

## PORTFOLIO MANAGER COMMENTARY

The extreme volatility of 2008 did not abate going into 2009. At one point in the first few months of the year, global markets declined (in dollars) by another 25% after last year's 40% decline. March, however, saw a sharp reversal in markets and the MSCI World Index ended the first quarter down 11.3% (in ZAR) after being down more than double this at one point. Additionally, there are signs that differentiation between individual stocks has started to emerge and, compared to 2008 when correlations between individual stocks were 100% and the selling was indiscriminate, valuation therefore has started to matter.

The fund declined by 4.6% during the first three months of the year, with the US technology holdings and the fund's emerging market exposure being the main positive contributors within the fund's equity exposure, which obviously was a negative contributor overall. We have maintained the fund's high equity exposure (80% to 90% range) as a result of our view that the extremely cheap valuations globally far outweigh the negative macroeconomic outlook. Approximately 70% of the fund is invested offshore with 30% in South Africa, largely concentrated in two individual positions - MTN and Naspers. The balance of the fund is invested in cash as we hold the view that government bonds are ridiculously overvalued and that, whilst the spreads in corporate bonds are attractive, a de-rating in government bonds would largely offset any narrowing of corporate spreads.

The largest industry exposure in the fund is now in emerging market mobile telecommunications (12.5% of fund), which we feel is one of the most attractive areas globally today. The biggest position by some way is MTN (8.1% of fund), followed by smaller positions in America Movil (2.3% of fund), China Mobile (1.0% of fund) and Vodafone (1.0% of fund). Mobile penetration (the percentage of the population that have mobile phones) in emerging markets is still low, the earnings streams are relatively defensive (mobile phones have become more of a necessity than a luxury for the average user) and the valuations are in the single digits, with many years of above average growth ahead.

The table shows the subscriber progression of three of the emerging market mobile operators held in the fund. China Mobile, for example, had 246 million subscribers in December 2005. They then added 55 million subscribers in 2006, 68 million in 2007 and 88 million in 2008, taking their total subscribers to 457 million as at 31 December 2008. Together, the three operators had 730 million subscribers – an astonishing number - between them at the end of 2008. Penetration rates in China are only 48% (48 out of every 100 individuals in China has a mobile phone), in Nigeria (one of MTN's main markets) they are 36% and in Mexico and Brazil (America Movil's two key markets) they are around 70%. This compares with 100% to 150% penetration rates in first world countries. It is our view that these three companies will add at least another 500 million subscribers between them over the next five years, resulting in strong earnings growth for some time to come. Another important point to highlight from the table is the subscribers that were added in the fourth quarter of 2008 – from this, and from our discussions with the companies, there has been only a marginal negative impact on their businesses from the global credit crisis. MTN is now on an 8.3 forward PE on our numbers, America Movil an 8.7 PE and China Mobile an 8.5 PE excluding their \$20 billion net cash pile.

Another area that we continue to find particularly attractive is that of the large US technology companies, including Microsoft, Google, Cisco, Dell and eBay - these five holdings represent 11% of the fund. Most of these businesses have dominant market positions (in particular the former three), diversified geographic earnings streams (approximately half of their earnings coming from outside the US in all cases), strong balance sheets (all have net cash positions, ranging from 10% to over 40% of their current market capitalisations) and four out of the five trade on single digit multiples, excluding these cash piles.

The list of high quality stocks that we find extraordinarily cheap today can go on forever – the big global brewing companies (Heineken and Carlsberg), some of the large global food companies (Nestle and Heinz) and a few of the stock exchanges (Deutsche Boerse, in particular). It is our view that the fund is now invested in some of the best businesses in the world that are trading at all time low valuation levels. We have no idea what markets will do over the shorter-term but we do believe that the fund is extremely well positioned to generate above average returns over the next few years.

Emerging Market mobile telephony: 3-year subscriber annual growth				
Total Wireless Subscribers (m)				
	China Mobile	America Movil	MTN	Total
Dec-05	246.7	93.0	23.2	362.9
Add 2006	54.6	31.8	16.9	103.3
Dec-06	301.2	124.8	40.1	466.1
Add 2007	68.1	28.6	21.3	118.0
Dec-07	369.3	153.4	61.4	584.1
Add 2008	87.9	29.3	29.3	146.5
Dec-08	457.3	182.7	90.7	730.7
Net adds Q4 2008	22.4m	10.1m	10.0m	
Total subs added				
In last 3 years	210.6	89.7	67.5	367.8
Growth in subs	85%	96%	291%	101%

# CORONATION OPTIMUM GROWTH

CLASS A as at 31 March 2009

**CORONATION**   
FUND MANAGERS

**Fund category** Worldwide - Asset Allocation - Flexible  
**Fund description** An international rand-based fund that invests in a combination of local and international investments across all asset classes to deliver long-term growth.  
**Launch Date** 15 March 1999  
**Portfolio manager/s** Gavin Joubert

**Fund size** R799.62 million  
**NAV** 2755.70 cents  
**Benchmark/Performance Fee Hurdle†** CPI + 5% p.a.  
**Risk profile**

Cons Mod Aggr

## PORTFOLIO DETAIL

### EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Mar 2009
<b>Equities</b>	<b>88.06%</b>
South Africa	31.60%
North America	20.74%
Europe	15.55%
Asia	8.51%
Japan	6.50%
Latin American	5.16%
<b>Cash</b>	<b>11.94%</b>
USD	7.11%
ZAR	4.74%
Other	0.09%

### TOP 10 HOLDINGS

As at 31 Mar 2009	% of Fund
MTN Group Ltd	8.12%
Naspers Ltd	5.74%
Coronation GEM Flexible Fund	5.72%
CF Morant Wright Japan Fund	4.30%
Microsoft Corp	2.93%
AVI Ltd	2.61%
eBay Inc	2.61%
Comgest Nouvelle Asia	2.60%
Google Inc	2.48%
Pfizer Inc	2.44%
<b>Total</b>	<b>39.55%</b>

### INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Mar 2009	01 Apr 2009	29.60	26.43	3.17
30 Sep 2008	01 Oct 2008	27.68	25.03	2.65
31 Mar 2008	01 Apr 2008	37.15	29.64	7.51
28 Sep 2007	01 Oct 2007	31.60	23.36	8.24

### MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2009	(0.39)%	(8.14)%	4.27%									
Fund 2008	(2.37)%	3.09%	(0.25)%	(1.71)%	2.17%	(8.50)%	(6.13)%	1.56%	(5.52)%	(6.17)%	(3.99)%	0.63%
Fund 2007	5.19%	(2.06)%	1.77%	1.99%	1.72%	(2.20)%	(0.37)%	0.41%	1.81%	2.22%	(0.89)%	0.54%

### FEES (excl. VAT)

<b>Initial Fee</b>	Coronation: 0.00%
<b>Annual Management Fee - performance related*</b>	Minimum: 1.00% Maximum: 3.50% Sharing Rate: 15.00%

\* 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.

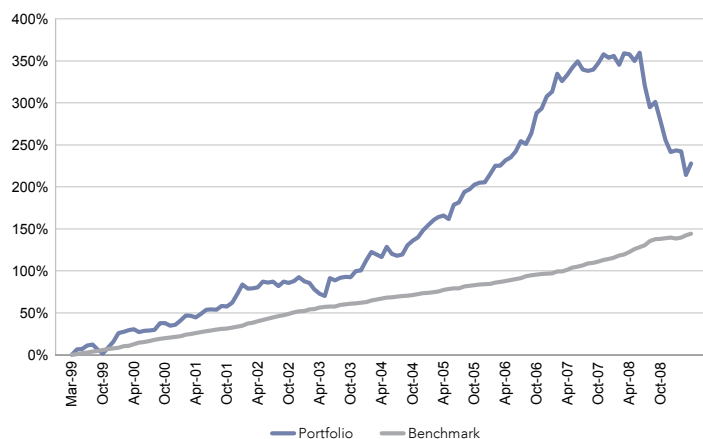
**Total Expense Ratio (TER)<sup>2</sup>** 1.28% per annum, which includes a performance fee of 0.00%

When applicable, Coronation shares in the fund performance above the benchmark. This performance fee is accrued daily, based on the fund's financial year to date performance, and paid to Coronation annually. If the fund produces a return in line with or below the benchmark for the relevant financial year to date, the minimum fee of 1.00% applies. For further information regarding our fee structure please contact us or visit our website.

†Benchmark Methodology - From January 2009 CPIX was replaced with a newly reweighted and rebased CPI. The benchmark is calculated using a combination of the official month-to-month CPIX numbers pre-January 2009 and the new CPI from January 2009.

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

### CUMULATIVE PERFORMANCE SINCE INCEPTION



### PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Inception (unannualised)	227.72%	165.11%	62.61%
Since Inception (annualised)	12.60%	11.88%	0.72%
Latest 60 months (annualised)	8.63%	11.40%	(2.77)%
Latest 36 months (annualised)	(0.40)%	13.25%	(13.65)%
Latest 12 months (annualised)	(28.42)%	14.26%	(42.68)%
Year to date	(4.59)%	3.52%	(8.11)%
2008	(24.67)%	15.33%	(40.01)%
2007	10.36%	13.57%	(3.21)%
2006	31.09%	9.97%	21.12%
2005	23.91%	9.03%	14.87%

### RISK STATISTICS SINCE INCEPTION

	Fund	MCSI World (ZAR)	ALSI
Annualised Average Return	13.34%	3.78%	17.93%
Annualised Deviation	11.61%	18.71%	19.93%
Downside Deviation	8.22%	11.13%	12.30%
Sharpe Ratio	0.18	(0.46)	0.26
Maximum Gain	28.71%	44.31%	40.25%
Maximum Drawdown	(31.64)%	(51.40)%	(40.44)%
Positive Months	66.67%	48.33%	58.33%

### 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). <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 performance fee accrued over the above period. Although the performance fee as included in the TER is calculated over the above period, the actual performance fee calculation and payment corresponds with the fund's financial year end. 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.