PORTFOLIO MANAGER COMMENTARY

After all the gloom of 2009, equity markets in 2010 were off to a racing start. As you may recall, at the end of 2009 we were not overly bullish on markets in general, and our conservative positioning in global diversified and local defensive shares reflected this view. Instead, the market raced away on a wave of newfound optimism.

Global monetary authorities reacted to the financial crisis with unprecedented financial stimulus and expansionary monetary policy. This has fuelled the return of optimism and the risk trade, and it is clear that offshore investors have pushed the local market hard. However, there is no denying now that underlying economic activity has been better than expected and is indeed improving further; the latest rate cut will add momentum (for now) to that trend. While certain segments such as resources and consumer-facing businesses have been on an upward track, large parts of industrial South Africa are still massively challenged, and the strong currency continues to cast its long shadow over manufacturers, exporters and employment.

In this challenging environment, the fund delivered a return of 6.2% for the quarter, versus 4.4% for the FTSE/JSE Industrial Index. Over 12 months the fund came in at 52.0% versus 50.2% for the benchmark, this period reflecting the full extent of the rebound of the market from the doldrums of the crisis. Three-year numbers are depressed by the full extent of the bear market that preceded the last year and are in single digits. Given such volatility, it is probably more instructive to look at the five-year (annualised) performance of the fund (19.9%) and the benchmark (20.9%). The fund remains one of the top performing funds in its sector over all meaningful periods.

This performance was achieved despite the macro environment being somewhat more robust than expected. This fact demonstrates something of our process: while we do have opinions about which way the world will go, these do not often affect portfolio construction significantly. The portfolio continues to be an aggregation of the best bottom-up investment views, weighted by the degree of conviction that we are able to muster through our research endeavours.

This process led us to enter the quarter largely weighted to the globally diversified business models, being companies like MTN, Naspers, SABMiller and Richemont. In a volatile environment we felt more comfortable paying up a bit for the quality and defensiveness of these groups, with their robust business models and proven management teams. With the exception of Richemont, these stocks did relatively little in the quarter. Their defensiveness remains as attractive a quality as it then was, in a market that has run hard and no longer looks particularly cheap. We see these stocks as representing 'latent alpha'. Our local exposures were also weighted towards quality, and included a fair exposure to retailers such as Woolworths, Shoprite, Mr Price and Truworths. These stocks did exceptionally well for us.

The volatility in construction shares continued in the quarter, with the late 2009 rebound fizzling out and share prices again falling back. Results for the period up to December 2009 revealed some of the cracks in the investment cases of the sector favourites, about which we had cautioned in previous commentaries. We largely avoided the fall-out. We are saddened that the market has not yet appreciated how the fundamentals of our single construction holding, Group Five, differ from its peers. But this will come in time.

We found significant value in the small cap space, and over the last few quarters have steadily increased our exposure to this market segment, where we hold stocks like York Timber, Hulamin, Dawn, Buildmax, O-Line, Eqstra and Advtech. The value in these stocks is compelling, but may well be realised only over time. Patience is required. A tough economy is not the time when smaller companies typically outperform on earnings growth. Indeed, given the added headwind of a strong rand, some of them have gone backwards. The heavily indebted ones among them (Hulamin and Eqstra) now face rights issues. This is somewhat unfortunate, but as long-term investors we have re-examined and stress tested our investment theses for these stocks. We remain convinced that their fair values are a multiple of their present share prices. Thus we are very comfortable following our rights to prevent value dilution.

During the period we sold out of one stock, Aspen Pharmacare. It has been a sparkling performer and still has excellent growth prospects, but since these are now more adequately reflected in the share price, other opportunities have become more compelling. One such is Vodacom, a stock seen as ex-growth by some and one that has lagged the market significantly. Our sense is that the earnings base is more defensive than is generally appreciated, and that a new resolve to keep cost increases below the rate of (modestly positive) topline growth will see decent earnings growth, substantially backed by real cash flows. On a single digit price-earnings ratio, it makes much sense to us.

The quarter also saw the release of the final results of Trencor's US-listed subsidiary Textainer Group. These revealed a far better weathering of the global downturn than was expected and confirmed the exceptional quality of this business - the world's leading lessor of shipping containers. In the depths of despair this stock fell below $4, and is now well above $20. The share price of holding company Trencor bottomed at R16, and is now just above R30. This is still nowhere near our fair value. We continue to hold a substantial position in Trencor and its pyramid company Mobile, liking the concept of discounts upon discounts (financial pyramids invariably have less longevity than the ones at Giza) and the opportunity of owning a market leading global business via an SA listing.

Going forward, we feel confident of defending capital through our large weightings in global defensives, rand hedges and value 'sleepers'. Despite significant market volatility, we remain focused on 'cutting out the noise' and focusing on the long-term objective of creating wealth for our clients.

Portfolio managers
Dirk Kotzé and Quinton Ivan

CORONATION INDUSTRIAL

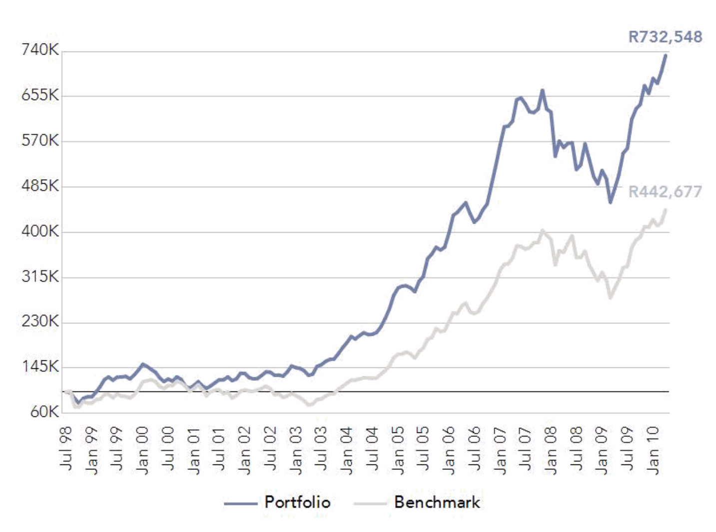
CLASS A as at 31 March 2010

CORONATION FUND MANAGERS

Fund category	Domestic - Equity - Industrial
Fund description	Invests in a broad range of domestic industrial shares.
Launch date	01 July 1998
Portfolio manager/s	Dirk Kotzé and Quinton Ivan
Fund size	R104.42 million
NAV	5864.60 cents
Benchmark/Performance Fee Hurdle	FTSE/JSE Industrial Index
Risk profile	Cons / Mod / Aggr

PERFORMANCE AND RISK STATISTICS[1]

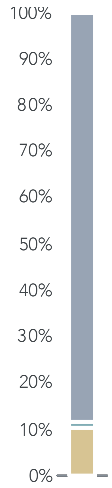
GROWTH OF A R100,000 INVESTMENT



PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Mar 2010
Domestic Assets	89.5%
Equities	88.0%
Basic Materials	6.0%
Industrials	20.3%
Consumer Goods	13.3%
Health Care	2.5%
Consumer Services	27.3%
Telecommunications	16.0%
Financials	2.6%
Cash	1.5%
International Assets	10.5%
Equities	10.5%



PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Inception (unannualised)	632.6%	342.7%	289.9%
Since Inception (annualised)	18.5%	13.5%	5.0%
Latest 5 years (annualised)	19.9%	20.9%	(1.0)%
Latest 3 years (annualised)	6.3%	7.9%	(1.6)%
Latest 1 year (annualised)	52.0%	50.2%	1.9%
Year to date	6.2%	4.4%	1.8%
2009	33.5%	30.5%	3.0%
2008	(17.5)%	(16.1)%	(1.4)%
2007	11.2%	17.8%	(6.6)%
2006	41.1%	41.9%	(0.7)%

TOP 10 HOLDINGS

As at 31 Mar 2010	% of Fund
MTN Group Ltd	15.0%
British American Tobacco Plc	10.5%
Naspers Ltd	6.2%
SABMiller Plc	6.0%
Woolworths Holdings Ltd	4.7%
Bidvest Group Limited	4.5%
Famous Brands Ltd	4.4%
AECI Ltd	3.9%
Spar Group Ltd	3.7%
Compagnie Financiere Richemont SA	3.7%

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised Deviation	17.7%	20.9%
Sharpe Ratio	0.43	0.12
Maximum Gain	55.8%	61.7%
Maximum Drawdown	(31.6)%	(38.5)%
Positive Months	63.8%	65.2%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Mar 2010	01 Apr 2010	34.28	26.94	7.34
30 Sep 2009	01 Oct 2009	57.76	38.64	19.12
31 Mar 2009	01 Apr 2009	26.50	26.50	0.00
30 Sep 2008	01 Oct 2008	39.97	38.29	1.68

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2010	(1.4)%	3.2%	4.4%										6.2%
Fund 2009	(3.1)%	(8.8)%	5.5%	5.4%	8.1%	1.6%	9.8%	3.3%	1.3%	5.6%	(2.2)%	4.3%	33.5%
Fund 2008	(13.3)%	5.3%	(2.2)%	1.4%	0.2%	(8.9)%	1.7%	7.5%	(5.1)%	(6.0)%	(2.8)%	5.1%	(17.5)%

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]	1.23% per annum

 [1]Performance 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. [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 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.

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