CORONATION
FUND MANAGERS

Balancing risk and return

Coronation Fund Managers, the pioneers of Absolute return investing in the South African market, mark the tenth anniversary of their Absolute Return unit with an impressive performance track record across the fund range.

Coronation launched its first Absolute Return fund in August 1999 with the aim of producing risk-adjusted returns that were superior to what was available in the market. At the time, this focus on risk management was pretty unique. However, if one considers the volatile market conditions of the past ten years (including the TMT bubble, 9/11 and a massive bull market leading up to the credit meltdown of 2008) funds offering the dual target of low volatility of returns and consistent real returns over inflation present a most compelling case.

While the concept of Absolute return has evolved over time, Coronation's Absolute investment approach has remained constant. It is focused and active, with an emphasis on bottom-up stock selection and strong asset allocation views. The funds in the Coronation Absolute range don't rely on any one market environment to thrive, and the strategy is dependent on a continual assessment of the relative value of the different asset classes available.

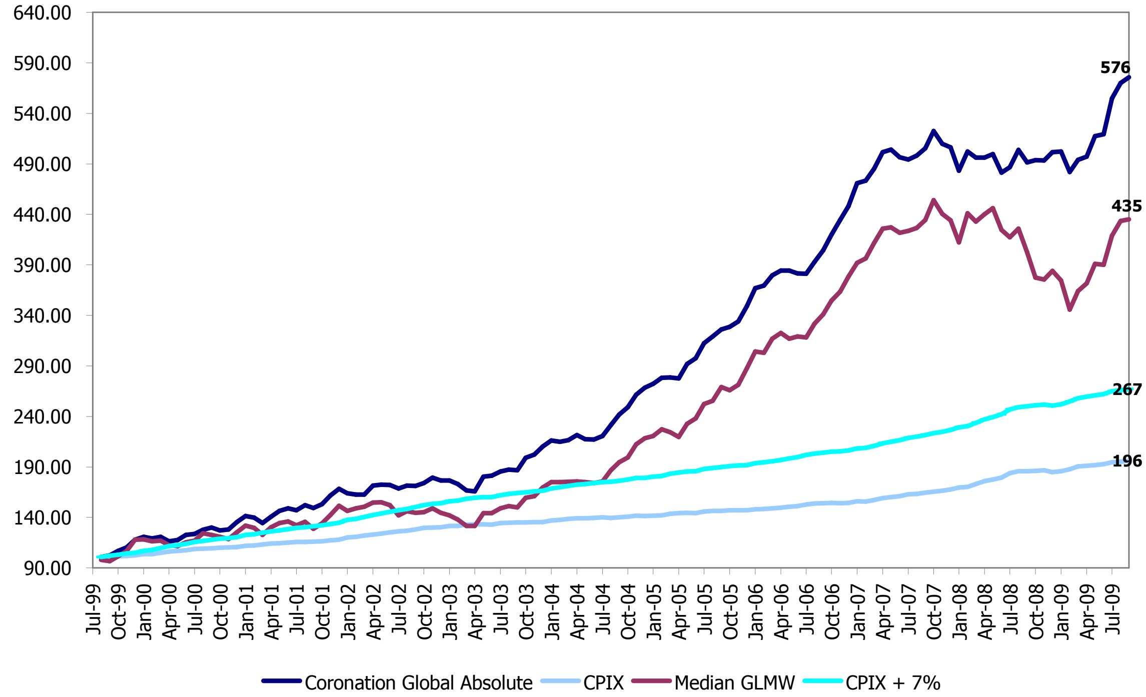
10 years of strong performance

The impressive track record of the flagship Coronation Global Absolute Fund since inception in 1999 illustrates the benefits of strong asset allocation and good instrument selection. This fund has produced a phenomenal return of 18.8% per year to end September 2009. This is almost 12% ahead of inflation - despite the bursting of the tech bubble and the global financial meltdown - and at less than half the volatility of local and international equities.

	10 year annualised return to 30 September 2009	Standard deviation
Coronation Global Absolute	18.8% p.a.	9.0%
SA equities (JSE All Share Index)	17.2% p.a.	19.7%
SA bonds	13.0% p.a.	7.1%
SA cash	10.2% p.a.	0.5%
SA Inflation (CPI)	6.9% p.a.	1.7%
International equities (in rands)	3.2% p.a.	19.0%

Outperforming all of the individual underlying asset classes in the fund underlines Coronation's tactical asset allocation ability, which plays a key role in portfolio construction and performance. In terms of instrument selection, the fund's equity holdings have outperformed the FTSE/JSE All Share Index by almost 9% per year since inception and foreign equities by 6.3% (in rand terms).

Cumulative performance: Coronation Global Absolute
Since inception ending 30 Sept 2009



Understanding new asset classes and asset diversification

While regulatory constraints do not permit the short-selling of securities in managing Absolute return funds (in the South African context) these funds cannot make money in falling markets. But they do limit the downside risk. This is achieved through active asset allocation and asset diversification. Coronation's extensive research and modelling has enabled them to understand the interplay between various asset classes, which becomes particularly important when a new asset class is introduced to the market. As was the case with the introduction of inflation-linked bonds and preference shares to the market.

Catering for the whole risk spectrum

Before investing in an absolute return fund, it is imperative that investors understand the performance target of a fund and how the manager will go about delivering on this. Each absolute fund manager adopts a different investment strategy, asset allocation and asset selection philosophy.

In response to the increasing need for low risk solutions, specifically for investors nearing retirement, Coronation has launched an Inflation Plus Fund for institutional clients. Similar to the Coronation Global Absolute Fund, Coronation Inflation Plus is a global portfolio spanning all asset classes, but with a greater emphasis on fixed income assets (inflation linkers through the cycle) and less tolerance for risky equity positions. The fund aims to achieve inflation plus 3% with no negative returns over any rolling 12 months. In other words, the funds focus on capital preservation rather than on maximising returns.

Due to changing market conditions and the resultant increased market capitalisation and liquidity of among others, inflation-linkers, listed property and preference shares, Coronation re-opened its institutional Absolute funds to new clients earlier this year. Investments into these funds were closed at

R10 billion in September 2005 (currently at R22 billion), primarily due to capacity constraints, while its Absolute unit trust fund range has remained open throughout.

The Coronation Absolute return fund range includes:

Institutional	Benchmark
Global Absolute	CPI + 6% p.a.
Domestic Absolute	CPI + 5% p.a.
Absolute Bond	CPI + 4% p.a.
Medical Aid	CPI + 4.5% p.a.
Inflation Plus	CPI + 3% p.a.
Unit trust	**Benchmark**
Absolute	CPI + 6% p.a.
Capital Plus	CPI + 4% p.a.
SA Capital Plus	CPI + 3.5% p.a.