

The Balanced Defensive Fund was launched on the 1st of February. This is therefore its first quarterly report.

The fund is, as the name suggests, a defensive or low-risk product. Its benchmark is to outperform cash by at least 3% and to strive not to ever show a negative return over a rolling 12 month period. The maximum exposure to local and global equities combined will be capped at 40%.

Consequently, a minimum of 60% will at all times be invested in cash and other interest bearing assets including property.

The interest-bearing portion will be managed by Mark le Roux along similar lines as to his very successful Coronation Strategic Income Fund. He will however be allowed to have a longer duration in this portfolio than in the defensive Strategic Income portfolio.

On the launch day of 1 February 2007, we started the fund with only 15% in domestic equities and increased it to 20% in early March following the sell-off that occurred around that time. On the global side we are at 9%, of which 3% is in cash and 6% in global equities. The fund therefore has a total equity exposure of 27%, inside its self-imposed 40% limit. Although not overly concerned about stock markets in general, we do think valuations are reasonably full and do not leave a lot of room for disappointment. We are therefore satisfied to hold less in equity than the maximum allowed level.

On the interest rate front we have maintained a very short modified duration right from the start. We correctly anticipated that the Reserve Bank would leave interest rates unchanged in February and invested in NCDs early in the month. We hold no longer-dated government bonds at all, as we do not see enough value to justify such holdings at present.

The fund has however invested around 10% of the portfolio in corporate bonds where the high issuance has led to widening spreads which, in our opinion, offers substantially better value than the RSA's. We also invested a small percentage in quoted property but have resisted further buying as the prices have moved too high for our liking.

The fund has returned 2.80% over the first two months of its life, compared to the 1.33% return of the benchmark. A promising start...

**Charles de Kock and Mark le Roux**  
**Portfolio Managers**

# CORONATION BALANCED DEFENSIVE FUND

as at 31 March 2007

CORONATION  
FUND MANAGERS

Fund category	Domestic Asset Allocation Prudential Low Equity
Launch date	1 February 2007
Portfolio managers	Charles de Kock and Mark le Roux
Fund size	R25.6 million
NAV	102.16 cents
Annual management fee	1.71% (incl VAT)
Initial fee	0.00%

Benchmark	Alexander Forbes 3-month (STeFI) Index plus 3%
Fund description	The fund aims to provide a reasonable level of current income and seeks to preserve capital in real terms, with lower volatility over the medium to long-term.

## EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Mar 2007
Domestic Assets	90.52%
Equity	18.02%
Oil & Gas	1.56%
Basic Materials	4.45%
Industrials	0.27%
Consumer Goods	1.88%
Healthcare	0.72%
Consumer Services	4.27%
Telecommunications	1.14%
Financials	3.73%
Real Estate	2.47%
Fixed Interest	10.00%
Cash	60.03%
International Assets	9.48%
Equity	6.23%
Cash	3.25%

## TOP 10 HOLDINGS

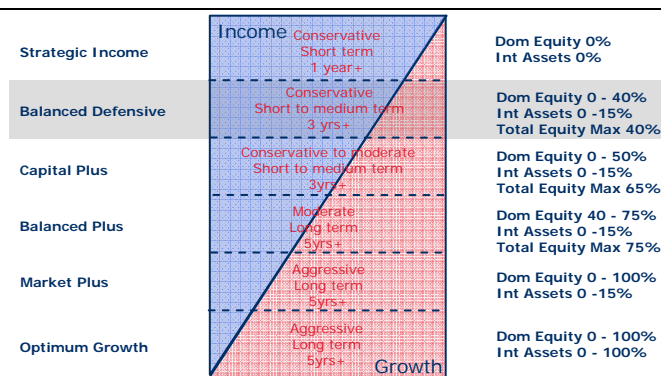
As at 31 March 2007	% of Fund
Coronation Global Equity Fund of Funds	6.23%
Standard Bank Group Ltd	1.68%
Impala Platinum Holdings Ltd	1.63%
Sasol Ltd	1.56%
Naspers Ltd – N ordinary shares	1.42%
Woolworths Ltd	1.11%
BHP Billiton Plc	1.01%
Absa Group Ltd	0.82%
Network Healthcare Holdings Ltd	0.72%
Richemont Securities AG	0.69%
<b>Total</b>	<b>16.87%</b>

## PERFORMANCE AND RISK STATISTICS

	Fund	Benchmark
Since inception (annualised)	N/A	N/A
Annual deviation since inception	N/A	N/A
Downside deviation	N/A	N/A
Sharpe ratio	N/A	N/A
Maximum gain	N/A	N/A
Maximum drawdown	N/A	N/A
Positive months	N/A	N/A

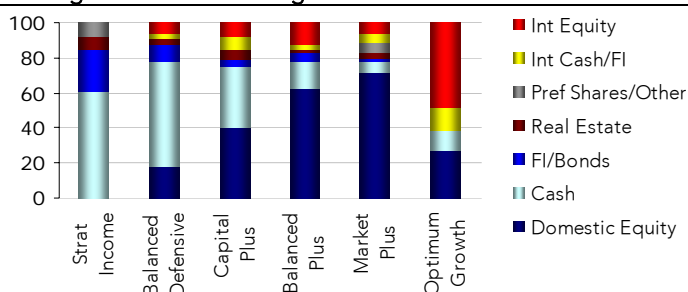
Performance figures will be published once a six-month track record has been established.

## MANAGED FLEXIBLE FUND RANGE



## ASSET ALLOCATION

Managed flexible fund range as at 31 March 2007



## INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31/03/2007	01/04/2007	0.88	0.09	0.79