

The Coronation Capital Plus Fund appreciated by 6.3% over the first quarter of 2007, taking its one-year return to 22%, which is well ahead of its return objective of inflation +4%. We believe that longer time periods are more meaningful and in this regard the fund has generated a return of around 20% per annum over the past five years. Very importantly these returns have been achieved without taking on large amounts of risk and an equity exposure of between 40% and 50%.

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. In addition to this, several of the fund's holdings have attracted private equity interest with Edcon, Primedia and Peermont all being subject to private equity bids. The fund still holds Primedia and Peermont shares and these positions are now effectively cash, and after taking this into account as well as the delta-adjusted put options, the effective SA equity exposure of the fund is now around 37%.

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 newsflow 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 1.5% 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 a negligible bond position and a 5.5% position in listed property shares made up of small positions in very selected counters.

The fund has utilised its full 15% international allocation which is invested partly in Coronation's Global Equity Fund and partly in international cash. Around 30% of the fund is now invested in SA cash 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 asset classes continue to appreciate, we believe that the fund is well positioned to continue to achieve its return objectives over longer periods of time and protect capital over 12-month rolling periods.

**Edwin Schultz and Gavin Joubert**  
Portfolio Managers

# CORONATION CAPITAL PLUS FUND

as at 31 March 2007

CORONATION  
FUND MANAGERS

Fund category	Domestic Asset Allocation Targeted Absolute and Real Return
Launch date	2 July 2001
Portfolio manager	Edwin Schultz and Gavin Joubert
Fund size	R3.7 billion
NAV	2336.77 cents
Annual management fee	1.43% (incl VAT)
Performance fee	10% incl VAT (above hurdle, capped at 1.71% p.a.)

Benchmark	CPIX
Performance fee hurdle	CPIX + 4%
Fund description	Focused on the preservation of capital over all rolling 12-month periods. Over the medium term, the objective is to produce real growth of at least 4% per annum.

## EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Mar 2007
<b>Domestic Assets</b>	<b>85.22%</b>
<b>Equity</b>	<b>40.77%</b>
Oil & Gas	4.12%
Basic Materials	5.19%
Industrials	0.33%
Consumer Goods	5.94%
Healthcare	2.77%
Consumer Services	15.83%
Telecommunications	2.54%
Financials	9.74%
Derivatives	(5.69%)
<b>Preference Shares &amp; Other Securities</b>	<b>0.08%</b>
<b>Real Estate</b>	<b>6.26%</b>
<b>Fixed Interest</b>	<b>4.41%</b>
<b>Cash</b>	<b>33.70%</b>
<b>International Assets</b>	<b>14.78%</b>
<b>Equity</b>	<b>8.51%</b>
<b>Fixed Interest</b>	<b>0.80%</b>
<b>Cash</b>	<b>5.47%</b>

## TOP 10 HOLDINGS

As at 31 March 2007	% of Fund
Coronation Global Equity Fund of Funds	4.98%
Naspers Ltd – N ordinary shares	4.24%
Sasol Ltd	4.12%
Woolworths Ltd	3.71%
Impala Platinum Holdings Ltd	3.51%
Network Healthcare Holdings Ltd	2.77%
Remgro Ltd	2.57%
Telkom SA Ltd	2.54%
Edinburgh Partners Euro Opportunity Fund	1.93%
Richemont Securities AG	1.92%
<b>Total</b>	<b>32.29%</b>

## INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31/03/2007	01/04/2007	17.02	5.72	11.30
31/12/2006	01/01/2007	9.58	3.26	6.32
30/09/2006	01/10/2006	21.43	13.00	8.43
30/06/2006	01/07/2006	11.89	2.87	9.02

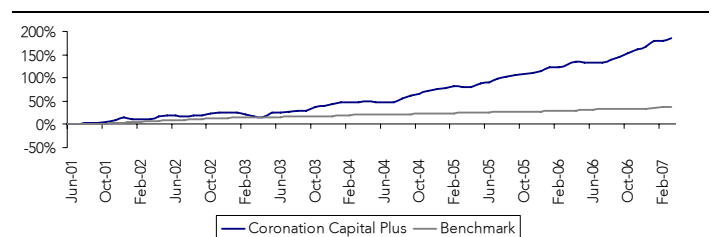
## MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2007	4.23%	0.32%	1.63%									
B'mark 2007	1.05%	-0.14%	1.10%									
Fund 2006	3.70%	0.26%	2.55%	0.53%	-0.42%	-0.57%	0.00%	2.90%	2.45%	3.39%	2.83%	3.70%
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	6.27%	2.02%
Latest 12 months	21.99%	5.62%
Latest 36 months (annualised)	24.33%	4.33%
Latest 60 months (annualised)	20.42%	5.24%
Since inception (annualised)	19.83%	5.62%
Annual deviation since inception	7.72%	1.48%
Downside deviation	3.85%	0.37%
Sharpe ratio	1.32	N/A
Maximum gain	29.49%	N/A
Maximum drawdown	-8.20%	N/A
Positive months	71.01%	N/A

## CUMULATIVE PERFORMANCE SINCE INCEPTION



## ANNUAL RETURNS SINCE INCEPTION

	Fund	Benchmark	Active Return
2006	22.38%	4.97%	17.41%
2005	23.22%	4.03%	19.19%
2004	22.49%	4.29%	18.20%
2003	15.93%	4.05%	11.89%
2002	8.30%	10.50%	-2.20%
2001	14.81%	2.53%	12.29%