

PORTFOLIO MANAGER COMMENTARY

Bond yields have been in a general downward trend since mid-January, a trend that was maintained in March and gained momentum following the South African Reserve Bank's (SARB) decision to cut the repo rate by 50 basis points (to 6.5%) at the MPC meeting on 25 March. The SARB's move, which had not been fully discounted in the markets, was enabled by a combination of lower-than-expected inflation, and generally still soft economic data as well as continued rand strength which bode well for further disinflation. At this stage, we believe that most of the expected good news is factored in, and our base case would be for rates to remain on hold for the remainder of this year.

Inflation re-entered the 3% - 6% target range in February at 5.7% (data released in March), which was sooner than many had expected. We think that underlying trends in consumer inflation look positive, while a broad number of categories continue to show beneficial influences from the currency. Indeed, most of the rand-sensitive categories are either within or below the inflation target range. The main factors holding inflation up continue to be administered prices, and even these appear to be less of a problem than had initially been expected (e.g. the Eskom price increase being approved at a lower level than requested). We think CPI could fall to around the mid-point of the target range during the course of this year. Movements in the rand will continue to be crucial, and a reversal of rand strength remains a key risk.

Although growth has undoubtedly bottomed and is moving noticeably higher, this so far seems to be led principally by manufacturing (linked to exports and the global recovery) and domestic car sales (coming off an exceptionally battered base).

A latent risk for both SA and emerging market bond yields in general arises from the US bond market, where yields have recently moved higher on a combination of stronger growth data and large supply, even despite expectations of interest rate rises being pushed out as core inflation surprises on the downside. As quantitative easing programmes start being wound down, we expect that supply issues will continue to dominate US and other developed bond markets – and at some stage, though now it is looking more likely to be in 2011, major central banks will have to start reversing emergency low levels of interest rates as well. It is thus difficult to see an outcome where global bond yields do not continue rising into 2011, and this will almost certainly have an impact on SA yields as well.

The fund is focused on providing a good yield for investors and does not take the same capital risk positions as a bond fund would. It returned 2.60% for the quarter and 9.09% for the last 12 months, largely due to fixed and floating rate corporate bonds and floating rate bank investments which provide a good interest rate buffer when domestic interest rates eventually start to rise. A detractor has been the holding in inflation-linked bonds which have not performed well in recent months as inflation has surprised to the downside. The total return from the 2013/2014 maturity inflation-linked bonds held in the portfolio should accelerate when inflation starts to rise.

The fund's current yield to maturity of 8% gross of fees is greater than that of a traditional money market fund, due to a yield pick-up achieved from the longer date maturities in this fund.

Portfolio manager

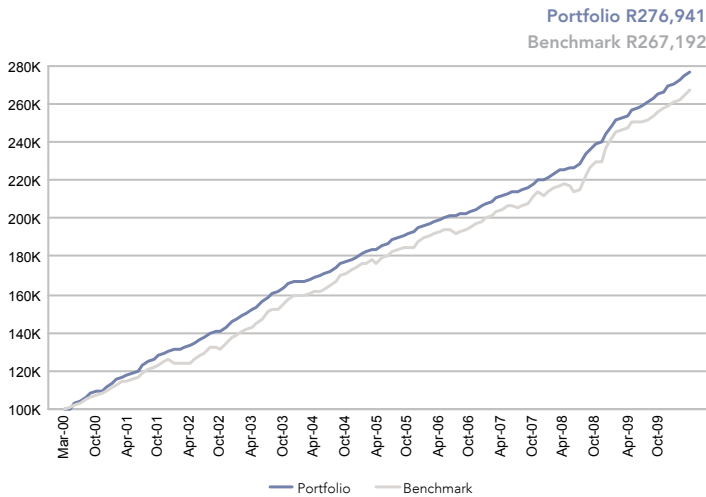
Tania Miglietta

Fund category Domestic - Fixed Interest - Income
Fund description Aims to provide a high level of current income with moderate levels of capital growth. Stability of capital invested is of prime focus.
Launch date 03 April 2000
Portfolio manager/s Tania Miglietta

Fund size R75.73 million
NAV 1108.17 cents
Benchmark BEASSA ALBI (1-3 year) TR Index
Risk profile Cons Mod Aggr

PERFORMANCE AND RISK STATISTICS¹

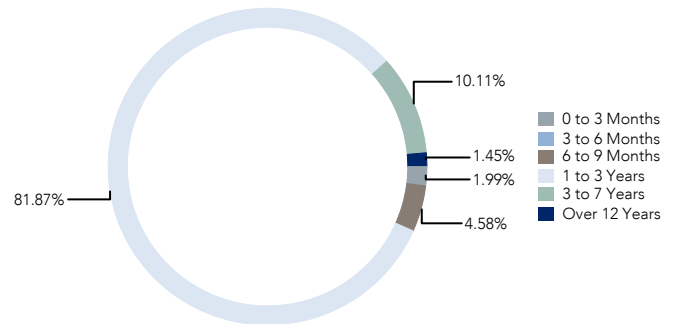
GROWTH OF A R100,000 INVESTMENT



PORTFOLIO DETAIL

MATURITY PROFILE

As at 31 Mar 2010



PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Inception (unannualised)	176.9%	167.2%	9.7%
Since Inception (annualised)	10.7%	10.3%	0.4%
Latest 5 years (annualised)	8.5%	8.7%	(0.2)%
Latest 3 years (annualised)	9.4%	9.3%	0.1%
Latest 1 year (annualised)	9.1%	8.1%	1.0%
Year to date	2.6%	2.6%	0.0%
2009	8.6%	7.7%	0.8%
2008	12.2%	12.9%	(0.7)%
2007	6.8%	7.1%	(0.3)%
2006	5.9%	5.6%	0.3%

MATURITY PROFILE DETAIL

As at 31 Mar 2010

0 to 3 Months	2.0%
3 to 6 Months	0.0%
6 to 9 Months	4.6%
1 to 3 Years	81.9%
3 to 7 Years	10.1%
Over 12 Years	1.4%

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised Deviation	1.9%	2.8%
Sharpe Ratio	0.40	0.12
Maximum Gain	101.4%	26.1%
Maximum Drawdown	(0.3)%	(1.9)%
Positive Months	95.8%	89.2%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Interest
31 Mar 2010	01 Apr 2010	20.55	20.55
31 Dec 2009	04 Jan 2010	19.60	19.60
30 Sep 2009	01 Oct 2009	20.33	20.33
30 Jun 2009	01 Jul 2009	22.37	22.37

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2010	0.75%	0.74%	1.10%										2.60%
Fund 2009	1.01%	0.62%	0.47%	1.04%	0.47%	0.46%	0.69%	0.94%	0.65%	0.64%	0.82%	0.44%	8.60%
Fund 2008	0.95%	0.54%	0.36%	0.12%	0.14%	0.75%	2.39%	0.96%	1.18%	0.68%	1.73%	1.76%	12.20%

FEES (excl. VAT)

Initial Fee	Coronation: 0.00%
Annual Management Fee*	0.75%

* 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 0.75% and is applied to each contribution and deducted before investment is made.
- Ongoing advice fees may be negotiated to a maximum of 0.50% per annum, 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 0.91% 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). 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. 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.