

The Coronation Absolute Fund appreciated by 7.8% over the first quarter of 2007 taking its one-year return to 29.9%, which is well ahead of its return objective of inflation +6%.

We believe that longer time periods are more meaningful and in this regard the fund has generated a return of slightly above 30% per annum over the past three years. Very importantly these returns have been achieved without taking on large amounts of risk and the fund's risk measures (standard deviation and drawdowns) are well below that of the SA equity market, general equity funds and most balanced and flexible funds.

There have not been any significant changes to the portfolio over the past few months and the equity exposure has continued to decline as we struggle to find new investment opportunities. Several of the fund's holdings have attracted private equity interest and at the end of December almost 7% of the fund was invested in Edcon, Primedia and Peermont, all of which are subject to private equity bids. We have since sold the fund's Edcon shares but still hold Primedia and Peermont, which together make up 5% of the fund. These positions are now effectively cash, and taking into account the delta-adjusted put options, the effective SA equity exposure of the fund is now around 58%.

Over the past few months we have added to the fund's Sasol and JSE positions. Sasol is currently arguably the most unloved commodity share in the SA market against a backdrop of a falling oil price and concerns over a windfall tax.

Why buy boring Sasol with this negative news flow and seemingly no prospect of a share price increase over the next few months when you can buy 'exciting' small commodity shares that have strong momentum behind them and seemingly increase every month? Because Sasol has a long, profitable operating history (unlike most of the small-cap commodity shares), has long-life reserves (unlike most of the small-cap commodity shares) and most importantly is very attractively valued (unlike most of the small-cap commodity shares).

We value Sasol using a normalised oil price well below the current oil price and if the long-term oil price is indeed above our estimate, then there will be a net positive accrual to our Sasol valuation even after taking into account a windfall tax. Superior investment returns are seldom achieved by investing where every other investor wants to invest. Few investors want to invest in Sasol today and we are confident that the fund's additional purchase of Sasol shares will benefit investors in time to come.

The fund had already built up a position in the JSE Ltd during the course of last year and with continued buying and significant share price appreciation the share now makes up 3.5% of the fund. We believe that the JSE is a great business with a dominant position, high barriers to entry, positive operational gearing to a growing top-line over long periods of time and very little capital requirements, resulting in great free cash flow generation. The share looks expensive on current valuation multiples, however we believe that on a longer 5-10 year view it is still undervalued as a result of our view that both the turnover line and the operating margins are currently not normalised and will expand considerably over the next few years.

Amongst the other asset classes we are also not finding opportunities and hold the view that bonds are overvalued and listed property shares offer little value and as a result, the fund has negligible positions in these categories. The fund has utilised its full 15% international allocation and 7% of the fund is invested in SA cash. This cash balance will increase as and when the proposed Primedia and Peermont deals are concluded and as always we will wait patiently for new investment opportunities to arise rather than deploy this cash in overvalued assets.

Whilst the generation of significant real returns going forward is becoming more and more difficult as all assets classes continue to appreciate, we believe that the fund is well positioned to continue to achieve its return objective over longer periods of time.

Edwin Schultz and Gavin Joubert
Portfolio Managers

Fund category	Domestic Asset Allocation Flexible
Launch date	2 December 2002
Portfolio manager	Edwin Schultz and Gavin Joubert
Fund size	R2 billion
NAV	2833.01 cents
Annual management fee	1.43% (incl VAT)
Performance fee	20% incl VAT (above hurdle, capped at 2.85% p.a.)

Benchmark	CPIX
Performance fee hurdle	CPIX + 6%
Fund description	Aims to maintain a real growth rate of 6% per annum, and preserve capital over any rolling 36-month period.

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Mar 2007
Domestic Assets	84.97%
Equity	64.80%
Oil & Gas	5.70%
Basic Materials	8.21%
Industrials	0.11%
Consumer Goods	9.10%
Healthcare	4.91%
Consumer Services	26.70%
Telecommunications	3.41%
Financials	12.97%
Derivatives	(6.31%)
Real Estate	4.60%
Fixed Interest	1.87%
Cash	13.70%
International Assets	15.03%
Equity	13.14%
Fixed Interest	1.62%
Cash	0.27%

TOP 10 HOLDINGS

As at 31 March 2007	% of Fund
Woolworths Ltd	6.39%
Sasol Ltd	5.70%
Impala Platinum Holdings Ltd	5.46%
Naspers Ltd – N ordinary shares	5.09%
Network Healthcare Holdings Ltd	4.91%
Remgro Ltd	4.11%
JSE Ltd	3.61%
Telkom SA Ltd	3.41%
Primedia "N" Ltd	2.82%
Edinburgh Partners Euro Fund	2.76%
Total	44.26%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31/03/2007	01/04/2007	15.85	9.15	6.70
30/09/2006	01/10/2006	37.01	28.30	8.71
31/03/2006	01/04/2006	37.06	26.03	11.03
30/09/2005	01/10/2005	30.13	19.88	10.25

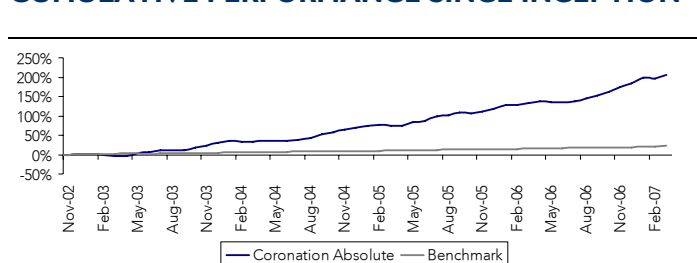
MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2007	5.31%	-0.61%	3.00%									
B'mark 2007	1.05%	-0.14%	1.10%									
Fund 2006	4.95%	-0.12%	2.28%	1.00%	-0.84%	-0.11%	0.26%	3.10%	3.11%	4.55%	4.04%	3.88%
B'mark 2006	0.73%	0.22%	0.43%	0.43%	0.57%	0.50%	1.07%	0.49%	0.28%	0.14%	-0.07%	0.07%

PERFORMANCE AND RISK STATISTICS

	Fund	Benchmark
Year to date	7.80%	2.02%
Latest 12 months	29.88%	5.62%
Latest 36 months (annualised)	31.93%	4.33%
Since inception (annualised)	29.61%	4.51%
Annual deviation since inception	8.63%	1.37%
Sharpe ratio	2.36	N/A
Maximum gain	31.34%	N/A
Maximum drawdown	-5.23%	N/A
Positive months	71.15%	N/A

CUMULATIVE PERFORMANCE SINCE INCEPTION



ANNUAL RETURNS SINCE INCEPTION

	Fund	Benchmark	Active Return
2006	29.17%	4.97%	24.20%
2005	30.13%	4.03%	26.09%
2004	30.91%	4.29%	26.62%
2003	28.65%	4.05%	24.60%
2002	0.83%	0.17%	0.66%