

The Coronation Optimum Fund appreciated by 4.8% in the first quarter of 2007, taking its one-year return to 30%, which is well ahead of its return objective of inflation +5%. Over the eight years since inception, the fund has generated a return of 20% per annum.

There have not been any significant changes to the portfolio over the past few months and as we have stated in previous commentaries, we are struggling to find attractive new investment opportunities in the SA equity market and are finding far more value in selected international markets. As a result, we have continued to reduce the fund's SA equity holdings and take the proceeds offshore.

The fund now has 38% of its assets invested in South Africa with the balance of 62% being invested offshore. The bulk of the international exposure is invested in developed markets which we believe are more attractively valued on a risk-adjusted basis than emerging markets. There is however still value to be found in selected emerging markets with Thailand being one such country.

During a trip to Asia in February we visited 15 Thai companies in Bangkok, followed by several Singaporean and Malaysian companies. Whilst the prospects for Asia over the next 5-10 years are still very exciting, the valuations of many of the Asian companies, including those in Singapore and Malaysia, are not currently attractive in our view given the strong share price appreciation in these markets over the past few years.

Not so Thailand, where the stock market has barely increased over the past few years and where investor sentiment is very poor given the military coup, the announcement of foreign ownership restrictions and finally the bomb blasts in Bangkok on New Year's Eve. Markets do not like uncertainty and at the moment there is uncertainty in Thailand. In our view this presents an opportunity for investors with a long-term time horizon and we have started to buy selected Thai shares for the fund.

One such example is CP-711 who operate 7-11 supermarket stores in Thailand, as well as hypermarkets in China. The Thai business is a good business that generates attractive margins and strong cash flows, and has significant potential for future store roll-out and new product additions particularly in the convenience food area.

The Chinese business on the other hand is incurring significant operating losses due to the infancy of the business and strong competition. The company is however taking several steps to turn the Chinese business around, including the appointment of new management and a new strategy and have also stated that selling the business is an alternative. Due to the losses in China the valuation of CP 7-11 does not look attractive on a group earnings level, however excluding the losses in China, the core Thai business is currently trading on a P/E multiple of around 10. In addition to this, the earnings of the Thai business are below a normal level in our view and should increase significantly over the next few years due to continued store roll-out, strong same store sales driven by increased footfall and new products and margin expansion from more convenience ready-prepared food sales.

The fund also added significantly to its position in Limited Brands, the owner of Victoria's Secret in the US. The share price has continued to fall as a result primarily of what appears to be concerns over the US consumer, and whilst consumer spending may be under pressure over the next year or so, we are making an investment on a 10-year view and not a one-year view and are buying a high quality business on a P/E multiple of around 13 - well below that of the market.

We continue to hold the view that the SA equities that the fund holds are still undervalued and continue to grow their business values and additionally that there are many attractive opportunities within international equity markets. As a result, we expect the fund to continue to generate attractive real returns over longer time periods.

Gavin Joubert
Portfolio Manager

Fund category	Worldwide Asset Allocation Flexible
Launch date	15 March 1999
Portfolio manager	Gavin Joubert
Fund size	R1.1 billion
NAV	3748.42 cents
Annual management fee	1.14% (incl VAT)
Performance fee	15% incl VAT (above hurdle, capped at 2,85% p.a.)

Benchmark	CPIX
Performance fee hurdle	CPIX + 5%
Fund description	Aims to deliver long-term growth by investing in a combination of local and international investments across all asset classes.

EFFECTIVE ASSET ALLOCATION EXPOSURE

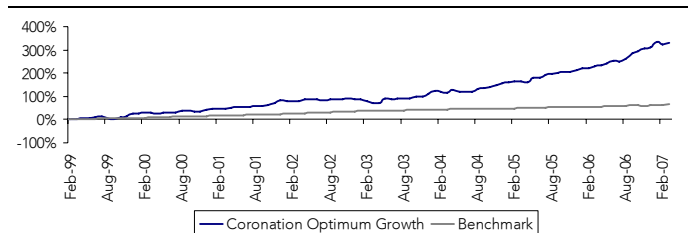
Sector	31 Mar 2007
Domestic Assets	38.25%
Equity	26.84%
Fixed Interest	0.00%
Cash	11.41%
International Assets	61.75%
Equity	48.36%
Fixed Interest	3.12%
Cash	10.27%

PERFORMANCE AND RISK STATISTICS

	Fund	Benchmark
Year to date	4.85%	2.02%
Latest 12 months	30.62%	5.62%
Latest 36 months (annualised)	25.99%	4.33%
Latest 60 months (annualised)	19.17%	5.24%
Since inception (annualised)	20.11%	6.21%
Annual deviation since inception	10.67%	1.42%
Downside deviation	5.46%	0.37%
Sharpe ratio	0.92	N/A
Maximum gain	28.71%	N/A
Maximum drawdown	-11.72%	N/A
Positive months	71.88%	N/A

TOP 15 HOLDINGS

As at 31 March 2007	% of Fund
Naspers Ltd – N ordinary shares	6.88%
Woolworths Ltd	4.34%
Sasol Ltd – ADR	3.68%
Network Healthcare Holdings Ltd	3.64%
Remgro Ltd	3.10%
Limited Brands Inc.	2.85%
Edinburgh Partners Euro Fund	2.71%
Impala Platinum Holdings Ltd	2.62%
Standard Bank Group Ltd	2.38%
NYSE Group Inc.	2.35%
Comgest Nouvelle Asie	2.18%
France Telecom SA	2.10%
Telkom SA Ltd	1.98%
Nasdaq Stock Market Inc.	1.83%
Nestlé SA	1.79%
Total	44.43%

CUMULATIVE PERFORMANCE SINCE INCEPTION**INCOME DISTRIBUTIONS**

Declaration	Payment	Amount	Dividend	Interest
31/03/2007	01/04/2007	7.64	4.93	2.71
30/09/2006	01/10/2006	66.66	51.02	15.64
31/03/2006	01/04/2006	38.44	36.19	2.25
30/09/2005	01/10/2005	0.00	0.00	0.00

ANNUAL RETURNS SINCE INCEPTION

	Fund	Benchmark	Active Return
2006	31.09%	4.97%	26.12%
2005	23.91%	4.03%	19.87%
2004	19.54%	4.44%	15.10%
2003	13.37%	4.21%	9.15%
2002	2.12%	10.50%	-8.38%
2001	30.55%	6.52%	24.03%
2000	11.61%	8.21%	3.40%
1999	26.15%	5.20%	20.94%

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2007	5.19%	-2.06%	1.77%									
B'mark 2007	1.05%	-0.14%	1.10%									
Fund 2006	3.19%	-0.07%	2.05%	0.99%	2.17%	3.60%	-0.96%	3.63%	6.62%	1.37%	3.69%	1.32%
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%