

## PORTFOLIO MANAGER COMMENTARY

The year got off to a tumultuous start, much like the prior year ended. While the environment is difficult and share prices have fluctuated significantly, this level of irrationality does expose great investment opportunities. The index returned -4.1% for the quarter against the fund's return of -4.3%, which was very credible in a period of irrational selling and huge risk aversion.

On that point, I think it is necessary to spend a little time on gold - the highly popular risk aversion trade in the market at the moment. Despite the very painful lessons meted out in 2008 about funnelling huge amounts of financial assets into commodities, we seem to be back there again; except the commodity now in question is gold. Due to a long tradition from the days when buggies were drawn by horses and mail was carried by pigeons, gold has retained its lustre as a safe haven when all else is risky. As a result, when times are tough - as they certainly are now - a large amount of speculative money finds its way into the buying of physical gold.

Crucially, the first mistake is to be investing into an asset class after all the news is in the market. While buying gold a few years ago may have been a good idea (this fund did participate in the AngloGold rights issue in May last year) it is not such a good idea now that it is clearly the consensus market trade. When for the first time ever a gold coin company advertises during the Superbowl, you know it is not a contrarian bet! Secondly, the underlying premise of someone buying gold today is that they will be selling it tomorrow. As the famous allegorical tale of King Midas reveals, you cannot live off gold into perpetuity and other than a brief attempt to add gold flakes to Sambuca in the 1990's, gold can generally not be safely consumed! The buyers of gold today will at some point be sellers as they use the gold to purchase other assets or to consume. As there is no yield from gold, the only way to profit is to sell it to someone else at a higher price. Just make sure that you aren't the last person at the end of that chain! As surely as the gold price rises when speculative money flows in, it will decline as that speculative money flows out in search of the next new investment idea.

As a result, the fund has no exposure to gold\*, either directly through an ETF or via the mining companies that extract it from the ground. As investors who follow an approach of investing based on the solid grounds of long-term valuation, we currently find no opportunity here. We are, however, very cognisant of the fact that the global environment is tough and as a result own businesses whose earnings are defensive in that they tend to hold up during cyclical downturns. These businesses, due to the irrational sell-off we alluded to at the start of the note, are currently very cheap. As a bonus they are still strongly cash generative and paying great dividends to their shareholders, giving a running yield which can be used for consumption or re-investing without the need to sell the shares while they are cheap.

We are also looking to add to some of the more cyclical shares that are now heavily out of favour and looking very cheap. We have absolutely no clarity as to when the global economy will recover but we do have a lot of confidence that it will recover given the global concerted effort currently underway. Therefore, where we find attractively valued companies that are more exposed to the cycle we will continue to add these to the portfolio. The only guarantee we can give is that in the short term markets will remain volatile but again emphasise that this is what creates the opportunities to ensure that the superb long-term track record of the fund is continued.

*\*This is not strictly true. The fund has exposure to All Gold tomato sauce, one of the key brands in the Tiger Brands group. While not your traditional gold, when the chips are down, it's the type we prefer.*

**Fund category** Domestic - Equity - Large Cap  
**Fund description** Aims to outperform the FTSE/JSE Top 40 Index, is actively managed and typically holds no more than 20 large cap stocks at any point in time.  
**Launch Date** 01 October 2000  
**Portfolio manager/s** Neville Chester

**Fund size** R 1.36 billion  
**NAV** 4662.63 cents  
**Benchmark/Performance Fee Hurdle** FTSE/JSE Africa Top 40 Index  
**Risk profile** Cons Mod Aggr

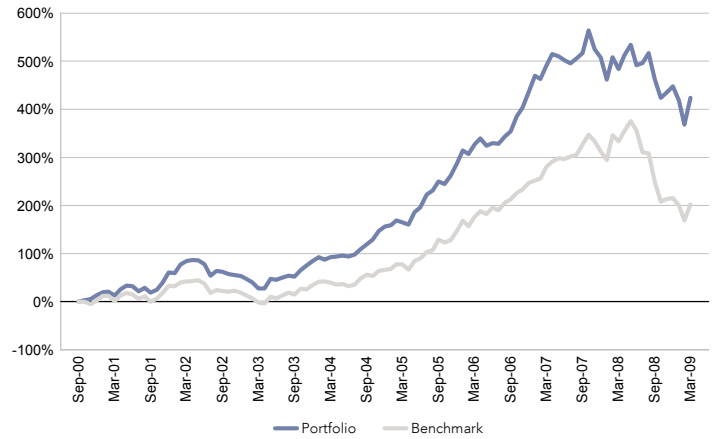
## PORTFOLIO DETAIL

### EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Mar 2009	
<b>Domestic Assets</b>	<b>100.00%</b>	
■ <b>Equities</b>	<b>100.37%</b>	
Oil & Gas	5.51%	
Basic Materials	22.11%	
Industrials	9.74%	
Consumer Goods	9.86%	
Health Care	3.10%	
Consumer Services	14.44%	
Telecommunications	11.38%	
Financials	24.23%	
■ <b>Cash</b>	<b>(0.37)%</b>	

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

### CUMULATIVE PERFORMANCE SINCE INCEPTION



## TOP 10 HOLDINGS

As at 31 Mar 2009	% of Fund
MTN Group Ltd	11.38%
Standard Bank of SA Ltd	9.99%
Naspers Ltd	9.95%
Anglo American Plc	6.05%
Sasol Limited	5.51%
Exxaro Resources Ltd	5.41%
SABMiller Plc	5.20%
Tiger Brands Ltd	4.66%
Compagnie Financiere Richemont SA	4.49%
Arcelormittal SA Ltd	4.34%
<b>Total</b>	<b>66.99%</b>

## PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Inception (unannualised)	424.17%	202.25%	221.92%
Since Inception (annualised)	21.52%	13.90%	7.62%
Latest 60 months (annualised)	22.16%	16.76%	5.40%
Latest 36 months (annualised)	7.06%	3.09%	3.97%
Latest 12 months (annualised)	(10.17)%	(30.26)%	20.09%
Year to date	(4.32)%	(4.08)%	(0.23)%
2008	(9.89)%	(23.58)%	13.68%
2007	13.54%	18.97%	(5.43)%
2006	38.61%	40.90%	(2.28)%
2005	50.87%	48.24%	2.64%

## INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Mar 2009	01 Apr 2009	209.46	207.04	2.42
30 Sep 2008	01 Oct 2008	93.07	91.71	1.36
31 Mar 2008	01 Apr 2008	33.40	29.59	3.81
28 Sep 2007	01 Oct 2007	57.68	55.34	2.34

## RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised Deviation	18.99%	21.11%
Sharpe Ratio	0.60	0.18
Maximum Gain	38.58%	37.42%
Maximum Drawdown	(31.72)%	(43.42)%
Positive Months	62.75%	59.80%

## MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2009	(5.49)%	(9.54)%	11.92%									
Fund 2008	(7.62)%	8.29%	(4.06)%	4.97%	3.54%	(6.67)%	0.76%	3.50%	(8.80)%	(6.94)%	2.08%	2.44%
Fund 2007	6.38%	(1.17)%	4.99%	4.01%	(0.68)%	(1.29)%	(1.18)%	1.67%	1.85%	7.65%	(5.82)%	(2.76)%

## FEES (excl. VAT)

Initial Fee	Coronation: 0.00%
Annual Management Fee - performance related*	Minimum - standard: 1.00% Minimum - discounted: 0.50% Maximum: 3.50% Sharing Rate: 20.00%

\* 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>	0.77% 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 performance over a rolling 12-month period, and paid to Coronation monthly. If the fund produces a positive return in line with or below the benchmark, the standard minimum fee will be levied. If the fund produces a negative return over a rolling 12-month period, the discounted minimum fee applies.

For further information regarding our fee structure please contact us or visit our website.

### 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 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.