

## PORTFOLIO MANAGER COMMENTARY

The fund had a good quarter in a tough market, outperforming its benchmark by 0.8% p.a. over a rolling 3-year period (6.4% vs 5.6%) and 2.2% p.a. over rolling 5-year period (17.9% vs 15.7%). It continues to be one of the top performing funds in its sector over all longer-term periods.

The first quarter gave no respite to investors, with the MSCI World Index declining by 10% in the first two months of the year (after a 40% decline in 2008!). In such a brutal market very few investors have the stomach to buy equities. Most hedge funds ended February with low net equity exposures and many institutional equity managers seem to have 'thrown in the towel' and turned to cash as a source of alpha! As is so often the case, markets rallied when everyone least expected it; in March the MSCI World Index rallied by 7.6%, the MSCI Emerging Markets Index by 14.4% and gold declined by 2.4% (gold has become a very crowded place to hide). In all this volatility we continue to hold the view that:

- The global economy is likely to continue to perform poorly for a sustained period.
- Global equities have discounted the bad news and offer an extraordinary opportunity to the long-term investor.
- In a volatile market those investors who try and time the market will get it wrong more often than they will get it right.

Equities declined by 4.2% in the quarter, with resources increasing 1.6%. Industrials declined by 9.2% and financials declined by 7.0%. We feel that commodity stocks currently offer good opportunities to stock pickers. Some commodities are significantly above their long-term mid cycle levels, while others trade at distressed levels (below industry cost curves). We continue to find good value in Sasol and, more recently, in Exxaro (whose low cost, long-life coal assets are currently not being recognised by the market).

Banks led the Financial index down with a decline of 9.8%. We have been very underweight banks but bought aggressively in the quarter. At the market lows they were trading at price to book ratios of 1 and price earnings ratios of 6. While earnings are under pressure in a tough economic environment, we have full confidence in the stability of our banking system and its ability to ride out the cycle. Our banks are well capitalized and we do not expect them to have to make the extraordinary write-offs that have besieged their global peer group.

We have not made many changes in our industrial holdings. MTN remains the biggest holding in our fund. We continue to believe that it offers extraordinary value to the long-term investor. It currently trades at 8 times earnings a year out and we expect it to deliver above-market earnings growth for the next five years.

The bond market had a very weak quarter, returning -5.1%. In the previous quarter we commented on how unattractive bonds are and the fact that we had sold out of our position entirely. This remains the case today. Bond yields would need to increase significantly before we they offer value. However, we have recently bought corporate inflation-linked bonds, which we think offer great value – partly for their inflation protection but also because of the high credit spreads available in the market.

In conclusion, although the recent rally has calmed a few nerves, we cannot offer much insight as to whether it will hold these gains. This bear market has truncated investors' time horizons and we remain of the view that the opportunity set increases for long-term investors whenever emotion trumps reason (as is currently the case in many of the world's equity and fixed income markets).

# CORONATION BALANCED PLUS

CLASS A as at 31 March 2009

**CORONATION**  
FUND MANAGERS

**Fund category** Domestic - Asset Allocation - Prudential Variable Equity  
**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.  
**Launch Date** 15 April 1996  
**Portfolio manager/s** Louis Stassen and Karl Leinberger

**Fund size** R 3.17 billion  
**NAV** 4046.56 cents  
**Benchmark** Composite (63% equity, 22% bonds, 10% international, 5% cash)  
**Risk profile** Cons Mod Aggr

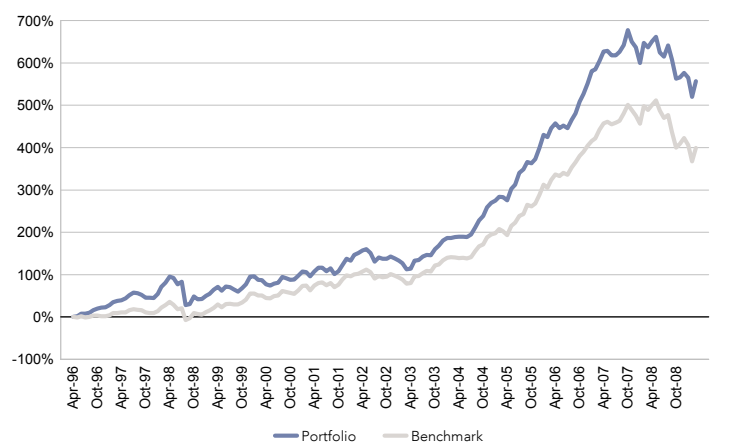
## PORTFOLIO DETAIL

### EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Mar 2009
<b>Domestic Assets</b>	<b>79.01%</b>
Equities	51.98%
Oil & Gas	2.51%
Basic Materials	8.59%
Industrials	5.38%
Consumer Goods	7.34%
Health Care	1.48%
Consumer Services	11.10%
Telecommunications	7.28%
Financials	9.84%
Technology	0.02%
Derivatives	(1.56)%
Preference Shares & Other Securities	0.09%
Real Estate	3.59%
Bonds	2.49%
Cash	20.87%
<b>International Assets</b>	<b>20.99%</b>
Equities	20.33%
Cash	0.66%

## PERFORMANCE AND RISK STATISTICS <sup>1</sup>

### CUMULATIVE PERFORMANCE SINCE INCEPTION



## TOP 10 HOLDINGS

As at 31 Mar 2009	% of Fund
Coronation World Equity Fund	12.75%
MTN Group Ltd	7.21%
Standard Bank of SA Ltd	5.42%
Naspers Ltd	4.92%
Coronation Global Emerging Markets Fund	4.53%
SABMiller Plc	2.66%
BHP Billiton Plc	2.55%
Sasol Limited	2.51%
British American Tobacco Plc	2.23%
Compagnie Financiere Richemont SA	2.11%
<b>Total</b>	<b>46.90%</b>

## PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Inception (unannualised)	556.49%	398.88%	157.62%
Since Inception (annualised)	15.68%	13.25%	2.43%
Latest 60 months (annualised)	17.86%	15.67%	2.19%
Latest 36 months (annualised)	6.35%	5.58%	0.77%
Latest 12 months (annualised)	(10.85)%	(15.32)%	4.47%
Year to date	(2.94)%	(4.50)%	1.56%
2008	(8.19)%	(9.16)%	0.97%
2007	13.10%	14.00%	(0.90)%
2006	30.46%	29.90%	0.56%
2005	35.00%	31.59%	3.40%

## INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Mar 2009	01 Apr 2009	131.97	89.72	42.25
30 Sep 2008	01 Oct 2008	85.24	41.30	43.94
31 Mar 2008	01 Apr 2008	49.12	17.54	31.58
28 Sep 2007	01 Oct 2007	58.49	23.34	35.15

## RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised Deviation	15.95%	14.60%
Sharpe Ratio	0.23	0.08
Maximum Gain	57.40%	29.32%
Maximum Drawdown	(34.29)%	(31.86)%
Positive Months	65.81%	63.23%

## MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2009	(1.64)%	(6.87)%	5.96%									
Fund 2008	(4.99)%	6.80%	(1.49)%	1.91%	1.49%	(4.84)%	(1.41)%	3.74%	(4.47)%	(6.45)%	0.44%	1.65%
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)%

## 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.

### 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.

Total Expense Ratio (TER) <sup>2</sup>	1.59% per annum
--	-----------------

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). <sup>1</sup>Performance 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. <sup>2</sup>The 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.