

PORTFOLIO MANAGER COMMENTARY

Risk aversion returned with a vengeance in the third quarter as the dire lack of political leadership in the US and Europe spilled over into capital markets. Given the tough economic climate and the lack of clarity about future economic growth, market participants took a dim view of political players on both sides of the Atlantic's inability to move away from party politics and grasp the challenge of dealing with long-term fiscal challenges ahead. In this uncertain environment the market has become even more myopic with short-term newsflow, resulting in massive intraday market volatility. Volatility has spiked and the perceived safe haven of US treasuries were the only asset class to deliver a positive return despite US debt being downgraded by one of the global ratings agencies. In this challenging environment the fund declined by 1.7% for the quarter versus the benchmark decline of 2% and -5.8% delivered by the equity market.

As the market declined during the quarter, we actively increased the fund's equity position. We started the quarter fairly defensively positioned with just over 60% in equities, which consisted of big weightings in more defensive businesses. At quarter-end the fund is now 70% invested in equities and we have moved the exposure from some of the defensive names, which have held up well, into more cyclical stocks which have come under a lot of pressure and as a result are offering a lot of value.

The big increase in weighting has been in commodities. The fund invested significantly into the large diversified miners, predominantly Anglo American and BHP Billiton, but also added to the smaller African Rainbow Minerals as well. We exited successfully from our position in Optimum Coal as the company became the focus of a number of potential bidders interested in its attractive coal assets. While we still believe commodity prices are trading above their long-term normal levels, it is our view that this has been more than priced into the equity valuations which makes them stand out as compelling investments.

Across the rest of the portfolio, we have further reduced the fund's exposure to retailers as we find very little value in this sector. Instead, we added selectively to a number of different industrial names as and when better valuation opportunities have emerged. We have added to our MTN position in particular as the Rand weakened. MTN, with its diversified earnings stream, stands to benefit from the recent spate of currency weakness. In the financial space we have been pleased with the generally good results delivered by our bank holdings and continue to be comfortable with our positions in this much unloved sector given our view that it offers great value and good prospects for dividends.

The fund has been fairly fully invested in respect to its offshore weighting for some time. This has helped the fund during the period, even though some of the underlying equity and bond exposures also suffered during the sell-off. We continue to hold a full offshore weighting, though we have successfully traded our position during the rand volatility. We continue to find some intriguing dollar and euro investments particularly in the fixed interest space which will add a lot of value over time. The majority of our fixed interest exposure continues to be through inflation-linked bonds, which given the spike in inflation and apparent lack of concern by the MPC to try and contain this through higher interest rates, still appears to be the best way to maximise real returns for investors.

Looking forward investors should steel themselves for further volatility. There is still great uncertainty in the world and the economic recovery will remain patchy. However, this volatility continues to offer the long-term investor great opportunities to buy mispriced assets which should enable the fund to continue to deliver on its long-term track record.

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

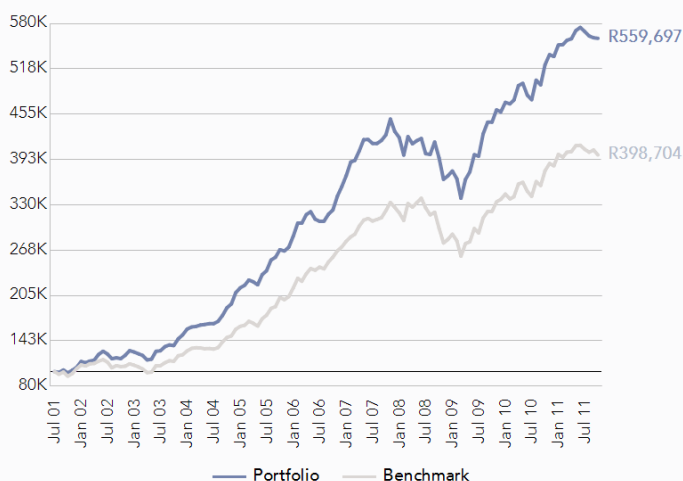
Fund size R 2.28 billion
NAV 4329.00 cents
Benchmark Composite (63% equity, 22% bonds, 10% international, 5% cash)
Performance Hurdle Benchmark + 2% p.a.
Risk profile

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Aggressive

PERFORMANCE AND RISK STATISTICS¹

GROWTH OF A R100,000 INVESTMENT



PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 Sep 2011
Domestic Assets	74.2%
■ Equities	48.7%
Oil & Gas	4.3%
Basic Materials	11.8%
Industrials	3.4%
Consumer Goods	4.7%
Health Care	1.3%
Consumer Services	5.1%
Telecommunications	4.6%
Financials	11.4%
Derivatives	2.2%
■ Preference Shares & Other Securities	5.4%
■ Real Estate	6.6%
■ Bonds	13.4%
■ Cash (incl. currency hedge in favour of domestic assets)	0.0%
International Assets	25.8%
■ Equities	21.2%
■ Real Estate	2.9%
■ Bonds	3.4%
■ Cash (incl. currency hedge against foreign assets)	(1.7)%

PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Launch (unannualised)	459.7%	298.7%	161.0%
Since Launch (annualised)	18.3%	14.4%	3.9%
Latest 10 years (annualised)	19.0%	15.6%	3.4%
Latest 5 years (annualised)	11.6%	9.1%	2.5%
Latest 3 years (annualised)	12.3%	10.2%	2.1%
Latest 1 year (annualised)	7.0%	5.8%	1.2%
Year to date	1.7%	(0.2)%	1.9%
2010	16.8%	15.9%	0.9%
2009	25.1%	19.1%	6.0%
2008	(10.9)%	(9.2)%	(1.7)%

TOP 10 HOLDINGS

As at 30 Sep 2011	% of Fund
Coronation Global Opportunities Equity Fund	14.2%
MTN Group Ltd	4.6%
Coronation Global Emerging Markets Fund	4.4%
Standard Bank of SA Ltd	4.4%
Sasol Ltd	4.3%
Anglo American Plc	4.1%
Capital Shopping Centre Group	3.3%
Naspers Ltd	2.9%
MMI Holdings Ltd	2.7%
SABMiller Plc	2.4%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	11.7%	11.6%
Sharpe Ratio	0.76	0.44
Maximum Gain	36.7%	29.3%
Maximum Drawdown	(24.4)%	(23.6)%
Positive Months	65.9%	66.7%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30 Sep 2011	03 Oct 2011	48.47	27.46	21.01
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

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)%	(1.1)%	(0.4)%	(0.1)%				1.7%
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 performance fee hurdle, 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)²	1.42% per annum, which includes a performance fee of 0.03%
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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).
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, as well as the actual performance fee incurred over the 12 months 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 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.