

The Coronation Balanced Plus Fund had a disappointing quarter, with the fund returning 4.6% for the rolling one year period compared to 8.7% from the benchmark. Over a rolling 5-year period the fund outperformed its benchmark by 1.3% p.a. (28.2% p.a. vs 26.9% p.a.). The Fund remains one of the best performing funds in its sector over all longer time periods.

Global markets experienced something of a meltdown in January, as the banking crisis escalated and it became increasingly clear that the US economy is headed for recession. The banking crisis will precipitate a contraction in credit as banks de-leverage and rebuild their balance sheets. As house prices continue to slip, consumers will come under increasing pressure to retrench and rebuild savings.

Despite these very real concerns, we are optimistic about global equities. While it is tempting to 'sit on the sidelines' while the news-flow is poor, stocks are now trading at very attractive levels. It has been 20 years since developed market stocks traded at such attractive ratings and many blue-chip US stocks now trade at the absolute levels they did 10 years ago. The market is a very efficient discounting machine. The pendulum has swung and risk aversion is now at levels not seen since the big 3 buying opportunities of the last 10 years (the 1998 bottom, 9/11 and the first quarter of 2003). As long term investors we have taken full advantage of this opportunity by taking equity weightings to fully invested levels.

The outlook for the domestic economy has deteriorated as inflation remains stubbornly high and higher interest rates bite. Confidence has collapsed as power outages and political uncertainty aggravate an already fragile situation. Although higher interest rates are working, the risk of further rate hikes cannot be ignored. Fortunately the downturn comes at a time of massive infrastructure spend which should smooth the cycle out somewhat. We are of the view that this remains a normal cycle. While the market has gone quiet on the 'structural' gains made by the economy over the last decade, there is no doubt that some of these will prove enduring. For us, the key issue is economic policy. The ANC government has adopted business-friendly policies that have greatly benefited all stakeholders in the economy. If the new leadership of the ANC makes a material shift in policy then we all have a lot to lose.

For the entire duration of the bull market a 'rising tide lifted all boats' and virtually all sectors produced handsome returns. Over the last 12 months returns have diverged, with commodity stocks continuing their rampant run and domestic stocks coming under heavy selling pressure. Negative headlines have found their way to the pricing of local equities to such an extent that they currently price in a material decline in earnings over the next few years. Many quality companies, with excellent management teams and strong balance sheets trade at 8 times forward earnings and at 7% dividend yields. While there is no doubt that corporate earnings are under pressure, we have been able to find many quality companies with strong franchises and good earnings prospects at ratings we haven't seen since early 2003 (one of the biggest buying opportunities in history).

The big global trade (wisdom) is to short the dollar and go long commodities. As fundamental, valuation-driven investors we are underweight commodity stocks and overweight domestic stocks and non-resource and hedge shares (Remgro, Richemont, Liberty International etc.). It is, in our opinion, 'late in the day' to be long commodities - a notoriously cyclical industry. While this has detracted from performance over the last year, we remain convinced that it is the right positioning for the longer term.

Equities returned 2.9% for the quarter. This benign number masks strong moves within the quarter (down 7% in late January) and across sectors (Resources +18%, Industrials -5%, Financials -6%).

Resources continued to run strongly. Although ratings are low, earnings are high. In a cyclical industry this is the time to be selling not buying. We have taken profits in Sasol and Impala Platinum, two stocks that have contributed strongly to performance over the last few years.

Industrials performed poorly, with Netcare, Woolworths and AVI detracting from performance. All three stocks offer good upside for investors prepared to take a longer term view. Financials had another poor quarter, with ABIL and Investec pulling down performance. ABIL is a stock that we believe has fantastic growth prospects and will extract significant value from the Ellerines acquisition. At a 10% forward dividend yield, the market is giving investors that optionality for free.

Bonds (-1.9%) underperformed cash (+2.8%). We have reduced our underweight in bonds as yields have become more attractive. Property stocks had a very poor quarter, returning -10.9%. We have been warning investors for some time that property stocks were overvalued and priced for perfection. At the market lows we increased our exposure to the sector.

Louis Stassen and Karl Leinberger
Portfolio Managers

CORONATION BALANCED PLUS

Class A
as at 31 March 2008

Fund category	Domestic Asset Allocation Prudential Variable Equity	Portfolio manager/s	Louis Stassen and Karl Leinberger
Fund description	A fully managed investment solution diversified across the various asset classes and sectors. Its asset allocation is compliant with Regulation 28 of the Pension Funds Act.	Fund size	R3 billion
Launch date	15 April 1996	NAV	4676.97 cents
		Benchmark	Composite benchmark (63% equity, 22% bonds, 10% international, 5% cash)

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Mar 2008
Domestic Assets	83.01%
Equity	56.88%
Oil & Gas	2.48%
Basic Materials	13.56%
Industrials	8.28%
Consumer Goods	8.42%
Healthcare	1.86%
Consumer Services	8.52%
Telecommunications	2.56%
Financials	9.86%
Derivatives	1.34%
Preference Shares & Other Securities	0.09%
Real Estate	3.84%
Fixed Interest	6.39%
Cash	15.81%
International Assets	16.99%
Equity	16.98%
Cash	0.01%

TOP 10 HOLDINGS

As at 31 March 2008	% of Fund
Coronation Global Equity Fund of Funds	13.49%
Standard Bank Group	4.65%
Naspers Ltd	4.12%
Impala Platinum Holdings Ltd	3.93%
BHP Billiton Plc	3.30%
Remgro Ltd	3.05%
Richemont Securities AG	2.85%
MTN Group Ltd	2.56%
Sasol Ltd	2.48%
Liberty International Plc	2.04%
Total	42.47%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31/03/2008	01/04/2008	49.12	17.54	31.58
30/09/2007	01/10/2007	58.49	23.34	35.15
31/03/2007	01/04/2007	30.87	15.45	15.42
30/09/2006	01/10/2006	52.00	36.21	15.79

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2008	-4.99%	6.80%	-1.49%									
Fund 2007	4.51%	0.57%	2.83%	3.22%	0.20%	-1.38%	-0.07%	1.22%	2.13%	4.74%	-3.43%	-1.82%
Fund 2006	6.22%	-1.10%	4.06%	2.13%	-2.12%	1.13%	-1.02%	3.61%	2.60%	4.83%	2.98%	3.93%

FEES (excl. VAT)

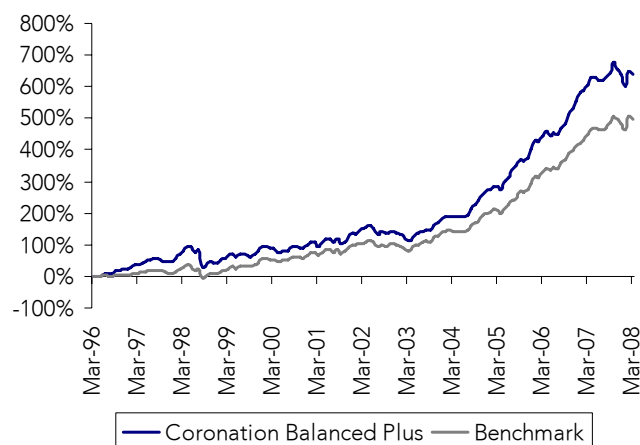
Initial Fee	Coronation: 0.00%
Annual Management Fee*	1.25%
* A portion of Coronation's annual management fee may be paid to administration platforms like LISP's as a payment for administrative and distribution services.	
Total Expense Ratio (TER)²	1.52% per annum

Advice Costs (excluding VAT)

- Initial and ongoing advice fees may be facilitated on agreement between the Client and Financial Advisor.
- An Initial advice fee may be negotiated to a maximum of 3% and is applied to each contribution and deducted before investment is made.
- Ongoing advice fees may be negotiated to a maximum of 1% per annum (if initial advice fee greater than 1.5% is selected, then the maximum annual advice fee is 0.5%), charged by way of unit reduction and paid to the Financial Advisor monthly in arrears. This annual advice fee is not part of the normal annual management fee as disclosed above.
- Where commission and incentives are paid, these are included in the overall costs.

PERFORMANCE AND RISK STATISTICS¹

CUMULATIVE PERFORMANCE SINCE INCEPTION



PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Out-performance
Year to date	-0.04%	2.44%	-2.49%
Latest 12 months	4.59%	8.65%	-4.06%
Latest 36 months (annualised)	24.33%	24.86%	-0.53%
Latest 60 months (annualised)	28.19%	26.90%	1.28%
Since inception (annualised)	18.24%	16.05%	2.19%
2007	13.10%	14.00%	-0.90%
2006	30.46%	29.90%	0.56%
2005	35.00%	31.59%	3.41%
2004	32.01%	26.41%	5.61%

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised deviation	15.97%	14.32%
Sharpe ratio	0.38	0.27
Maximum gain	57.40%	29.32%
Maximum drawdown	-34.29%	-31.86%
Positive months	67.13%	64.34%