PORTFOLIO MANAGER COMMENTARY

Performance

The fund returned -3.46% for the quarter, against -1.03% for the benchmark. For the past year, the fund returned -47% against -42% for the benchmark.

After a period of underperformance in a fund with a record of consistently outperforming the benchmark, investors have a right to start asking hard questions. After all, 2008 was the first calendar year since 2001 in which we have underperformed our benchmark. None of the questions from our investors, however, can be as tough as the questions we pose to ourselves.

Firstly, let us assure investors that nothing has changed in our investment philosophy or process and we still remain convinced of our ability to outperform the benchmark over longer-term periods. We would be very worried if recent underperformance was a result of us changing our philosophy or process, or if it causes us to abandon our proven philosophy. This was not the case.

A large part of our underperformance relates to not owning enough BHP Billiton, and our large Mondi position. We sold BHP too early but still believe this company is relatively expensive at the moment (notwithstanding the undeniable quality of assets and management). The fact that Mondi declined in price just makes us more excited for the future returns from this investment.

Did we make mistakes? Of course we did. Our largest mistake when faced with overvalued large companies was to buy too many of the smaller companies we thought offered better value. In hindsight, this unfortunately proved to be wrong as the inevitable weaker management teams, corporate governance and balance sheets accompanying the companies proved to be value destructive in a few cases. We have sold the companies where the investment cases have been permanently impaired and weren't reflected in reduced share prices.

Portfolio

When building your portfolio, we strive to ignore the constant noise in the market and identify undervalued and mispriced companies based on long-term valuations. We will take large positions based on fundamental research.

At the moment, the portfolio is quite concentrated, but with a diversification across sectors. Our top holdings are Impala Platinum, Sasol, Anglo American, Mondi and AngloGold.

We like the long-term fundamentals of the platinum and oil markets, hence the large Impala and Sasol positions. Both are low cost producers in their markets. AngloGold is our favourite (and only) gold share, with low cost, long-life operations and a new management willing to focus on cash flows.

In dollars, you can now buy Anglo American at the same price you could in 1994. There are reasons for the underperformance but this company still owns fantastic assets and is now very cheap. Mondi is similarly unloved and did not benefit from the commodity boom.

We are happy with the fund's positioning as it stands and look forward to outperforming the benchmark in future.

The future

"Invert, always invert" was the motto of one of the greatest mathematicians of all time, Carl Jacobi and also a favourite of Warren Buffet right-hand, Charlie Munger.

We are often asked for our outlook on the cyclical commodity sector - a nearly impossible question as it pertains to forecasting the essentially unknowable future. In this note, we will look at this question backwards. Instead of discussing what we think will happen, we will examine what you are paying for currently. This will lead us to determining our returns under a whole range of different scenarios.

At the moment, the resource sector clearly offers much greater value than it did nine months ago. On our calculations, based on long-term average real earnings and long-term PE multiples, the sector as a whole already prices:

- A 50% to 60% drop in earnings;
- Normal or "through-the-cycle average" earnings about 35% below current but 50% above the long-term real average.

Our conundrum is that share prices have not fallen as much as commodity prices. In other words, the market is looking through currently very low commodity spot prices and already discounting better earnings sometime in the future. This is a very rational assumption, as commodity prices have throughout history cycled from high to low values. Unfortunately this also means that now is not a once-in-20-year opportunity where the market is so pessimistic that it is priced for very bad conditions to endure far into the future.

Relative to the rest of the market, the sector again doesn't stand out as massively over- or undervalued.

Overall, we think the resources sector is priced rationally. It is not pricing in the worst outcome of a three to five-year recession and is pricing in at least something for continued Chinese growth in future. If this eventuates, an investor will make market related returns over a three to five-year period. If the outcome is much better (due to either very strong emerging market growth or a quicker recovery in developed economies) or worse, your actual returns will differ. The current PE on historic earnings is 8.8x versus a 20x of some nine months ago.

Unsurprisingly, your returns from investing in the resource sector, as always, are dependent on the actual economic outcomes in future. Investors have to come to their own conclusions but we don't think the valuation of the sector as a whole offers a compelling opportunity.

We are far more excited about future returns from the fund than for the sector as a whole. We see very specific opportunities and have positioned the fund as such. For example, the fund's current average PE is 5.4x versus the 8.8x of the sector. In the fund, you are currently only paying for a much more bearish outcome than described above and should do better than the sector no matter what the economic future actually holds.

CORONATION RESOURCES

CLASS A as at 31 March 2009

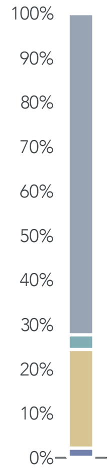
CORONATION FUND MANAGERS

Fund category	Domestic - Equity - Resources & Basic Industries	Fund size	R114.34 million
Fund description	Invests in a broad range of resource and basic industry counters that are affected by changes in the commodity cycle.	NAV	5246.61 cents
Launch Date	01 October 1999	Benchmark	Resources & Basic Industries Sector Mean
Portfolio manager/s	Henk Groenewald and Duane Cable	Risk profile	Cons / Mod / Aggr

PORTFOLIO DETAIL

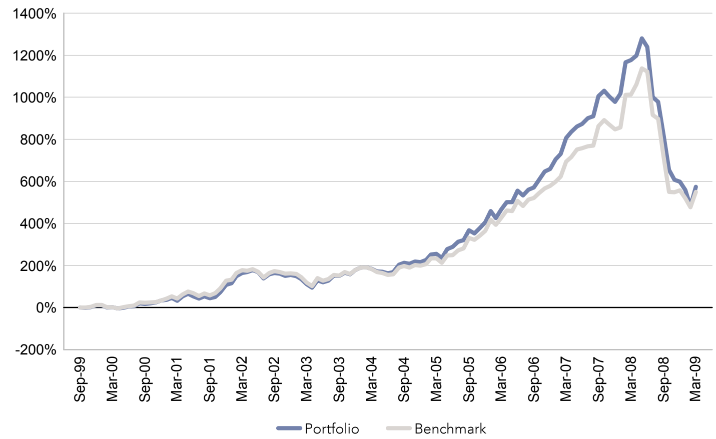
EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Mar 2009
Domestic Assets	**75.63%**
Equities	**72.31%**
Oil & Gas	13.20%
Basic Materials	58.64%
Industrials	0.47%
Cash	**3.32%**
International Assets	**24.37%**
Equities	**24.27%**
Cash	**0.10%**



PERFORMANCE AND RISK STATISTICS [1]

CUMULATIVE PERFORMANCE SINCE INCEPTION



TOP 10 HOLDINGS

As at 31 Mar 2009	% of Fund
Impala Platinum Holdings Ltd	14.21%
Sasol Limited	13.20%
Anglo American Plc	12.86%
Mondi Plc	11.02%
Anglogold Ashanti Ltd	9.95%
BHP Billiton Plc	7.55%
OAO Gazprom Reg	3.81%
Pallinghurst Resources Ltd	3.27%
Exxaro Resources Ltd	3.19%
Zimplats Holdings Ltd	2.98%
Total	**82.03%**

PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Inception (unannualised)	573.60%	550.32%	23.28%
Since Inception (annualised)	22.24%	21.78%	0.45%
Latest 60 months (annualised)	18.89%	18.20%	0.69%
Latest 36 months (annualised)	5.92%	7.23%	(1.32)%
Latest 12 months (annualised)	(47.22)%	(41.58)%	(5.63)%
Year to date	(3.46)%	(1.03)%	(2.43)%
2008	(35.24)%	(30.65)%	(4.60)%
2007	41.82%	39.49%	2.33%
2006	50.13%	46.05%	4.08%
2005	60.04%	55.63%	4.40%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Mar 2009	01 Apr 2009	23.74	22.09	1.65
30 Sep 2008	01 Oct 2008	87.32	83.57	3.75
31 Mar 2008	01 Apr 2008	39.88	25.30	14.58
28 Sep 2007	01 Oct 2007	49.52	37.48	12.04

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised Deviation	24.68%	24.27%
Sharpe Ratio	0.48	0.47
Maximum Gain	93.37%	75.65%
Maximum Drawdown	(57.90)%	(53.39)%
Positive Months	63.16%	62.28%

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2009	(5.64)%	(11.79)%	15.99%									
Fund 2008	3.75%	13.32%	0.74%	1.77%	6.22%	(2.94)%	(17.77)%	(2.10)%	(14.63)%	(17.99)%	(6.28)%	(1.35)%
Fund 2007	5.81%	3.21%	9.33%	3.02%	2.87%	1.20%	2.91%	0.82%	9.47%	2.41%	(2.45)%	(2.39)%

FEES (excl. VAT)

Initial Fee	Coronation: 0.00%
Annual Management Fee*	1.00%

* 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.

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]	1.16% per annum

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