

PORTFOLIO MANAGER COMMENTARY

The global economy continues its recovery in almost all regions as inventories are being rebuilt from extremely depleted levels. The increased economic activity has contributed to rising consumer and business confidence.

Financial markets, buoyed by the better economic news, have continued the strong recovery which started in March 2009 with a further surge in the first quarter of the 2010. Interest rates are still extraordinarily low in the developed world, prompting asset managers to look for higher returns in the emerging world. Emerging currencies, including the rand, therefore also remain firm supported by these massive portfolio flows.

The South African economy is also on the recovery road with most recent data releases surprising on the positive side. Inflation has moved back into the target range and the South African Reserve Bank saw it fit to cut the repo rate by a further 50 basis points in late March. Following an expansionary budget tabled in February, economic policy should be supportive of the economy in the year ahead.

Looking at the better macro economic news some investors may think now is the time to increase exposure to growth assets. But asset prices have run ahead in anticipation of the better times and we do not think valuations are attractive enough to warrant adding more risk to the portfolio at this stage. From an asset allocation point of view our total exposure to 'risk' assets is 30%. That comprises domestic equities at 18%, global equities at 8% and listed property of 4%. We are therefore below our self imposed 40% limit but find it an appropriate weighting considering where current valuations are.

In the interest bearing portion of the fund domestic cash has been reduced to a comparatively low 24%. Bonds have been increased to 35% which includes 15% in inflation-linked bonds. Although inflation is more likely to surprise on the downside this year, our concern is over the longer term. Positive factors such as the strong rand and low global prices for maize and other grains will not last indefinitely and when it changes inflation will rise again. The average real yield at which the inflation linkers were purchased is 4.45% - a very attractive real yield in our view.

The return of the fund for the quarter is 3.06%, for the last 12 months 16.32% and for the past three years 9.18% per annum. It is one of the top performing funds in the prudential low equity category in which it competes.

Investment flows into the fund has been very strong allowing the fund to grow from R1.03 billion at the end of 2009 to R1.5 billion at the end of March 2010.

Portfolio managers

Charles de Kock, Mark le Roux and Neill Young

CORONATION BALANCED DEFENSIVE

CLASS A as at 31 March 2010

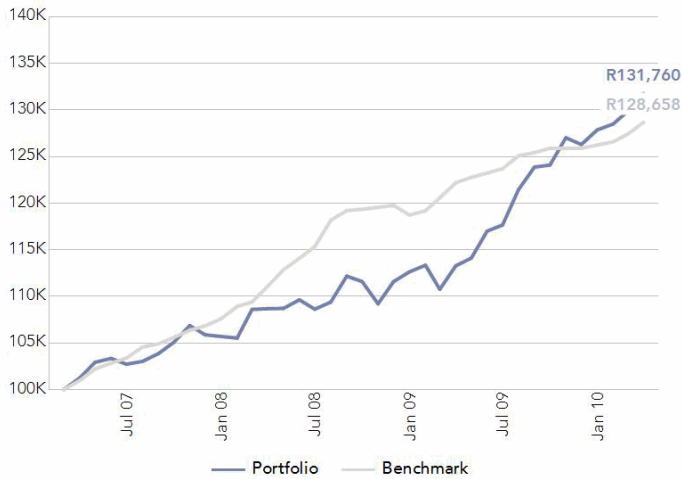
CORONATION
FUND MANAGERS

Fund category Domestic - Asset Allocation - Prudential Low Equity
Fund description The fund aims to provide a reasonable level of current income and seeks to preserve capital in real terms, with lower volatility over the medium to long-term.
Launch date 01 February 2007
Portfolio manager/s Charles de Kock, Mark le Roux and Neill Young

Fund size R 1.55 billion
NAV 113.28 cents
Benchmark/Performance Fee Hurdle CPI + 2.5% p.a.
Risk profile Cons Mod Aggr

PERFORMANCE AND RISK STATISTICS¹

GROWTH OF A R100,000 INVESTMENT



PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Mar 2010	100%
Domestic Assets	84.5%	
■ Equities	16.2%	
Oil & Gas	0.8%	
Basic Materials	1.9%	
Industrials	2.1%	
Consumer Goods	2.1%	
Health Care	0.4%	
Consumer Services	3.7%	
Telecommunications	2.2%	
Financials	4.3%	
Derivatives	(1.4)%	
■ Preference Shares & Other Securities	5.1%	
■ Real Estate	4.3%	
■ Bonds	35.5%	
■ Cash	23.4%	
International Assets	15.5%	
■ Equities	8.9%	
■ Preference Shares & Other Securities	0.0%	
■ Bonds	3.5%	
■ Cash	3.1%	

PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Inception (unannualised)	31.8%	28.7%	3.1%
Since Inception (annualised)	9.4%	8.5%	0.8%
Latest 3 years (annualised)	9.2%	8.4%	0.8%
Latest 1 year (annualised)	16.3%	5.3%	11.0%
Year to date	3.1%	1.9%	1.1%
2009	13.5%	6.3%	7.2%
2008	6.6%	10.3%	(3.8)%

TOP 10 HOLDINGS

As at 31 Mar 2010	% of Fund
Coronation World Wide Equity Fund	3.6%
Coronation Global Emerging Markets Fund	2.6%
Liberty International Plc	1.9%
MTN Group Ltd	1.7%
Standard Bank of SA Ltd	1.4%
Naspers Ltd	1.2%
Coronation Latitude Fund B3	1.2%
British American Tobacco Plc	1.1%
SABMiller Plc	0.9%
Anglo American Plc	0.8%

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised Deviation	4.5%	2.0%
Downside Deviation	3.0	N/A
Sharpe Ratio	(0.20)	N/A
Maximum Gain	14.7	N/A
Maximum Drawdown	(2.6)	N/A
Positive Months	75.7	N/A

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Mar 2010	01 Apr 2010	1.26	0.19	1.07
31 Dec 2009	04 Jan 2010	0.94	0.08	0.86
30 Sep 2009	01 Oct 2009	1.31	0.32	0.99
30 Jun 2009	01 Jul 2009	1.24	0.28	0.96

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2010	0.5%	1.1%	1.5%										3.1%
Fund 2009	0.6%	(2.3)%	2.3%	0.7%	2.5%	0.6%	3.2%	2.0%	0.2%	2.4%	(0.6)%	1.2%	13.5%
Fund 2008	(0.2)%	2.9%	0.1%	0.0%	0.9%	(0.9)%	0.7%	2.5%	(0.5)%	(2.1)%	2.2%	0.9%	6.6%

FEES (excl. VAT)

Initial Fee	Coronation: 0.00%
Annual Management Fee*	1.50%
Annual Management Fee - performance related*	Minimum - discounted: 0.00%

* 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 1.72% per annum

Annual management fee discount:

If the fund delivers a negative return over a rolling 12-month period, a discounted fee rate of 0.75% will apply. If the fund delivers a negative return over a rolling 24-month period Coronation will forego the total annual management fee until the historical 24 month rolling return is positive. For further information regarding our fee structure please contact us or visit our website.

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 2010 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 2009, as well as the actual performance fee incurred over the 12 months to end December 2009. 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.