

PORTFOLIO MANAGER COMMENTARY

The fund returned -5.8% for the first quarter of 2009. Over the same period the index returned -7.0%. Relative to its benchmark, the fund benefited from its holdings in the JSE, Liberty Life Holdings, Discovery and African Bank. During February the fund increased its exposure to Investec plc and Standard Bank, and this contributed to outperformance in the strong upward price moves in these shares in March. The notable detractors from performance were the fund's holdings in Eqstra, Peregrine and RMB Holdings. Over 3 and 5 years the fund has returned -2.1% and 15.4% respectively, outperforming the index over both periods.

The first two months of the quarter continued a brutal period for stocks globally and financial stocks in particular, with the FTSE/JSE Financial index down over 20% to its most recent trough in early March. The price movement subsequently has been remarkably strong – up about 20% - and has eased some of the pain for the quarter. This obviously raises questions as to whether we have seen the bottom. Calling peaks and troughs is not something that we try to do; we attempt to buy shares when we believe they are underpriced and negativity abounds and sell them when we believe the converse to be true. Having said that, there are a few points worth considering:

- From its peak in October 2007 to early March 2009, the value of the domestic financial sector has halved. Net asset values amongst the SA banks have all grown during this period and domestic insurers' embedded values have declined no more than 10%, despite the carnage in equity markets (we exclude Old Mutual from this analysis.)
- The market is a discounter (not always an efficient one) of future information. There is certainly more bad news to come from the world's economies; asset impairments, job losses and further economic contraction. But much of this news is being priced and at some point the market will look beyond this.
- Medicine is being applied. The inability of the global banking system to function properly is the greatest impediment to any sort of recovery. The programmes announced by the US Federal Reserve would appear to be a step in the right direction to restoring this functionality.

While each crisis has its own causes and characteristics, lessons can be learned from those that have gone before. When it comes to previous banking crises, the action taken in the Swedish crisis in 1992 is often pointed to as the most appropriate to restore balance sheet stability and confidence in the banking system. In this instance:

- Government provided a blanket guarantee on deposits.
- The banking system was fully recapitalized and systemically large banks were nationalized.
- A 'bad bank' was established into which delinquent assets were transferred, freeing up the remaining smaller 'good banks' to become viable private sector operators again.

In effect, these are the steps that the Fed has followed over the last few months. While we have not seen nationalization of large banks in the strict sense of the word, what we have seen is preference capital injections by the state. Mandatory stress-testing of balance sheets due for completion at the end of April should result in some clarity as to how much additional capital is required. The US government will ultimately end up owning a not insignificant stake in the US banking sector. The public-private investment program (PPIP) announced towards the end of March is an attempt to remove toxic assets from the banks' balance sheets. There is still a lot of uncertainty as to exactly how all of this will play out. Equity holders are likely to be diluted as part of the recapitalization and there are question marks over whether banks will be willing to sell assets into the PPIP at market prices. But the basic elements to deal with the crisis would appear to be in place, in the US at least, and at some point the market will look past the work-through and begin to discount this.

How does this impact on the SA financial sector? We mentioned that in the US equity holders are likely to be diluted in the recapitalization process. The anticipation of this, as well as the uncertainty of further large scale write downs, has resulted in developed market banks trading at discounts to their NAVs. There is in effect no confidence that the NAVs will not decline. We would argue that the South African banking sector, while certainly operating in a challenging environment despite a slew of anticipated rate cuts, is a different case. Our banks are comparatively well capitalized, and although earnings have declined in 2008 and are likely to decline again in the year ahead, we believe it is extremely unlikely that the banks will make losses. In other words, recapitalization is highly unlikely, and NAVs are intact and will grow. While some of this is reflected in the fact that our banks now trade at an average 1.3x price to book (which we still believe to be below a fair multiple), there was a stage during the quarter when they traded at a discount to NAV. It is for this reason that the fund remained fully invested during the period, and Standard Bank, the best capitalized of the local banks with little developed market exposure, now constitutes one quarter of the fund.

Markets will likely remain volatile as we muddle through the steps to rid the global financial system of its blockages. We will probably re-test the lows of early March. It's a low conviction view, but we think we've seen the bottom, in the financials at least. Importantly, this doesn't necessarily imply a rapid recovery. We are unable to time these things - although some of the negativity has faded, there is still plenty of it out there. Despite the run in March, we still consider SA financial stocks to be attractively valued. The fund remains fully invested in those stocks that we consider most mispriced.

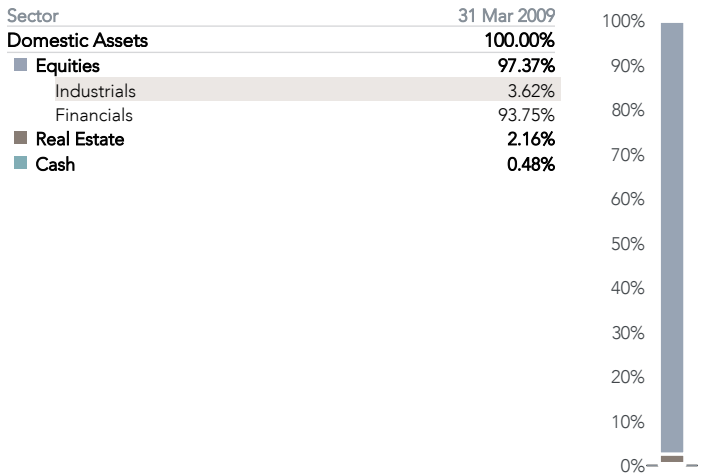
Fund category Domestic - Equity - Financial
Fund description Invests in a broad range of financial shares, including banks, insurance and investment companies.
Launch Date 01 July 1998
Portfolio manager/s Neill Young and Godwill Chahwahwa

Fund size R147.71 million
NAV 1974.07 cents
Benchmark FTSE/JSE Financial Index
Risk profile

Cons Mod Aggr

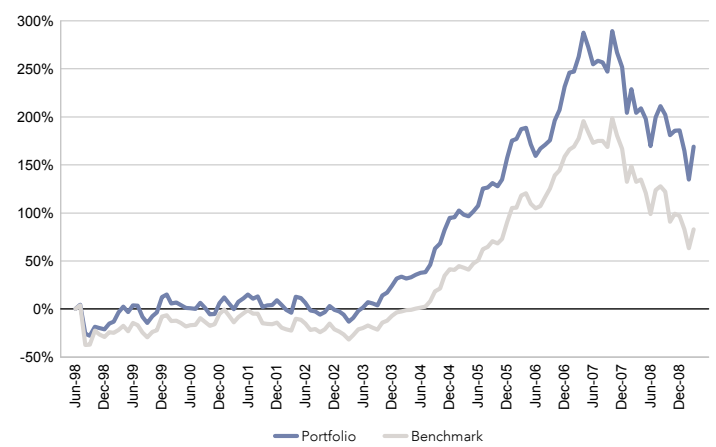
PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE



PERFORMANCE AND RISK STATISTICS

CUMULATIVE PERFORMANCE SINCE INCEPTION



TOP 10 HOLDINGS

| As at 31 Mar 2009 | % of Fund |
|---------------------------------|---------------|
| Standard Bank of SA Ltd | 26.96% |
| FirstRand | 12.37% |
| Investec Bank Limited | 10.78% |
| ABSA Group Limited | 9.42% |
| Discovery Holdings Ltd | 8.58% |
| Liberty Holdings Ltd | 6.18% |
| African Bank Limited | 5.92% |
| Johannesburg Stock Exchange Ltd | 4.06% |
| Sanlam | 3.39% |
| Coronation Fund Managers Ltd | 3.18% |
| Total | 90.84% |

PERFORMANCE FOR VARIOUS PERIODS

| | Fund | Benchmark | Outperformance |
|--------------------------------|----------|-----------|----------------|
| Since Inception (unannualised) | 169.16% | 83.06% | 86.10% |
| Since Inception (annualised) | 9.65% | 5.79% | 3.86% |
| Latest 60 months (annualised) | 15.36% | 13.16% | 2.20% |
| Latest 36 months (annualised) | (2.15)% | (5.68)% | 3.53% |
| Latest 12 months (annualised) | (11.56)% | (21.23)% | 9.67% |
| Year to date | (5.84)% | (7.01)% | 1.17% |
| 2008 | (18.71)% | (26.17)% | 7.46% |
| 2007 | 6.06% | 3.03% | 3.03% |
| 2006 | 28.83% | 35.83% | (7.00)% |
| 2005 | 32.02% | 34.69% | (2.67)% |

INCOME DISTRIBUTIONS

| Declaration | Payment | Amount | Dividend | Interest |
|-------------|-------------|--------|----------|----------|
| 31 Mar 2009 | 01 Apr 2009 | 105.06 | 104.06 | 1.00 |
| 30 Sep 2008 | 01 Oct 2008 | 64.50 | 62.40 | 2.10 |
| 31 Mar 2008 | 01 Apr 2008 | 38.10 | 37.03 | 1.07 |
| 28 Sep 2007 | 01 Oct 2007 | 10.40 | 9.58 | 0.82 |

RISK STATISTICS SINCE INCEPTION

| | Fund | Benchmark |
|----------------------|----------|-----------|
| Annualised Deviation | 22.58% | 24.79% |
| Sharpe Ratio | (0.07) | (0.22) |
| Maximum Gain | 53.63% | 80.40% |
| Maximum Drawdown | (39.75)% | (45.31)% |
| Positive Months | 58.91% | 59.69% |

MONTHLY PERFORMANCE RETURNS

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|-----------|----------|----------|---------|-------|---------|---------|--------|---------|---------|---------|---------|---------|
| Fund 2009 | (7.37)% | (11.39)% | 14.72% | | | | | | | | | |
| Fund 2008 | (13.50)% | 8.09% | (7.43)% | 1.55% | (3.55)% | (9.49)% | 11.09% | 3.79% | (2.84)% | (7.04)% | 1.70% | 0.04% |
| Fund 2007 | 4.43% | 0.27% | 4.47% | 6.87% | (3.85)% | (4.77)% | 1.00% | (0.47)% | (2.73)% | 12.21% | (5.75)% | (4.19)% |

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) ² | 1.45% 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). 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.