CORONATION SMALLER COMPANIES

CLASS A as at 31 March 2009

CORONATION FUND MANAGERS

PORTFOLIO MANAGER COMMENTARY

The fund had a reasonable first quarter of 2009 relative to competitors and the indices (see table), however, disappointed on an absolute basis. The fund was down 6.95% for the quarter.

The start of this year has been a follow-on from 2008; the smaller the stock, the worse the performance. For the quarter (and rolling 1-year), the performance of the various indices representing the fund's investable universe was as follows:

Index	3 months	12 months
Mid Cap	-4.4	-12.9
Small Cap	-6.4	-28.3
Fledgling	-11.3	-39.7
Alt X	-30.2	-60.2

As is evident, there has been a flight from the smaller, often less robust, smaller companies. This is common in a market averse to risk, with investors preferring to invest in the more established and larger market capitalisation companies. This has resulted in some very attractively valued shares in the small cap/fledgling/AltX space. Until risk appetites return, we do not expect a rebound from these smaller companies. When the market turns, however, it will be these smaller companies which will in all likelihood outperform the larger mid cap companies.

We have not adopted a specific strategy to seek value and invest in these small, bombed-out counters. Instead, we have taken the opportunity to invest in quality businesses at attractive valuations. Our investments in AECI and Dawn are examples of this.

AECI is a business that has been around for decades. Its main asset is Chemserve, the chemicals distribution company. This is a fantastic business which, when separately listed, attracted a premium rating. It is interesting to note that in its latest published results, Chemserve made an operating profit of R851 million, or R612 million of after tax profits (if taxed at the statutory rate). We know that this was a bumper year for Chemserve, but nonetheless, taking the market capitalisation of the entire AECI (R5.3 billion) and using only Chemserves earnings, equates to a PE of 8.7. In other words, one can easily argue that Chemserve alone is worth more than the current market capitalisation of AECI. What we haven't taken into account is AECI's mining solutions business, AEL, nor the extensive land owned by AECI, which has been conservatively valued at R2.5 billion. AECI also has a fair amount of debt (but significantly less than the value of the land) which needs to be factored in. Bottom line, AECI is significantly undervalued.

The last time the Dawn share price traded at 700c (close to its current price), was in late 2005. In that year, the company made 53 cents of headline earnings per share. Since then, the company has made some fantastic acquisitions and has shown very strong organic growth, such that the company should report headline earnings per share of around 150 cents for its July 2009 financial year. The bizarre fact is that despite earnings being close on 3 times greater than they were in 2005, the share price is roughly the same as it was then (Dawn is trading at 690 cents today). It may have been slightly overvalued back then, but it is most certainly undervalued today.

We are bullish on the prospects for the fund in the medium to long term. The fund is populated with some quality companies on undemanding ratings as well as some companies which we think offer over 100% upside. In the short term, we cannot say with any certainty what the fund will do but we remain of the opinion that buying quality shares (or unit trusts) at attractive prices is the best long-term investment policy.

CORONATION SMALLER COMPANIES

CLASS A as at 31 March 2009

CORONATION FUND MANAGERS

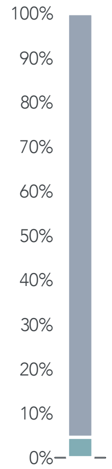
Fund category	Domestic - Equity - Smaller Companies
Fund description	Invests in small and mid-capitalisation companies, developing industries and recovery shares.
Launch Date	01 April 1997
Portfolio manager/s	Alistair Lea

Fund size	R89.17 million
NAV	2659.39 cents
Benchmark	Composite: FTSE/JSE Africa Mid & Small Cap Indices
Risk profile	Cons / Mod / Aggr

PORTFOLIO DETAIL

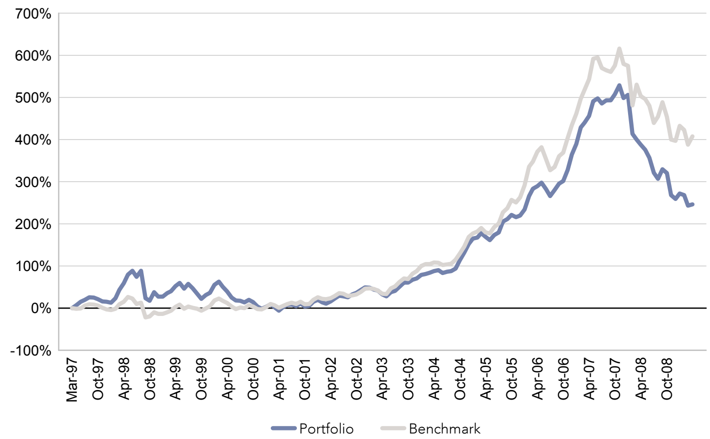
EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Mar 2009
Domestic Assets	**100.00%**
Equities	**95.38%**
Basic Materials	11.41%
Industrials	44.33%
Consumer Goods	11.41%
Health Care	0.98%
Consumer Services	15.54%
Financials	10.38%
Technology	1.34%
Cash	**4.62%**



PERFORMANCE AND RISK STATISTICS [1]

CUMULATIVE PERFORMANCE SINCE INCEPTION



TOP 10 HOLDINGS

As at 31 Mar 2009	% of Fund
Famous Brands Ltd	5.59%
Iliad Africal Ltd	5.18%
AVI Ltd	5.05%
Ceramic Industries Ltd	4.62%
Omnia Holdings Ltd	4.33%
AECI Ltd	3.81%
DAWN Ltd	3.69%
Country Bird Holdings Limited	3.55%
ADVTECH Ltd	3.48%
Astrapack Ltd	3.47%
Total	**42.78%**

PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Inception (unannualised)	246.05%	407.59%	(161.54)%
Since Inception (annualised)	10.90%	14.50%	(3.60)%
Latest 60 months (annualised)	12.97%	19.53%	(6.56)%
Latest 36 months (annualised)	(3.86)%	2.49%	(6.35)%
Latest 12 months (annualised)	(29.05)%	(15.86)%	(13.19)%
Year to date	(6.95)%	(4.73)%	(2.22)%
2008	(38.65)%	(21.09)%	(17.57)%
2007	23.80%	20.27%	3.53%
2006	46.72%	43.26%	3.46%
2005	25.94%	41.37%	(15.43)%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Mar 2009	01 Apr 2009	41.84	37.99	3.85
30 Sep 2008	01 Oct 2008	35.65	33.94	1.71
31 Mar 2008	01 Apr 2008	26.59	24.44	2.15
28 Sep 2007	01 Oct 2007	17.00	14.87	2.13

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised Deviation	22.57%	19.77%
Sharpe Ratio	(0.04)	0.14
Maximum Gain	67.21%	62.56%
Maximum Drawdown	(50.21)%	(38.18)%
Positive Months	61.11%	59.72%

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2009	(1.08)%	(6.66)%	0.78%									
Fund 2008	(15.34)%	(2.52)%	(2.51)%	(2.52)%	(3.93)%	(7.77)%	(3.45)%	5.52%	(1.99)%	(12.45)%	(2.50)%	3.57%
Fund 2007	7.95%	2.20%	2.91%	6.22%	1.25%	(2.07)%	1.29%	0.03%	2.45%	3.47%	(4.84)%	1.30%

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]	1.21% 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). [1]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. [2]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 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.

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