs such as those mentioned above. The fund is optimised to provide investors with the best opportunities available along the yield curve, good diversification and liquidity. This fund is a sound alternative to a money market unit trust fund which is not able to achieve the same return given mandate restrictions.

Investors witnessed wild swings in interest rate expectations this quarter, influenced by uncertainty on the global front as well as slowing economic growth which was not anticipated early on in the quarter. In July, the Forward Rate Agreement (FRA) curve predicted that short-term SA interest rates had bottomed with the first rate hike expected in March 2012. This picture changed quickly on poor second quarter GDP figures, comments by the SARB Governor Gill Marcus in August that the SA economy remains fragile, ongoing unemployment worries, slow capital investment and a low export recovery. This statement by the SARB led to a swing in the interest rate outlook to now price a 40% chance of further repo rate cuts in early 2012, with the first hike pushed out by another year to March 2013. This volatility afforded us the opportunity to increase the fund's weighting to better yielding instruments and sell out of those that were no longer showing good value.

Inflation printed at an unchanged 5.3% year on year for August, thus remaining within the target band of 3% – 6%. The rand/dollar exchange rate weakened by as much as 15% during September, which has implications for higher inflation should the rand's weaker tone be sustained. We already expect that CPI will breach the target by the fourth quarter of this year, since the recent rand weakness will have an immediate impact of higher fuel prices and with a lag, higher food prices. However, most of the move will feed through to next year's inflation data. Should the rand's current levels be sustained, and in the absence of any significant downward move in global commodity prices, the risk of a later and higher peak in CPI is very real. Should the rand/dollar exchange rate remain above R8.25, we expect inflation to rise to as high as 7%, with little prospect of returning to within target next year.

Money market rates are at an all-time low and investors seeking yield from this asset class will have been feeling the pinch for some time now as interest rates have ground lower, see chart below. The fund has been launched to provide investors with a better opportunity to earn higher yields given this scenario.



Prospects for higher interest rates in the future are inevitable as interest rates are cyclical and inflation is set to move ever higher bringing on the need to raise interest rates. However, we do not expect interest rates to rise any time soon given the concerns about economic growth and poor job growth.

Should interest rates move down before they move higher, this fund will return a margin over prevailing interest rates at all times, given the fund strategy.

Portfolio managers

Stephen Peirce and Tania Miglietta

CORONATION JIBAR PLUS

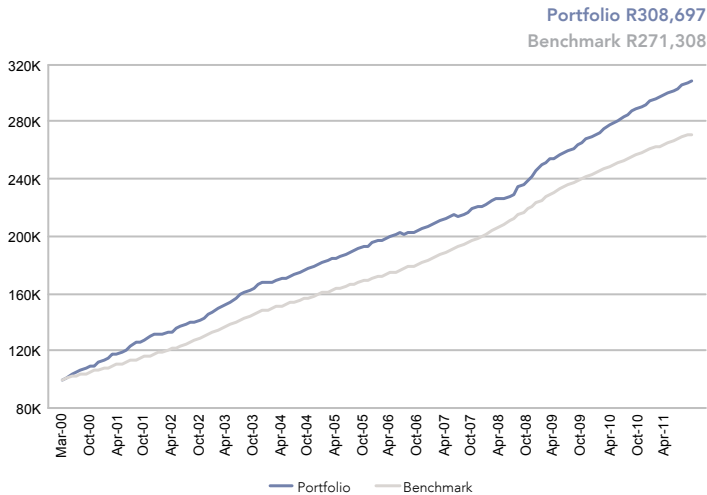
Please note that this fund was renamed from CORONATION INCOME to the above, effective 1 April 2011.
CLASS A as at 30 September 2011

Fund category Domestic - Fixed Interest - Income
Fund description Aims to provide a high level of current income with moderate levels of capital growth. Stability of capital invested is of prime focus.
Launch date 03 April 2000
Portfolio manager/s Tania Miglietta & Stephen Peirce

Fund size R111.06 million
NAV 1110.75 cents
Benchmark † Alexander Forbes 3-month (SteFI) Index
Risk profile 

PERFORMANCE AND RISK STATISTICS¹

GROWTH OF A R100,000 INVESTMENT



PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Launch (unannualised)	208.7%	171.3%	37.4%
Since Launch (annualised)	10.3%	9.1%	1.2%
Latest 10 years (annualised)	9.2%	8.9%	0.3%
Latest 5 years (annualised)	8.7%	8.5%	0.2%
Latest 3 years (annualised)	8.9%	7.4%	1.4%
Latest 1 year (annualised)	6.8%	5.6%	1.2%
Year to date	5.0%	4.1%	0.9%
2010	8.6%	6.6%	2.0%
2009	8.6%	8.6%	(0.1)%
2008	12.2%	11.7%	0.4%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	1.8%	0.6%
Sharpe Ratio	0.46	(0.67)
Maximum Gain	102.1%	171.3%
Maximum Drawdown	(0.3)	N/A
Positive Months	97.1%	100.0%

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2011	0.61%	0.62%	0.36%	0.45%	0.66%	0.45%	0.52%	0.63%	0.60%				5.00%
Fund 2010	0.75%	0.74%	1.10%	0.57%	0.61%	0.72%	0.66%	0.75%	0.65%	0.51%	0.60%	0.59%	8.60%
Fund 2009	1.01%	0.62%	0.47%	1.04%	0.47%	0.46%	0.69%	0.94%	0.65%	0.64%	0.82%	0.44%	8.60%

FEES (excl. VAT)

Initial Fee	Coronation: 0.00%
Annual Management Fee*	0.45%

* 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.

The fee reduced to 0.45% from 0.75% (excl. VAT) from 1 September 2010

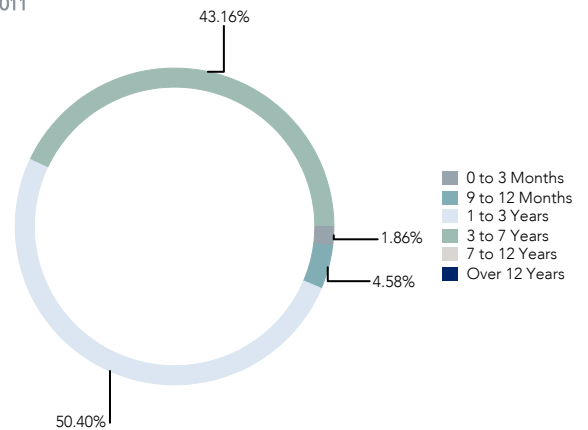
Total Expense Ratio (TER) ²	0.66% per annum
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† Please note that the benchmark of BEASSA ALBI (1 - 3 Year) has changed with effect 1 April 2011.

PORTFOLIO DETAIL

MATURITY PROFILE

As at 30 Sep 2011



MATURITY PROFILE DETAIL

As at 30 Sep 2011

0 to 3 Months	1.9%
9 to 12 Months	4.6%
1 to 3 Years	50.4%
3 to 7 Years	43.2%
7 to 12 Years	0.0%
Over 12 Years	0.0%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Interest
30 Sep 2011	03 Oct 2011	17.84	17.84
30 Jun 2011	01 Jul 2011	16.95	16.95
31 Mar 2011	01 Apr 2011	17.12	17.12
31 Dec 2010	03 Jan 2011	19.59	19.59

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.

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 0.75% and is applied to each contribution and deducted before investment is made.
- Ongoing advice fees may be negotiated to a maximum of 0.50% per annum, 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.