

## PORTFOLIO MANAGER COMMENTARY

Markets have come under further pressure this quarter, which ended up being the worst quarter since 2009. Over the period, in US dollar terms, the S&P 500 Index fell -14%, the Eurostoxx Index fell - 29%, the FTSE 100 Index fell -16% and our JSE All Share Index fell -21.3%. While the US and Euroland have faced slowing recoveries and default risks, politicians in both geographies dithered about making firm policy decisions. Risk aversion continues to dominate investors' behaviour, with markets reacting wildly to each new data point release. Amidst all this turmoil, the fund has done well and managed to outperform the JSE Top 40 Index over one year by 2.6% with a return of 6.14%. Our long-term performance has continued to be strong with outperformance over three, five and 10 years.

As resources have come under further pressure, we increased our exposure to resources stocks, particularly BHP Billiton. Billiton's commodity portfolio is very dependent on continued increasing infrastructure demand from China. While we acknowledge that growth in China may slow, there are still resilient underlying urbanization trends that will support future construction demand. Billiton expects Chinese urbanisation to increase from 47% in 2010 to 62% by 2030e and 73% by 2050e. Our stress testing of Billiton's valuation also indicates that there is still upside in a 'lower growth, lower commodity price' scenario. On our calculations, Billiton is trading on a 9x PE to 'normal' earnings and looks attractive.

Aspen has been one of the stocks that has contributed to our alpha over the past year. Earlier this year, we introduced it into the portfolio as we felt that concerns over regulations and acquisitions were overdone. Aspen has a remarkable long-term track record. Over a 10-year period, it has managed to grow its headline earnings per share by 28% compound annually. Its 10-year average cashflow conversion (i.e. how much of its earnings it converts into cash) is 97%. It has grown from a South African based company to a geographically diversified entity, with a presence in sub-Saharan Africa, Latin America and Asia Pacific. 50% of revenues are now derived from offshore. Its latest acquisition, Sigma in Australia, was completed at an attractive valuation and puts them in a good position in this competitive market. Aspen expects to double Sigma's operating profit in less than two years through a combination of increased revenues, improved manufacturing efficiencies and better procurement. We continue to believe that Aspen's valuation looks attractive in the context of its future growth profile.

With the 'risk off' indicator very much a reality, our defensive positions in the fund have come through strongly performance wise, partly through re-rating and partly through recent rand weakness. We expect markets will continue to be volatile as long as uncertainty prevails. This volatility should provide us with ample opportunities to invest in order to continue delivering long-term, market-beating returns.

**Portfolio managers**

Neville Chester and Pallavi Ambekar

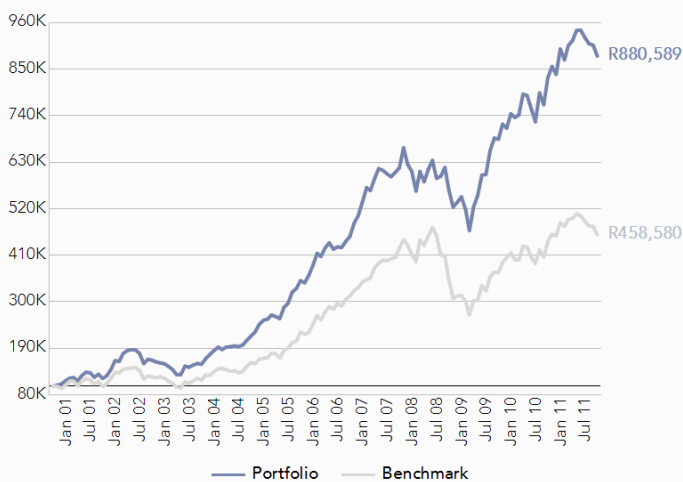
**Fund category** Domestic - Equity - Large Cap  
**Fund description** Aims to outperform the FTSE/JSE Top 40 Index, is actively managed and typically holds no more than 20 large cap stocks at any point in time.  
**Launch date** 01 October 2000  
**Portfolio manager/s** Neville Chester and Pallavi Ambekar

**Fund size** R 7.90 billion  
**NAV** 7256.89 cents  
**Benchmark** FTSE/JSE Africa Top 40 Index  
**Risk profile**



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

### GROWTH OF A R100,000 INVESTMENT



## PORTFOLIO DETAIL

### EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 Sep 2011
<b>Domestic Assets</b>	<b>95.6%</b>
■ <b>Equities</b>	<b>91.9%</b>
Oil & Gas	9.4%
Basic Materials	25.3%
Industrials	3.6%
Consumer Goods	8.7%
Health Care	4.9%
Consumer Services	8.6%
Telecommunications	9.8%
Financials	21.6%
■ <b>Real Estate</b>	<b>3.6%</b>
■ <b>Cash</b>	<b>0.1%</b>
<b>International Assets</b>	<b>4.4%</b>
■ <b>Equities</b>	<b>4.4%</b>

## PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Launch (unannualised)	780.6%	358.6%	422.0%
Since Launch (annualised)	21.9%	14.8%	7.0%
Latest 10 years (annualised)	22.2%	16.5%	5.7%
Latest 5 years (annualised)	14.1%	7.9%	6.2%
Latest 3 years (annualised)	16.1%	9.4%	6.7%
Latest 1 year (annualised)	6.1%	3.6%	2.6%
Year to date	(1.9)%	(5.8)%	3.9%
2010	20.6%	17.2%	3.4%
2009	35.9%	31.7%	4.1%
2008	(9.9)%	(23.6)%	13.7%

## TOP 10 HOLDINGS

As at 30 Sep 2011	% of Fund
MTN Group Ltd	9.8%
Anglo American Plc	9.7%
Sasol Ltd	9.4%
Standard Bank of SA Ltd	9.2%
BHP Billiton Plc	6.1%
Naspers Ltd	6.0%
SABMiller Plc	4.8%
Impala Platinum Holdings Ltd	4.7%
British American Tobacco Plc	4.4%
FirstRand	4.2%

## RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	18.1%	20.1%
Sharpe Ratio	0.69	0.27
Maximum Gain	46.6%	37.4%
Maximum Drawdown	(31.7)%	(43.4)%
Positive Months	61.4%	57.6%

## INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30 Sep 2011	03 Oct 2011	81.41	80.12	1.29
31 Mar 2011	01 Apr 2011	131.89	130.12	1.77
30 Sep 2010	01 Oct 2010	51.23	49.81	1.42
31 Mar 2010	01 Apr 2010	17.09	15.71	1.38

## MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2011	(2.9)%	3.9%	1.3%	2.6%	0.1%	(1.8)%	(1.6)%	(0.4)%	(2.9)%				(1.9)%
Fund 2010	(1.2)%	0.8%	6.7%	(0.4)%	(4.0)%	(4.0)%	9.4%	(3.5)%	8.3%	3.2%	(2.2)%	7.2%	20.6%
Fund 2009	(5.5)%	(9.5)%	11.9%	5.1%	8.8%	0.3%	9.4%	4.4%	(0.4)%	5.2%	(1.3)%	4.8%	35.9%

## FEES (excl. VAT)

<b>Initial Fee</b>	Coronation: 0.00%
<b>Annual Management Fee - performance related*</b>	Minimum - standard: 1.00% Minimum - discounted: 0.50% 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 24-month period, and paid to Coronation monthly. If the fund produces a return in line with the benchmark, the standard minimum fee will be levied. If the fund produces a return below the benchmark, over a rolling 24-month period, the discounted minimum fee applies.

<b>Total Expense Ratio (TER)<sup>2</sup></b>	2.20% per annum, which includes a performance fee of 1.05%
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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 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. <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 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.