

PORTFOLIO MANAGER COMMENTARY

The year started in positive territory for preference shares with the fund returning 3.88% for the quarter against the FTSE/JSE Preference Share Index return of 4.04%. In this bounce, what we consider to be riskier preference shares e.g. Imperial preference shares outperformed at a time when our fund was defensively positioned in predominantly banking preference shares. We continue to believe that this is the correct strategy for the fund given current turbulent economic conditions and we will continue to expose the fund only to those shares where we believe the risk of capital loss is limited. Economic activity in South Africa has been negatively impacted by the global slowdown and there will be a follow-through to many sectors and businesses. Our challenge will be to resist the temptation of slightly better yields at the expense of exposing the fund to potential capital loss.

The last quarter was especially good for the fund in terms of dividends received. The fund distributes all dividends actually received and during this quarter, we received dividends from our big holdings in the banks namely Absa, FirstRand, Standard Bank and Nedbank. These holdings combined account for over 70% of the fund and hence the size of the distribution for the quarter was larger than the previous quarter. Within the distribution, there is always a small component of interest on the cash balances in the fund, which we endeavour to keep to a minimum.

The Reserve Bank Governor commenced cutting interest rates from the December 2008 Monetary Policy Meeting and since then rates have been cut by 2.5% with potentially more cuts still to come. Preference shares yield a dividend that is linked to the prime interest rate and therefore we have seen preference share yields fall during this period. Currently bank preference shares are yielding between 9.5% and 12.4% while corporate preference shares yield between 12.1% and 14.4%. Based on our current holdings in the fund, we therefore estimate a gross yield of 10.6% for the fund.

This year's budget address by the finance minister did not yield any surprises for the preference share asset class in the area of dividend tax except to clarify that dividend tax will only come into effect in the second half of 2010. We continue to hold the view that preference share investors will not be affected by this transition as the issuers of these instruments have committed to grossing up the yield to compensate for the dividend tax so that the investor is not prejudiced.

Preference shares continue to offer very attractive after tax yields in an environment where interest rates are falling. In the short term, capital values of these instruments may be volatile but less of an issue when held over the longer term. We continue to be defensively positioned in the fund, while we weather the financial storms around us but are always on the lookout for opportunities to enhance returns for our investors.

CORONATION PREFERENCE SHARE

CLASS A as at 31 March 2009

CORONATION
FUND MANAGERS

Fund category Domestic - Fixed Interest - Varied Specialist
Fund description Aims to maximise yield in the form of dividend income by investing in a range of quality listed preference shares
Launch Date 02 October 2006
Portfolio manager/s Tania Miglietta and Godwill Chahwahwa

Fund size R426.13 million
NAV 88.63 cents
Benchmark/Performance Fee Hurdle Alexander Forbes 3-month (STeFI) Index, adjusted for maximum individual tax rate

Risk profile Cons Mod Aggr

PORTFOLIO DETAIL

ASSET ALLOCATION AND EXPECTED EFFECTIVE YIELD

As at 31 Mar 2009	Weight	Annualised Yield	Contributions to overall Yield
Bank issued preference shares	82.15%	10.28%	8.44%
Corporate issued preference shares	11.94%	12.37%	1.48%
Convertible preference shares	0.63%	7.30%	0.05%
Ordinary equity	0.00%	0.00%	0.00%
Cash (pre-tax)	5.28%	11.60%	0.61%
Gross Yield			10.58%
Less: Total expense ratio ²			(0.71%)
Less: Trading costs ²			(0.28%)
Net expected effective yield			9.59%

This yield estimate is provided to give an indication of the achievable yield for an investment made at the reporting date. Actual experience may differ, based on changes in market values, official interest rates and changes in costs actually experienced during the investment period.

TOP 10 HOLDINGS

As At 31 Mar 2009	Yield	Rating
Absa Preference Shares	9.70%	AA+
Standard Bank Group Cum Pref Shares	9.50%	AA
Nedbank Non Cum Prefs	10.60%	AA
Firststrand Limited Pref Shares	10.00%	AA-
Firststrand Securities -pref Share	10.10%	AA-
Investec Limited Preference Shs	12.40%	AA-
Investec Non Red Cum Pref	12.30%	A+
Network Healthcare Pref	12.30%	A+
African Bank Pref	11.40%	A-
Grinrod Limited Prefs	12.10%	BBB-

INCOME DISTRIBUTIONS

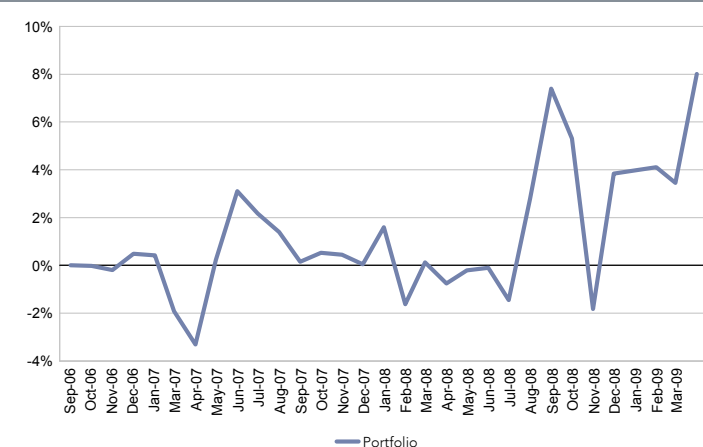
Declaration	Payment	Amount	Dividend	Interest
31 Mar 2009	01 Apr 2009	3.91	3.80	0.11
31 Dec 2008	02 Jan 2009	1.59	1.32	0.27
30 Sep 2008	01 Oct 2008	2.98	2.82	0.16
30 Jun 2008	01 Jul 2008	1.94	1.82	0.12

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2009	0.13%	(0.63)%	4.40%									
Fund 2008	(3.18)%	1.79%	(0.89)%	0.56%	0.10%	(1.35)%	4.32%	4.46%	(1.94)%	(6.77)%	5.77%	0.13%
Fund 2007	(0.07)%	(2.32)%	(1.41)%	3.66%	2.86%	(0.91)%	(0.75)%	(1.23)%	0.37%	(0.08)%	(0.40)%	1.56%

PERFORMANCE AND RISK STATISTICS

CUMULATIVE PERFORMANCE SINCE INCEPTION



PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Inception (unannualised)	8.01%	16.81%	(8.81)%
Since Inception (annualised)	3.13%	6.23%	(3.10)%
Latest 12 months (annualised)	8.83%	7.03%	1.80%
Year to date	3.88%	1.59%	2.29%
2008	2.34%	7.03%	(4.69)%
2007	1.11%	5.64%	(4.53)%

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised Deviation	8.87%	0.37%
Sharpe Ratio	(0.89)	(1.75)
Maximum Gain	8.97%	28.02%
Maximum Drawdown	(8.58)%	0.00
Positive Months	46.67%	100.00%

FEES (excl. VAT)

Initial Fee	Coronation: 0.00%
Annual Management Fee	0.60%
Total Expense Ratio (TER) ²	0.71% 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. 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.