

The first quarter of 2008 was marked by a similar performance in the local equity market to what we saw in the last month of 2007. The disconnect between local industrial and financial shares and the commodity producers was stretched even further. Against the background of falling markets globally the All Share Index returned 2.9% due to the weak rand which drove the commodity shares and dual listed. The All Bond Index returned -2% as inflation concerns spiralled and property stocks sold off 4.9%. The global MSCI index was down 9% in US dollars as global fears driven by the credit crunch in developed markets saw large scale risk aversion and switching into US government bonds. For the quarter, the fund was down 2% predominantly due to its exposure to local financial and industrial shares which performed poorly during the period.

We have been running a maximum position in international assets as allowed by the fund's mandate and have held a number of non-commodity rand hedges due to our long held view that the rand was more likely to weaken than to strengthen. This view has materialised and the fund has benefited from some of these holdings. The offshore returns were tempered by the poor international equity markets which are reflecting a mild global recession. In fact, for the global market rating to return to its long term average it would require profits to fall by approximately 20% across the board! We think global equities are offering extremely good value and are a great investment. Some of the rand hedges we own have however performed disappointingly, especially those that are not dual listed as the market tends to wait until the actual numbers come through in earnings. We are happy to remain holders of these businesses until then.

We would not be taking more money offshore at these levels though as it is likely that we will see a retracement in some of the rand's performance in the period ahead. Eskom and the mines have reached agreement on providing the necessary power and on how the mines can regain their previous productivity using less power. This will result in mines achieving close to their previous production levels. At the same time, to the extent that metals hold their higher prices, SA will be earning significantly more for its exports than three or six months ago. This will have a significant impact on the current account deficit as seen in 2002 post the previous currency crisis. Concurrently we have already seen imports fall rapidly due to the weaker rand and the impact this has on demand for expensive imported goods. Fundamentally the rand is oversold and will come back somewhat from its current levels.

At the equity level we remain underweight commodities; looking at the greater macro picture it is evident that commodities have become an alternative asset class to equities. The negative correlation between the S&P and commodities is very clear. There is a lot of 'hot' money which has moved into commodities, helping to sustain current high levels despite the fact that growth in the world is slowing rapidly. When risk aversion reduces and we see money beginning to flow back into equities (and US equities in particular) we will see a very rapid unwind of the speculative positions in commodities, which will see these prices retreat significantly. We have seen a couple of false starts on this front already and once again it seems that this may be in the process of happening. During this recent commodity boom the commodity companies' cost of production has sky-rocketed due to a number of cost pressures; any negative move on the top line is likely to be magnified significantly on the bottom line through margin compression.

The net result is that we remain heavily skewed in our portfolio to non-commodity businesses and those commodity shares that we do own have their own specific drivers. Platinum is almost entirely SA produced and hence its cost of SA production will set the price, which gives us confidence in its ability to maintain margins. In addition our holding of Impala gives us access to its Zimbabwe operations which we believe are significantly undervalued by the market. Exxaro is one of the main independent coal producers in SA, given the planned introduction of three new coal fired power stations over the next eight years they stand to benefit significantly from the increased off-take.

In selecting companies to own it is crucial to look at the margin of safety and where the balance of the risk is skewed to the upside. We are very comfortable with the current portfolio given that most of the companies are pricing in most of the negative news and giving no credit for any potential upside. This is in contrast to a lot of the commodity shares which are priced for most of the good news and little room for disappointment.

In the rest of the portfolio we remain large holders of preference shares due to their great after tax return to unit holders, preferring these instruments over cash. We have also started to add some property as the yields on some stocks are now above that of government bonds; at last giving the investor a premium for the additional risk taken in investing in listed property. Given the available investment opportunities elsewhere we continue to have insignificant bond holdings.

Neville Chester
Portfolio Manager

CORONATION MARKET PLUS

Class A
as at 31 March 2008

CORONATION
FUND MANAGERS

Fund category
Fund description

Domestic Asset Allocation Flexible
Invests across various domestic and international asset classes, with a bias towards the equity market over the investment cycle.
2 July 2001

Launch date

Portfolio manager
Fund size
NAV
Benchmark/performance fee hurdle

Neville Chester
R1.1 billion
3547.50 cents
Composite Benchmark
(63% equity, 22% bonds, 10% International, 5% cash) + 2% p.a.

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Mar 2008
Domestic Assets	83.41%
Equity	64.42%
Oil & Gas	1.99%
Basic Materials	13.87%
Industrials	9.34%
Consumer Goods	8.43%
Healthcare	2.24%
Consumer Services	11.73%
Telecommunications	3.12%
Financials	14.48%
Derivatives	(0.78%)
Preference Shares & Other Securities	8.65%
Real Estate	4.38%
Fixed Interest	1.95%
Cash	4.01%
International Assets	16.59%
Equity	16.59%
Cash	0.00%

TOP 10 HOLDINGS

As at 31 March 2008	% of Fund
Coronation Global Equity Fund of Funds	14.52%
Standard Bank Group Ltd	5.76%
Impala Platinum Holdings Ltd	5.47%
Naspers Ltd	4.97%
Remgro Ltd	3.73%
BHP Billiton Plc	3.59%
Richemont Securities AG	3.48%
Bidvest Group Ltd	2.99%
Woolworths Holdings Ltd	2.48%
Firststrand Ltd	2.38%
Total	49.37%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31/03/2008	01/04/2008	28.76	22.59	6.17
30/09/2007	01/10/2007	30.31	24.24	6.07
31/03/2007	01/04/2007	27.70	15.49	12.21
30/09/2006	01/10/2006	38.34	28.57	9.77

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2008	-5.74%	6.41%	-2.35%									
Fund 2007	5.07%	0.53%	3.43%	3.79%	0.05%	-1.28%	-0.01%	1.02%	1.80%	5.15%	-3.81%	-1.96%
Fund 2006	6.30%	-0.01%	3.86%	1.27%	-3.24%	-0.92%	0.05%	3.16%	1.79%	5.92%	3.82%	4.30%

FEES (excl. VAT)

Initial Fee*	Coronation: 0.00% (Direct)
Annual Management Fee - performance related**	Minimum - standard: 1.25% Minimum - discounted: 0.75% Maximum: 3.75% Sharing rate: 20%

* An initial fee of 0.25% will be charged on all investments placed via administration platforms like Linked Investment Service Providers (LISP's).

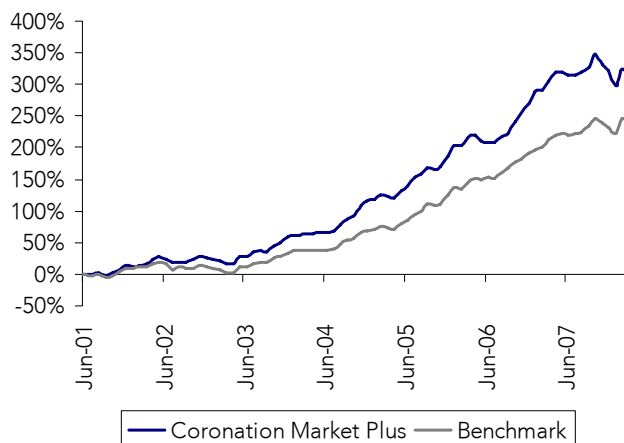
** A portion of Coronation's annual management fee may be paid to administration platforms like LISP's as a payment for administrative and distribution services.

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	-2.06%	2.94%	-5.00%
Latest 12 months	2.38%	10.65%	-8.27%
Latest 36 months (annualised)	22.78%	27.19%	-4.41%
Latest 60 months (annualised)	28.98%	29.10%	-0.12%
Since inception (annualised)	23.42%	21.17%	2.24%
2007	14.20%	14.17%	0.03%
2006	29.15%	31.33%	-2.18%
2005	33.05%	34.52%	-1.47%
2004	35.91%	28.41%	7.50%

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised deviation	11.43%	11.02%
Sharpe ratio	1.19	1.03
Maximum gain	36.70%	N/A
Maximum drawdown	-11.11%	N/A
Positive months	70.37%	N/A

Total Expense Ratio (TER)²

2.03% per annum, which includes a performance fee of 0.61%

When applicable, Coronation shares in the fund performance above the benchmark. This performance fee is accrued daily, based on performance over a rolling 12-month period, and paid to Coronation monthly. If the fund produces a positive return in line with or below the benchmark, a standard minimum fee will be levied. If the fund produces a negative return over a rolling 60-month period, the discounted minimum fee applies.

For further information regarding our fee structure please contact us or visit our website.