

PORTFOLIO MANAGER COMMENTARY

The global economy is in the midst of its sharpest economic slowdown since the days of the Great Depression. The slowdown has reached every corner of the world and South Africa is no exception.

Unnerved by the depressing economic news, most investors reigned in the risks in their overall portfolios. Consequently, global stock markets performed extremely poorly as investors headed for the safety of cash.

Policy makers around the world have, however, not just watched the global economy unravel but have taken massive steps to try and resuscitate their economies with a host of measures. Interest rates have been cut aggressively in almost every country in the world, while fiscal policy has become counter cyclical too.

South Africa is no exception to this approach. As the domestic economy cannot escape the global downturn, the Reserve Bank has responded by cutting interest rates by 200 basis points so far this year, while the budget, tabled in parliament in February, is appropriately stimulatory.

It is our view that the combined effect of all the stimulus measures will eventually work and that some economic recovery is likely.

More important to us than the unpredictable economic outlook, however, is the fact that many stocks have been sold down so aggressively that it offers excellent value. As a consequence, we have used the period of weak share prices to add to equities.

This fund is by design a very conservative product and our self-imposed maximum exposure to equities is only 40%. At the end of March the fund had an exposure of 30% to equities, of which 25% is in the domestic market and 5% international.

In addition to the 30% in equities, we also have 8% in preference shares and 3% in listed property.

As policy makers have focused entirely on stimulating economic growth, we are concerned about the longer-term implications for inflation. In an environment of very low interest rates and unprecedented issuance of new bonds to finance the huge government deficits, we find bonds an unattractive area of investment. The one area of the bond market where we do find value is in inflation-linked stocks. We have invested 5% of the portfolio in corporate inflation-linked stocks at real yields between 5.5% and 6%. We have also invested 2% in a US inflation-linked bond at a very favourable yield. These will provide protection against high inflation going forward.

We are likely to buy more of these inflation-linked bonds if the opportunity arises over the next quarter.

Despite the deep negative returns on stocks, we have managed to eke out a small positive return of 0.6% in the past quarter. Although the return of 4.2% over the past year is still materially behind our benchmark, our fund is one of the best performers in its category.

CORONATION BALANCED DEFENSIVE

CLASS A as at 31 March 2009

CORONATION
FUND MANAGERS

Fund category Domestic - Asset Allocation - Prudential Low Equity
Fund description The fund aims to provide a reasonable level of current income and seeks to preserve capital in real terms, with lower volatility over the medium to long-term.
Launch Date 01 February 2007
Portfolio manager/s Charles de Kock and Mark le Roux

Fund size R316.36 million
NAV 102.89 cents
Benchmark/Performance Fee Hurdle Alexander Forbes 3-month (STeFI) Index + 3% p.a.

Risk profile Cons Mod Aggr

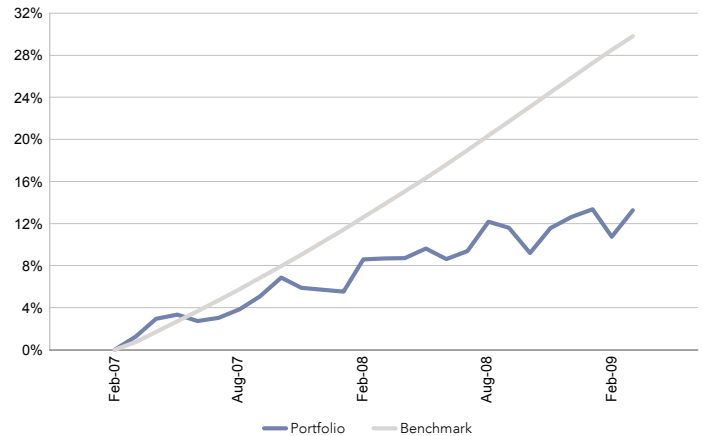
PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Mar 2009	
Domestic Assets	87.44%	
■ Equities	24.27%	
Oil & Gas	1.52%	
Basic Materials	2.82%	
Industrials	2.48%	
Consumer Goods	2.38%	
Health Care	0.40%	
Consumer Services	4.36%	
Telecommunications	2.58%	
Financials	4.70%	
Derivatives	3.04%	
■ Preference Shares & Other Securities	7.88%	
■ Real Estate	2.77%	
■ Bonds	8.02%	
■ Cash	44.50%	
International Assets	12.56%	
■ Equities	5.27%	
■ Bonds	2.40%	
■ Cash	4.90%	

PERFORMANCE AND RISK STATISTICS ¹

CUMULATIVE PERFORMANCE SINCE INCEPTION



TOP 10 HOLDINGS

As at 31 Mar 2009	% of Fund
Coronation Preference Share Fund B	7.11%
Coronation World Equity Fund	5.08%
MTN Group Ltd	2.58%
Standard Bank of SA Ltd	2.21%
Sasol Limited	1.52%
Anglo American Plc	1.24%
Naspers Ltd	1.17%
Reinet Investments SCA	1.10%
SABMiller Plc	0.95%
BHP Billiton Plc	0.88%
Total	23.84%

PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Inception (unannualised)	13.28%	23.81%	(10.54)%
Since Inception (annualised)	6.17%	10.80%	(4.63)%
Latest 12 months (annualised)	4.23%	11.72%	(7.49)%
Year to date	0.58%	2.65%	(2.08)%
2008	6.56%	11.71%	(5.15)%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Mar 2009	01 Apr 2009	2.29	0.99	1.30
31 Dec 2008	02 Jan 2009	1.75	0.32	1.43
30 Sep 2008	01 Oct 2008	1.87	0.32	1.55
30 Jun 2008	01 Jul 2008	1.52	0.12	1.40

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised Deviation	4.62%	0.31%
Sharpe Ratio	(1.14)	N/A
Maximum Gain	4.03%	N/A
Maximum Drawdown	(2.65)%	N/A
Positive Months	68.00%	N/A

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2009	0.64%	(2.29)%	2.28%									
Fund 2008	(0.16)%	2.91%	0.08%	0.02%	0.85%	(0.92)%	0.70%	2.55%	(0.52)%	(2.14)%	2.18%	0.94%
Fund 2007			1.25%	1.66%	0.40%	(0.60)%	0.29%	0.81%	1.17%	1.71%	(0.93)%	(0.17)%

FEES (excl. VAT)

Initial Fee	Coronation: 0.00%
Annual Management Fee*	1.50%

* 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	1.80% per annum
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Annual management fee discount:

If the fund delivers a negative return over a rolling 12-month period, then Coronation will forego the total annual management fee.

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.

Unit trusts should be considered a medium- to long-term investment. The value of units may go down as well as up. Past performance is not necessarily an indication of future performance. Unit trusts are traded at ruling prices and can engage in scrip lending and borrowing. Fluctuations or movements in exchange rates may cause the value of underlying investments to go up or down. Instructions must reach the Management Company before 2pm (12pm for the Money Market Fund) to ensure same day value. Fund valuations take place at approximately 15h00 each business day and forward pricing is used. Coronation is a Full member of the Association for Savings & Investment SA (ASISA). ¹Performance is quoted from Morningstar as at 31 March 2009 for a lump sum investment using Class A NAV prices with income distributions reinvested. Performance figures are quoted after the deduction of all costs incurred within the fund. ²The TER is calculated as a percentage of the average NAV of the portfolio incurred as charges, levies and fees in the management of the portfolio for a rolling 12-month period to end December 2008, as well as the actual performance fee incurred over the 12 months to end December 2008. A higher TER ratio does not necessarily imply a poor return nor does a low TER imply a good return. The current disclosed TER cannot be regarded as an indication of future TER's.