

PORTFOLIO MANAGER COMMENTARY

The year got off to a tumultuous start, much like the prior year ended. While the environment is difficult and share prices have fluctuated significantly, this level of irrationality does expose great investment opportunities. Bonds have also come to realise the reality of deficit spending will mean increased issuance, impacting negatively on their performance after a strong rally last year. In this volatile environment, the fund returned -3.1% against its benchmark down 4.0% - a great performance under these circumstances.

The criticism often raised against flexible funds is that they are never fully in cash at the beginning of a bear market nor fully invested at the start of a bull market. In our defence, this is obviously a pipe dream achievable only with hindsight vision. In our view, the objective of the flexible fund is to be underweight equity when it is expensive and overweight equity when it is cheap. The difference between these two statements is that often times the market will ignore what is expensive or cheap and track what sentiment is driving - either fear or greed. While we can never forecast sentiment with a great deal of certainty, we believe we can value businesses and looking at the long-term track record of the fund (even at this low point in global markets) is evidence of this. Since inception in July 2001, the fund has delivered 18% - comfortably beating inflation, its benchmark of 16% and pleasingly even the equity market of 15.5%. The bottom line of this explanation is that with the benefit of a long-term horizon we add significant value through stock selection and asset allocation to ensure that, based on our valuation of the various asset classes, the fund is appropriately structured at any point in time.

As we have mentioned earlier, what we cannot do is call market sentiment. A classic example of this is our investment in preference shares. We have long extolled the benefits of investing in quality preference shares given the massive sell-off they experienced due to rising money market rates and uncertainty over changes to STC. Despite clear evidence that the tax changes will not impact returns, and the prospect of a declining rate cycle, preference shares remained under pressure. This is great for funds that are prepared to take a longer-term outlook and we filled up on preference shares. As the number and pace of interest rate cuts have accelerated, the market is finally appreciating the after tax yield pick-up these instruments offer. The preference share portion of the fund has delivered a positive return of approximately 4.5% for the quarter, comfortably beating all other asset classes even before taking into account the tax benefit.

Despite this strong run-up in performance, the preference share portfolio in the fund is currently yielding $\pm 10\%$, equivalent to an 18% pre-tax yield vs money market rates around 9%.

In a similar vein but more difficult to dimension, we believe that a lot of listed equities are very attractive at current valuations. Equity market valuations have come back significantly due to the global turmoil but, once again, good companies as well as poor ones have been indiscriminately sold off. Despite what some global commentators might have you believe, inflation is still a very real risk and probably more of a concern now than it was previously. The unheard-of levels of liquidity created by global central banks will ultimately lead to higher levels of inflation. The only way to ensure that capital is preserved in real terms is to invest in equities and, given the attractive entry point the market is currently offering, we think it is important for the fund to be overweight equities.

Bonds remain unattractive although we have managed to add some inflation-linked bonds at very attractive real yields. Looking to the rest of 2009, high levels of volatility are likely but we believe the fund is well structured to continue to deliver inflation-beating returns over the long term.

Fund category Domestic - Asset Allocation - Flexible
Fund description Invests across various domestic and international asset classes, with a bias towards the equity market over the investment cycle.
Launch Date 02 July 2001
Portfolio manager/s Neville Chester

Fund size R994.85 million
NAV 3040.34 cents
Benchmark/Performance Fee Hurdle Composite (63% equity, 22% bonds, 10% international, 5% cash) + 2% p.a.

Risk profile Cons Mod Aggr

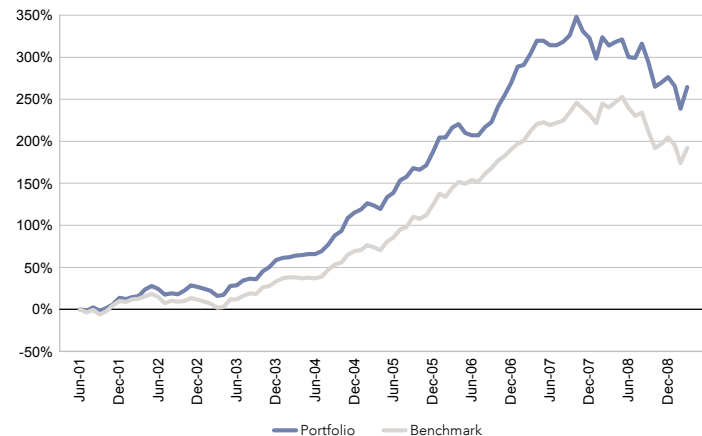
PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Mar 2009	
Domestic Assets	83.82%	
■ Equities	61.62%	
Oil & Gas	3.45%	
Basic Materials	10.36%	
Industrials	6.07%	
Consumer Goods	8.02%	
Health Care	2.02%	
Consumer Services	11.01%	
Telecommunications	7.56%	
Financials	12.35%	
Derivatives	0.77%	
■ Preference Shares & Other Securities	13.31%	
■ Real Estate	3.74%	
■ Bonds	4.20%	
■ Cash	0.95%	
International Assets	16.18%	
■ Equities	16.17%	
■ Preference Shares & Other Securities	0.01%	
■ Cash	0.00%	

PERFORMANCE AND RISK STATISTICS ¹

CUMULATIVE PERFORMANCE SINCE INCEPTION



TOP 10 HOLDINGS

As at 31 Mar 2009	% of Fund
Coronation World Equity Fund	11.38%
MTN Group Ltd	7.56%
Standard Bank of SA Ltd	6.44%
Naspers Ltd	5.43%
Sasol Limited	3.45%
SABMiller Plc	2.56%
BHP Billiton Plc	2.52%
Anglo American Plc	2.42%
Compagnie Financiere Richemont SA	2.04%
Netcare Limited	2.02%
Total	45.82%

PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Inception (unannualised)	264.67%	202.64%	62.04%
Since Inception (annualised)	18.17%	16.03%	2.14%
Latest 60 months (annualised)	17.33%	17.84%	(0.51)%
Latest 36 months (annualised)	4.86%	7.57%	(2.71)%
Latest 12 months (annualised)	(11.87)%	(13.37)%	1.49%
Year to date	(3.12)%	(4.00)%	0.89%
2008	(10.91)%	(7.21)%	(3.70)%
2007	14.20%	16.00%	(1.81)%
2006	29.15%	31.99%	(2.85)%
2005	33.05%	34.52%	(1.47)%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Mar 2009	01 Apr 2009	91.03	75.26	15.77
30 Sep 2008	01 Oct 2008	65.22	52.89	12.33
31 Mar 2008	01 Apr 2008	28.76	22.59	6.17
28 Sep 2007	01 Oct 2007	30.31	24.24	6.07

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised Deviation	12.49%	12.11%
Sharpe Ratio	0.64	0.32
Maximum Gain	36.70%	29.32%
Maximum Drawdown	(24.39)%	(23.62)%
Positive Months	67.74%	66.67%

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2009	(2.87)%	(7.35)%	7.66%									
Fund 2008	(5.74)%	6.41%	(2.35)%	1.05%	0.71%	(4.97)%	(0.26)%	4.31%	(5.22)%	(7.56)%	1.33%	1.83%
Fund 2007	5.07%	0.53%	3.43%	3.79%	0.05%	(1.28)%	(0.01)%	1.02%	1.80%	5.15%	(3.81)%	(1.96)%

FEES (excl. VAT)

Initial Fee	Coronation: 0.00%
Annual Management Fee - performance related*	Minimum - standard: 1.25% Minimum - discounted: 0.75% Maximum: 3.75% Sharing Rate: 20.00%

* 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 1.39% per annum, which includes a performance fee of 0.01%

When applicable, Coronation shares in the fund performance above the benchmark. This performance fee is accrued daily, based on performance over a rolling 12-month period, and paid to Coronation monthly. If the fund produces a positive return in line with or below the benchmark, the standard minimum fee will be levied. If the fund produces a negative return over a rolling 60-month period, the discounted minimum fee applies.

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

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.