

PORTFOLIO MANAGER COMMENTARY

Compared to other asset classes, local listed property has exhibited its defensive qualities since the start of the year. Given the stellar total return of 33.5% in the second half of 2008, one could easily forgive returns for losing some momentum. While underperforming the FTSE/JSE All Share Index in March, the -1.4% return on listed property for the first three months of the year compares favourably with the -4.2% returned on equities. In addition, taking into account the 96bps upward movement in the yield of the benchmark R157 government bond, listed property investors can be relatively satisfied with what the sector has delivered in the past quarter.

One major supporting factor for the sector was the continued strong distribution growth reported by many companies during the period. Most of the results met market expectations, with the average year-on-year distribution growth still coming in above 10%. There was, however, a rather big disparity between distribution growth, from as high as 19% to close to zero. Pressures from both a funding and tenant perspective are weighing on future distribution growth prospects resulting in guidance for future results being muted, in line with the global and local economic environment.

The potential of corporate activity within the sector caused for some excitement as Redefine announced its firm intention to acquire fellow Madison-managed ApexHi as well as Madison itself. Redefine related strongly on the back of the announcement as it will serve as vehicle for the margin unlock in the Madison fee margins and resultant strong once-off distribution growth.

The fund underperformed the benchmark domestic property funds mean return for the quarter. In addition, it also underperformed the domestic listed property index. Positions in stocks like Liberty International, Growthpoint, Fountainhead and Hyprop vs those in the broader peer group, led the fund to underperform the benchmark domestic property funds mean return. The substantial exposure to especially Hyprop and Fountainhead differentiate the fund from the peer group and although the short-term performance has been hampered due to this exposure, the long-term strength of the underlying property portfolios bode well in the current economic environment. In addition, the long-term stability in the income streams of these two funds should bode well for the immediate future as sector revenues may come under pressure.

Growthpoint continues to be important in the life of the sector. Thus, despite being marginally underweight relative to the domestic listed property index, the 20% holding in the fund remains important. The volatility of Growthpoint's share price has increased substantially since its inclusion in the FTSE/JSE Top 40 Index, and is resulting in the share being much more closely correlated with the performance of general equities due the broader shareholder base.

Liberty International remains under pressure. With the risk within the broader UK listed property market of breaching debt terms, many firms announced capital raisings through rights issues.

The fund marginally increased exposure to Liberty International in the subsequent weakness of the sector as many of the sector's main companies announced dilutive rights issues to strengthen balance sheets. Unfortunately this increase was too early as, the uncertainty created by Liberty International's absence of a capital raising announcement and continued risk of covenant breach weighed the share price down a further 23%. This was despite releasing results that were relatively in line with market expectations.

Notwithstanding the prospects of lower interest rates, funding rates within the sector should remain fairly stable. Counter to lower interest rates, any newly negotiated borrowing would be granted at higher margins than that of the last two to three years, with margins having shifted out by between 100bps and 150bps. The viability of the securitisation market as alternative funding source has also decreased substantially, with limited capacity at higher spreads. For any new development, bank requirements for an equity capital portion and percentage preleasing have also increased, making speculative development (which is mostly debt funded) unlikely. Fortunately, the favourable swap curve at the end of 2008 has made it possible for many funds to refinance expiring swaps at rates very similar to fixes achieved at the previous bottom of the interest rate cycle.

At present, occupancy costs seem to be the single biggest issue for many landlords, specifically among smaller retailers taking strain due to higher electricity costs and rates. Second to smaller retailers, smaller industrial tenants, followed by office tenants, are taking strain. Therefore, rentals have probably peaked for the next year or two. In addition, retailers may have reached trading densities plateaus as well. Trends surfacing in the recent results of both landlords and retailers include that value retailers are gaining market share, with increased spend on basic goods, resulting in specifically rural retail holding up its own. In terms of the industrial market, the demand for greater than 20 000m² warehouse boxes has dried up, while pressure has started to come through in the mini-industrial market. Office tenants have remained fairly resilient, although SAPOA vacancy numbers point to upside risk in increased vacancies.

Landlords have become much more risk averse during the last few months. The focus has shifted to tenant retention rather than portfolio expansion. Retaining tenants is key for landlords who want to limit the foreseeable increase in vacancies, thereby also sidestepping the payment of letting commissions to acquire new tenants or tenant installation costs.

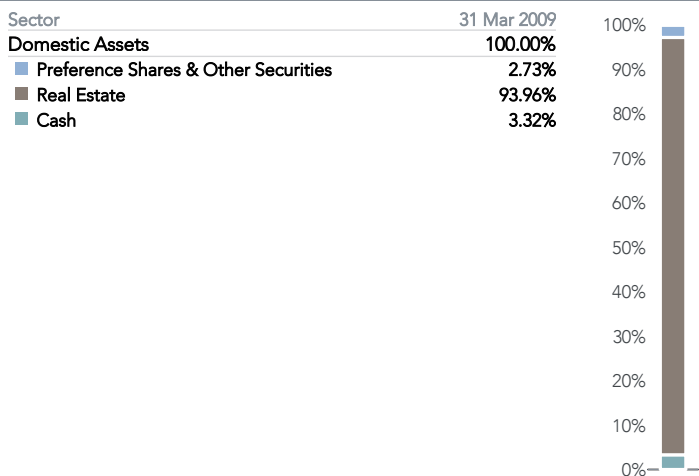
The current weakness in listed property prices, closely correlated to the performance of the equity market, has created the opportunity for income seeking investors to increase their exposure relative to other income yielding asset classes. Locking in yields of above 10% for the next 12 months is possible and despite guidance being muted, the potential for growth in these income streams remains in place. To manage the prevailing economic risks, the key is to be positioned in quality portfolios, management teams and transparency in conjunction with more certain cash flows. The fund is positioned to benefit from such an anticipated flight to quality.

Fund category Domestic - Real Estate - General
Fund description Invests in quality listed property assets with the aim to produce high income yields and sustained long-term capital growth.
Launch Date 20 November 2000
Portfolio manager/s Edwin Schultz and Anton de Goede

Fund size R823.90 million
NAV 2577.00 cents
Benchmark Domestic Real Estate General Mean
Risk profile Cons Mod Aggr

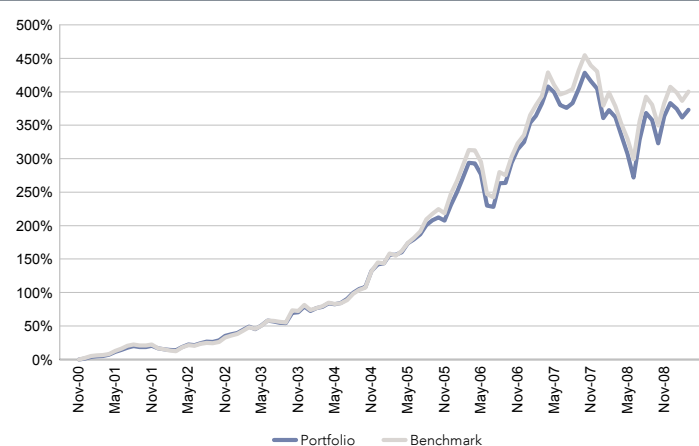
PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE



PERFORMANCE AND RISK STATISTICS

CUMULATIVE PERFORMANCE SINCE INCEPTION



TOP 10 HOLDINGS

As at 31 Mar 2009	% of Fund
Growthpoint Properties Ltd	20.12%
Hyprop Investments Ltd	17.06%
Fountainhead Property Trust	11.57%
Acucap Properties Ltd	10.80%
Resilient Property Income Fund	9.10%
Apex Hi A Properties	7.75%
Redefine Income Fund	6.39%
Capital Property Fund	3.74%
Hospitality Properties Ltd	3.39%
Foord Compass Ltd Debentures	2.73%
Total	92.66%

PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Inception (unannualised)	372.85%	400.19%	(27.35)%
Since Inception (annualised)	20.49%	21.31%	(0.82)%
Latest 60 months (annualised)	21.46%	22.72%	(1.27)%
Latest 36 months (annualised)	6.29%	6.60%	(0.31)%
Latest 12 months (annualised)	2.30%	4.53%	(2.23)%
Year to date	(2.10)%	(1.41)%	(0.69)%
2008	(4.30)%	(4.29)%	(0.01)%
2007	18.79%	21.76%	(2.97)%
2006	28.40%	25.19%	3.21%
2005	36.69%	42.07%	(5.38)%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Mar 2009	01 Apr 2009	62.76	0.00	62.76
31 Dec 2008	02 Jan 2009	29.75	0.00	29.75
30 Sep 2008	01 Oct 2008	55.55	2.78	52.77
30 Jun 2008	01 Jul 2008	42.61	3.84	38.77

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised Deviation	14.96%	15.17%
Sharpe Ratio	0.69	0.73
Maximum Gain	54.76%	40.98%
Maximum Drawdown	(29.69)%	(28.03)%
Positive Months	67.00%	64.00%

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2009	(1.72)%	(2.77)%	2.45%									
Fund 2008	(8.73)%	2.59%	(2.19)%	(6.03)%	(6.26)%	(8.71)%	15.28%	9.24%	(2.25)%	(7.61)%	9.61%	4.24%
Fund 2007	6.76%	2.30%	3.97%	5.27%	(1.68)%	(3.78)%	(0.93)%	1.51%	4.36%	4.84%	(2.38)%	(2.20)%

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.

Total Expense Ratio (TER) ²	1.44% per annum
--	-----------------

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.