

PORTFOLIO MANAGER COMMENTARY

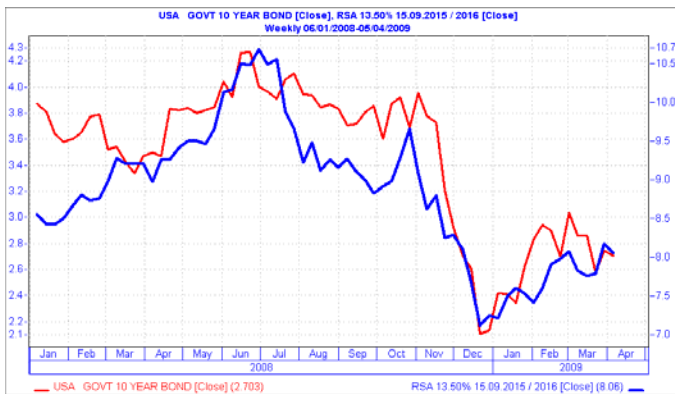
The bond market lost just over 5% in the first quarter of 2009. While losses were realised in January and February, the All Bond Index (ALBI) stabilised in March, however, against the backdrop of a significant difference in performance across maturity bands. For the quarter, short-dated bonds returned +2.3%, while the longest dated bonds (12 years and more) lost 10.8%. The short end was supported by a 200bp reduction in the repo rate since the start of the year as well as expectations of further aggressive easing. Meanwhile, the long end underperformed due to higher-than-expected inflation data and probably some concerns about the large amount of supply due to hit the market as well as a retracement in global bonds.

Bond and Money Market

Name	March 2009	3 months	6 months	12 months	Year-to-date
All Bond	0.04%	-5.1%	5.6%	13.1%	-5.1%
GOVI	0.01%	-4.8%	5.6%	12.9%	-4.8%
OTHI	0.15%	-6.4%	5.6%	14.0%	-6.4%
Bonds 1-3 Years	0.64%	2.3%	7.9%	13.7%	2.3%
Bonds 3-7 Years	0.06%	-2.3%	7.6%	14.4%	-2.3%
Bonds 7-12 Years	0.38%	-5.9%	5.7%	13.1%	-5.9%
Bonds 12+ Years	-0.50%	-10.8%	3.4%	13.4%	-10.8%
Cash	0.85%	2.8%	5.9%	12.3%	2.8%
Barclays BESA Govt Inflation-Linked Bonds	3.33%	2.4%	5.6%	10.4%	2.4%

Source: Deutsche Bank

Global bonds have been a significant driver of local bond yields over the past few months as can be seen in the chart below. Both global and local bond yields bottomed at the end of last year as the risk aversion/safe haven bid and concerns about a deepening global recession drove bond yields down. The response of the G7 (and other) policymakers, throwing large amounts of both fiscal and monetary stimulus into the pot to mitigate the economic crisis, saw bond yields rising again into 2009 as optimism about an eventual recovery took hold and a rotation into some risky assets was seen (the MSCI Emerging Markets index returned in excess of 14% in March and 1% year-to-date).

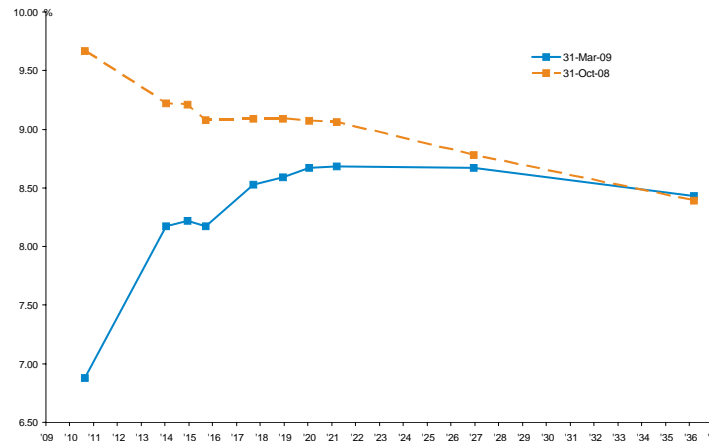


Source: I-Net Bridge

With regards to local fundamentals, there are conflicting influences on bonds. We are in a situation where the growth outlook has been continually downgraded and, while opinions vary on its extent, a recession has now become the consensus forecast. As an offset, however, the inflation outlook – which briefly looked very promising late last year – has taken a turn for the worse. Both January and February CPI numbers (released in February and March) surprised the market on the upside and the oil price appears to have arrested its decline.

Furthermore, funding pressures from the budget deficit, as well as funding for the parastatals' investment program, is set to add significantly to the supply of bonds. As the economy slows beyond original expectations, we have already seen the 2008/09 fiscal deficit revised wider to 1.2% of GDP (from a 1% of GDP estimate made just weeks earlier) and we are likely to see estimates for the 2009/10 deficit revised wider as well - probably in excess of 4% of GDP. While this is well below the kind of deficits being budgeted for among the G7, it will be the largest SA has seen since the 1996/97 fiscal. In addition, the total public sector borrowing requirement will be the biggest as a percentage of GDP since the 1980s.

Despite the gloomier inflation and supply pictures, markets remain focused on the poor growth outlook and on international precedent that has seen central banks slashing rates to support growth. There is also a continued expectation that the Reserve Bank, which has now cut interest rates by 250bp since December, will deliver further deep rate cuts. As a consequence, the yield curve has shown a sharp normalisation over the past few months as well. Market expectations of rate cuts have been scaled back somewhat on the worse-than-expected inflation data but are probably still too optimistic on the extent of the cutting cycle.



Source: Coronation

A major negative in March was that the corporate credit market has been performing very poorly over the past few months, with some significant spread widening seen in a number of the higher quality corporate credit bonds. In the eyes of the rating agencies the economic background has had a negative impact on cash flows and as a result they have downgraded a number of companies' credit ratings. This, coupled with a very illiquid market, resulted in a number of corporate bonds suffering significant mark-to-market knocks.

In the shorter term we believe that bonds may remain overvalued as the market continues to focus on slow growth and further repo rate reductions. In our view, the market is fundamentally expensive and the bond unit trust is now positioned underweight relative to the ALBI, while not being aggressively so as we realise that the growth background may support bonds in the shorter-medium term.

Fund category Domestic - Fixed Interest - Bond
Fund description Seeks to provide investors with a well diversified exposure to the SA bond market.
Launch Date 01 August 1997
Portfolio manager/s Mark le Roux

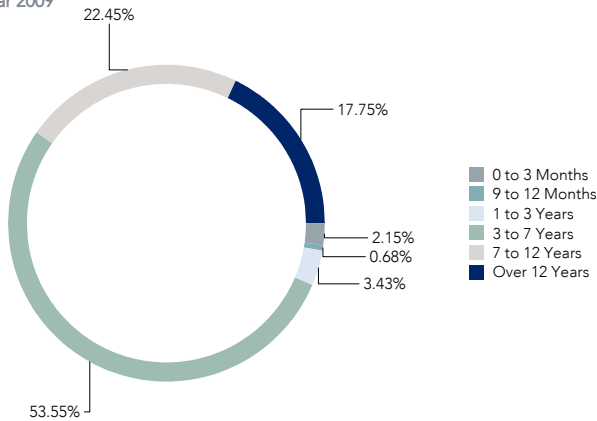
Fund size R247.43 million
NAV 1323.27 cents
Benchmark BEASSA ALBI Index
Risk profile

Cons Mod Aggr

PORTFOLIO DETAIL

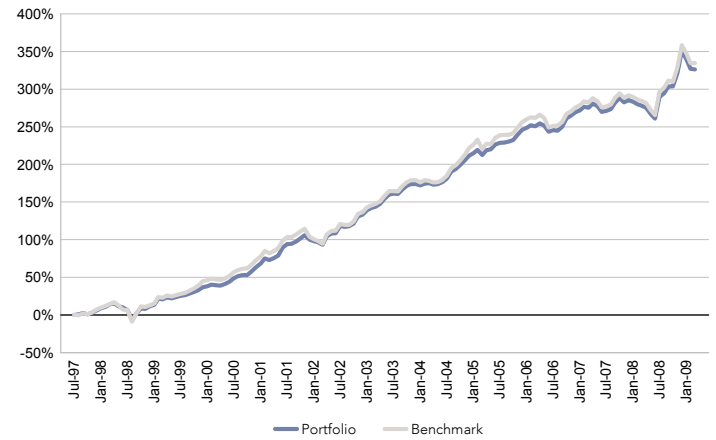
MATURITY PROFILE

As at 31 Mar 2009



PERFORMANCE AND RISK STATISTICS

CUMULATIVE PERFORMANCE SINCE INCEPTION



MATURITY PROFILE DETAIL

Sector	31 Mar 2009
0 to 3 Months	2.15%
9 to 12 Months	0.68%
1 to 3 Years	3.43%
3 to 7 Years	53.55%
7 to 12 Years	22.45%
Over 12 Years	17.75%

PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Inception (unannualised)	325.98%	334.67%	(8.69)%
Since Inception (annualised)	13.23%	13.42%	(0.20)%
Latest 60 months (annualised)	9.15%	9.33%	(0.19)%
Latest 36 months (annualised)	6.68%	6.31%	0.37%
Latest 12 months (annualised)	12.81%	13.09%	(0.28)%
Year to date	(5.59)%	(5.14)%	(0.45)%
2008	17.13%	16.97%	0.15%
2007	4.29%	4.21%	0.08%
2006	6.76%	5.48%	1.28%
2005	10.96%	10.80%	0.16%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Interest
31 Mar 2009	01 Apr 2009	54.92	54.92
30 Sep 2008	01 Oct 2008	54.77	54.77
31 Mar 2008	01 Apr 2008	51.29	51.29
28 Sep 2007	01 Oct 2007	53.11	53.11

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised Deviation	8.25%	9.59%
Sharpe Ratio	0.20	0.19
Maximum Gain	26.21%	26.36%
Maximum Drawdown	(19.02)%	(22.26)%
Positive Months	72.86%	72.14%

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2009	(2.55)%	(2.85)%	(0.28)%									
Fund 2008	(0.47)%	(0.90)%	(0.62)%	(0.58)%	(2.30)%	(1.61)%	8.03%	1.18%	2.37%	0.02%	4.24%	7.17%
Fund 2007	0.65%	1.25%	(0.27)%	1.47%	(0.95)%	(2.02)%	0.39%	0.68%	2.23%	1.59%	(1.39)%	0.67%

FEES (excl. VAT)

Initial Fee	Coronation: 0.00%
Annual Management Fee*	0.75%

* 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	0.86% per annum
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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 spread 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. 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.