

The Coronation Money Market Fund achieved a return of 2.09% for the first quarter, outperforming its benchmark of 2.05%. The fund yielded 9.18% effective yield, net of fees, at quarter end.

We enjoyed a bullish start to the year with money market rates trending lower. This was driven by the dovish stance taken at the February MPC meeting where the committee's decision was to leave the repo rate unchanged at 9%. By then the inflation outlook had improved, the committee highlighted that credit extension although still high, had become more corporate driven. It therefore meant that consumer borrowing was not as rife as previously recorded and since corporate borrowing is healthier for the economy than is consumer borrowing (since more investment and development is taking place). This and other important factors gave the SARB reason to leave interest rates unchanged.

Around six weeks later, the landscape started to change however, with higher oil prices, a weaker rand and later, higher maize prices creeping in. These all pose greater risks to future inflation. None of these prices have yet subsided, and effective early April, a large petrol price hike of around 68c per litre was imposed. So the risks to higher inflation remain.

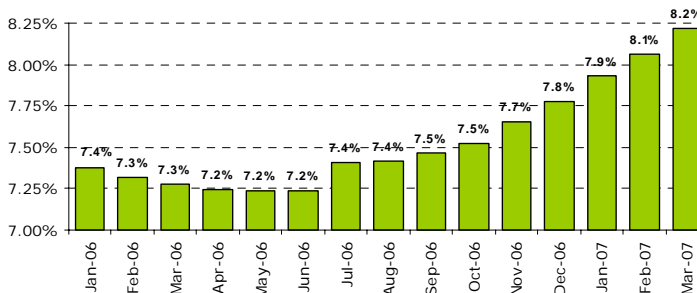
In response to the changed landscape, although with a bit of a delay, the bond market sold off giving up all the gains it has achieved during the first weeks of the year. The STeFI 3 month index (and fund benchmark) achieved 2.03% for the quarter. For the last 12 months, cash (7.8%) returned more than bonds of 5.6%.

On that note, money market yields have been more volatile than usual, mostly in response to the weaker rand and the other inflation risks. The FRA curve, which acts as the market barometer for short-term interest rate expectations, is now pricing in around a 35% - 45% chance of another repo rate hike either in April or June. One-year money market yields are as high as 9.70%, up from previous weeks. The large SA banks seeking more funding to provide for their ever growing loan book are increasingly willing to pay up for long-term deposits.

Credit spreads available on securitised investments and commercial paper remain low, although pressure for these spreads to widen is noted as supply increases and as the interest rate hiking cycle remains well underway. The full set of risks around securitised investments comes into question as the implementation date of the National Credit Act (NCA) approaches – June 2007. This too has put an end to the paper thin spreads that investors have been accepting on these investments.

The Coronation Money Market Fund has remained at around 65 days duration, given the high yields available at the short end of the yield curve. The fund is composed of 12-month structured, coupon paying money market investments earning up to 9.70% pa, and a number of shorter dated NCDs all yielding above 9%. The high weighting to the Blue Titanium conduit (AAA-rated) provides a good yield of JIBAR + 0.05%, which translates to around 9.20%.

Coronation Money Market Fund rolling 12 month performance (before fees)



Tania Miglietta
Portfolio Manager

Fund category	Domestic Fixed Interest Money Market
Launch date	1 October 1999
Portfolio manager	Tania Miglietta
Fund size	R2.3 billion
NAV	100.00 cents
Annual management fee	0.34% (incl VAT)
Initial fee	0.00%

Benchmark	Alexander Forbes 3-month (STeFI) Index
Fund description	To outperform fixed deposits and call accounts, while ensuring capital preservation, stability and liquidity.

ASSET ALLOCATION

Maturity Band	31 Mar 2007
0 – 3 months	82.97%
4 – 6 months	9.11%
7 – 9 months	2.17%
10 – 12 months	5.75%

PERFORMANCE AND RISK STATISTICS

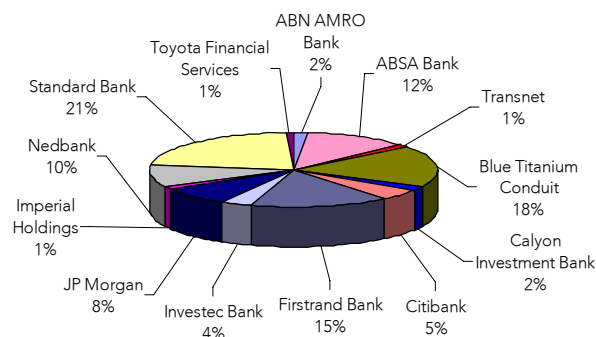
	Fund	Benchmark
Year to date	2.09%	2.05%
Latest 12 months	7.73%	7.84%
Latest 36 months (annualised)	7.42%	7.49%
Latest 60 months (annualised)	9.05%	9.19%
Since inception (annualised)	9.50%	9.60%
Annual deviation since inception	0.56%	0.60%
Sharpe ratio	-0.88	-0.65
Maximum gain	97.58%	103.37%
Maximum drawdown	0.00%	0.00%
Positive months	100.00%	100.00%

ANNUAL RETURNS SINCE INCEPTION

	Fund	Benchmark	Active Return
2006	7.27%	7.45%	-0.18%
2005	7.05%	7.04%	0.01%
2004	7.87%	7.78%	0.09%
2003	11.96%	12.27%	-0.31%
2002	11.36%	11.77%	-0.41%
2001	10.36%	10.05%	0.31%
2000	10.58%	10.55%	0.03%
1999	2.68%	2.98%	-0.30%

CREDIT EXPOSURE

As at 31 March 2007



YIELDS FOR THE LAST FOUR PERIODS

Declaration	Payment	Yield
31/03/2007	01/04/2007	9.23
28/02/2007	01/03/2007	8.73
31/01/2007	01/02/2007	8.58
31/12/2006	01/01/2007	8.50

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2007	0.74%	0.64%	0.70%									
B'mark 2007	0.69%	0.64%	0.71%									
Fund 2006	0.58%	0.51%	0.56%	0.51%	0.60%	0.56%	0.58%	0.61%	0.58%	0.66%	0.65%	0.64%
B'mark 2006	0.58%	0.52%	0.57%	0.56%	0.58%	0.56%	0.59%	0.61%	0.62%	0.66%	0.66%	0.70%