

The fund has had a relatively disappointing start to the year, with the benefit of rand depreciation being offset by declines in many of the SA and global stocks in the portfolio. As a result, the fund is marginally positive year-to-date and has appreciated by 5.7% over the past one-year period. Over longer time periods the performance remains compelling with a 19.9% annual return over the past 3 years, 21.6% over the past 5 years and 18.4% since inception 9 years ago. Importantly, these returns have been achieved with relatively low volatility (7.5% over the past 3 years and just over 10% since inception - which is almost half the volatility of both the MSCI World Index and the JSE all share index)

The fund's two largest SA equity holdings, Naspers and Tiger Brands, have both declined by around 30% over the past few months and this has had a negative impact on performance. The Naspers decline was driven largely by the announcement of an acquisition in December (Tradus) and the market's view that Naspers were overpaying for the asset and may issue equity to fund the transaction. Tiger Brands was impacted by the bread fixing scandal followed shortly thereafter by allegations of price fixing within Adcock Ingram.

We have maintained the fund's positions in both of these companies as our view appears to be somewhat different to that of the market:

- Naspers: we have done a considerable amount of research on Tradus (which can simplistically be described as the ebay of Eastern Europe) and hold the view that the potential for this asset is significant and that the price paid is quite likely to turn out to be far more attractive than the view taken by the market. Equity was not issued.
- Tiger Brands: while the allegations of price fixing are naturally disappointing and raises concerns about this being a wider practice within the Tigers group, we back the board under Lex Van Vught to fully investigate this issue and take appropriate corrective action. At the same time, it is rare that one is able to buy a stake in a company with the collection of great brands that Tigers owns on such an attractive valuation (8.5 forward PE multiple and dividend yield of almost 6%). One typically only gets such an opportunity when a company stumbles and investors are too focused on the short-term. It is our view that today is one such opportunity.

Global markets have declined by around 10% in dollars year-to-date. This decline has largely been indiscriminate, with the US, European, Japanese, Asian and most other Emerging Markets all declining by similar amounts. As a result, most of the fund's international stocks declined in their home currencies, with only the weakening rand providing some buffer to the fund, as over 70% of the fund is invested offshore.

The fund has a large position in the owners and operators of stock exchanges around the world and added to this position during the past few months with new purchases of the Hong Kong Exchanges & Clearing and Bovespa Holdings (operator of the Brazilian exchange). It is our view that stock exchanges are great businesses: they are typically monopolies with high barriers to entry, they enjoy positive operational gearing over time (due to an increasing revenue line driven by increased volumes, new products and rising equity markets over time, and a cost base that is largely fixed), and they require very little capital reinvestment, resulting in very attractive ROE's and large amounts of free cash flow generation. They are also the biggest beneficiaries of market volatility. Somewhat perversely they behave exactly the opposite (as though increased volatility has a negative impact on their businesses) over the shorter-term and typically experience large declines during periods of volatile, declining markets. Year-to-date, the Hong Kong Exchange has declined by 34%, Bovespa Holdings by 27%, the JSE by 25% and the NYSE by 22%, which in all cases is at least double the decline of the respective equity markets.

Let us consider the example of the JSE (although similar logic can be applied to all the exchanges): Year-to-date (January to March) volumes are up over 70%. With a cost base that is largely fixed we estimate that their net profit would be up approximately 150% over this period. While this is an extremely short period, there is little doubt that with these sorts of numbers, the JSE is growing its intrinsic value. Yet the share price declined by 25% over this same period, which in our view creates a great opportunity for the long-term investor (increasing business value and a decreasing share price). The fund already held positions in the JSE, NYSE, Nasdaq and Hellenic Exchanges and used the declines to add positions in the Hong Kong Exchange (the gateway to Asian/Chinese capital markets) and Bovespa Holdings (the gateway to Latin American capital markets).

We believe that the decline in global markets, as well as South African industrial and financial shares, has left many companies trading on the most attractive valuation levels seen in many years. The fund has taken advantage of this and is now just about fully invested in equities (89% in equities with the balance in cash) and in our view will benefit significantly over time from this positioning.

**Gavin Joubert**  
Portfolio Manager

Fund category  
Fund description

Worldwide Asset Allocation Flexible  
Aims to deliver long-term growth by investing in a combination of local and international investments across all asset classes.

## Launch date

15 March 1999

## Portfolio manager

Gavin Joubert

## Fund size

R1.3 billion

## NAV

3920.70 cents

## Benchmark/performance fee hurdle

CPIX + 5% p.a.

## PORTFOLIO DETAIL

## EFFECTIVE ASSET ALLOCATION EXPOSURE

	31 Mar 2008
<b>Equities</b>	<b>89.18%</b>
South Africa	23.16%
Europe	21.69%
United States	21.44%
Asia Pacific	11.02%
Latin America	7.14%
United Kingdom	3.21%
Japan	1.52%
<b>Cash</b>	<b>10.82%</b>
ZAR	4.28%
Other currencies	2.87%
Euro	1.91%
USD	1.76%

## TOP 15 HOLDINGS

As at 31 March 2008	% of Fund
Naspers Ltd – N ordinary shares	4.94%
Coronation Global Emerging Markets Flexible Fund	4.08%
Comgest Nouvelle Asie	3.36%
Woolworths Holdings Ltd	2.75%
Remgro Ltd	2.70%
Tiger Brands Limited	2.57%
Edinburgh Partners Opportunity Fund	2.48%
Limited Brands Inc	2.44%
Coca-Cola Femsa SAB	2.30%
Nasdaq Stock Market Inc	2.24%
Harley Davidson Inc	2.19%
Network Healthcare Ltd	1.95%
Dominos Pizza Inc	1.91%
NYSE Euronext	1.78%
Hong Kong Exchanges and Clearing	1.70%
<b>Total</b>	<b>39.39%</b>

## INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31/03/2008	01/04/2008	37.15	29.64	7.51
30/09/2007	01/10/2007	31.60	23.36	8.24
31/03/2007	01/04/2007	7.64	4.93	2.71
30/09/2006	01/10/2006	66.66	51.02	15.64

## MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2008	-2.37%	3.09%	-0.25%									
Fund 2007	5.19%	-2.06%	1.77%	1.99%	1.72%	-2.20%	-0.37%	0.41%	1.81%	2.22%	-0.89%	0.54%
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%

## FEES (excl. VAT)

<b>Initial Fee*</b>	Coronation: 0.00% (Direct)
<b>Annual Management Fee - performance related**</b>	Minimum: 1.00% Maximum: 3.50% Sharing rate: 15%

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

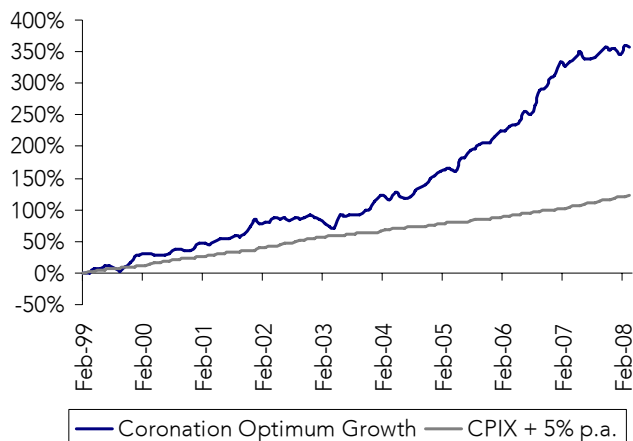
\*\* A portion of Coronation's annual management fee may be paid to administration platforms like LISP's as a payment for administrative and distribution services.

## 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 STATISTICS<sup>1</sup>

## CUMULATIVE PERFORMANCE SINCE INCEPTION



## PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Out-performance
Year to date	0.40%	3.94%	-3.54%
Latest 12 months	5.67%	14.43%	-8.75%
Latest 36 months (annualised)	19.86%	11.22%	8.65%
Latest 60 months (annualised)	21.55%	10.31%	11.23%
Since inception (annualised)	18.42%	11.55%	6.86%
2007	10.36%	8.99%	1.37%
2006	31.09%	9.97%	21.12%
2005	23.91%	9.03%	14.87%
2004	19.54%	9.29%	10.25%

## RISK AND RETURN STATISTICS SINCE INCEPTION

	Fund	MSCI World (ZAR)	ALSI
Annualised average return	19.02%	8.46%	24.11%
Annualised deviation	10.32%	18.67%	18.74%
Downside deviation	5.30%	10.15%	9.97%
Sharpe ratio	0.78	-0.18	0.62
Maximum gain	28.71%	44.31%	40.25%
Maximum drawdown	-11.72%	-51.40%	-30.43%
Positive months	70.37%	50.93%	59.26%

Total Expense Ratio (TER)<sup>2</sup>

1.51% per annum, which includes a performance fee of 0.23%

When applicable, Coronation shares in the fund performance above the benchmark. This performance fee is accrued daily, based on the fund's financial year to date performance, and paid to Coronation annually. If the fund produces a return in line with or below the benchmark for the relevant financial year to date, the minimum fee of 1.00% applies.

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