

## PORTFOLIO MANAGER COMMENTARY

*"I call investing the greatest business in the world because you never have to swing. All day you wait for the pitch you like; then when the fielders are asleep, you step up and hit it. The problem when you're a money manager is that your fans keep yelling, 'Swing, you bum!'"* **Warren Buffet**

The fund returned 3.6% for the quarter against 2.9% for the benchmark. For the year to end March, the fund returned 53.9% against the benchmark's 42.1%.

The greatest contributors to quarterly performance were our overweight positions in Mondi and Exxaro, as well as our underweight position in gold equities. Our holdings in Pallinghurst Resources, Sasol and Metorex detracted from performance, while our overweight position in Anglo American relative to BHP Billiton and underweight position in Kumba Iron Ore also detracted.

During the quarter, we took advantage of lower price levels to add to some of our existing holdings, primarily Sasol, AECL, AngloGold and Pan African Resources. We took advantage of strong price action to take some profits in both Mondi and the Palladium ETF given the reduced margin of safety. Given relative market moves we used the proceeds from the sale of Northam Platinum to add to our holding in Impala Platinum.

In our previous commentary we reviewed the performance of the last decade, a period in which China made its presence felt on the global stage. China was able to grow GDP well in excess of its 8% target in 2009 thanks to massive monetary and fiscal stimulus. China has impressively been able to deliver compounded annual GDP growth of 10% over the last thirty year period and many market commentators assume that China will be able to grow by approximately 8% annually in the coming years. China has continued to look bullet proof in the first few months of 2010, delivering very strong growth in industrial production for January and February. Many market commentators and sell-side analysts have already forgotten the lessons learnt in the commodities bust of 2008/9 and are once again extremely bullish on China and the prospects for commodity prices. Regular commodity price upgrades by sell-side commodity analysts have once again become the norm, as have references to 'commodities super cycle', 'de-coupling' and 'its different this time'. It's amazing to see how much has changed in the last year. After trading at levels below the marginal cost of production in early 2009, most commodity prices are once again trading significantly above levels we consider normal. We do not argue that the growth prospects for China are not attractive, we simply believe that commodity prices have already priced in a fair amount of this news.

The fund remains fairly concentrated with our top 10 holdings accounting for 70% of the fund, with a further 8% held in cash. The current cash holding is high relative to the history of the fund and is reflective of our cautious view on the markets as a whole. The investment industry is plagued with 'quarteritis', where funds are measured based on quarterly performance and money managers are under pressure to deliver market-beating returns on that basis or risk losing clients. Regular readers of our quarterly commentaries and those familiar with our investment process will be aware of our emphasis on long-term investing. In pursuit of long-term sector beating returns and as custodians of your capital we will remain vigilant and wait patiently for attractive investment opportunities to present themselves before we deploy capital and will not 'swing' despite the 'yelling' which may be coming from the stands.

**Portfolio managers**

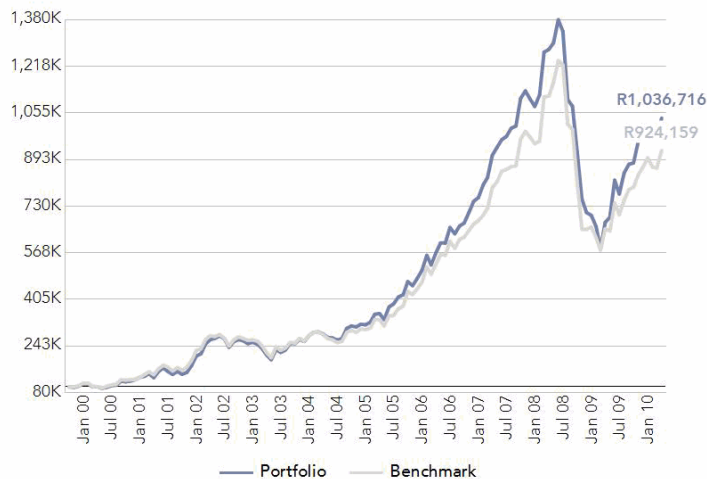
Henk Groenewald and Duane Cable

**Fund category** Domestic - Equity - Resources & Basic Industries  
**Fund description** Invests in a broad range of resource and basic industry counters that are affected by changes in the commodity cycle.  
**Launch date** 01 October 1999  
**Portfolio manager/s** Henk Groenewald and Duane Cable

**Fund size** R205.90 million  
**NAV** 8025.43 cents  
**Benchmark/Performance Fee Hurdle** Resources & Basic Industries Sector Mean  
**Risk profile** Cons Mod Aggr

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

### GROWTH OF A R100,000 INVESTMENT



### PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Inception (unannualised)	936.7%	824.2%	112.6%
Since Inception (annualised)	24.9%	23.6%	1.4%
Latest 5 years (annualised)	23.9%	22.6%	1.3%
Latest 3 years (annualised)	4.6%	5.2%	(0.6)%
Latest 1 year (annualised)	53.9%	42.1%	11.8%
Year to date	3.6%	2.9%	0.7%
2009	43.5%	36.7%	6.8%
2008	(35.2)%	(30.6)%	(4.6)%
2007	41.8%	39.5%	2.3%
2006	50.1%	46.1%	4.1%

### RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised Deviation	24.5%	23.8%
Sharpe Ratio	0.61	0.57
Maximum Gain	93.4%	75.6%
Maximum Drawdown	(57.9)%	(53.4)%
Positive Months	64.3%	62.7%

### MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2010	(1.4)%	(1.7)%	6.9%										3.6%
Fund 2009	(5.6)%	(11.8)%	16.0%	2.5%	18.7%	(5.9)%	9.5%	3.6%	0.5%	8.6%	1.3%	3.5%	43.5%
Fund 2008	3.8%	13.3%	0.7%	1.8%	6.2%	(2.9)%	(17.8)%	(2.1)%	(14.6)%	(18.0)%	(6.3)%	(1.4)%	(35.2)%

### 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.

Total Expense Ratio (TER) <sup>2</sup>	1.22% per annum
--	-----------------

## PORTFOLIO DETAIL

### EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Mar 2010	100%
<b>Domestic Assets</b>	<b>75.4%</b>	
Equities	68.5%	
Oil & Gas	12.7%	
Basic Materials	55.4%	
Industrials	0.3%	
Consumer Goods	0.1%	
Cash	6.9%	
<b>International Assets</b>	<b>24.6%</b>	
Equities	23.5%	
Cash	1.1%	

### TOP 10 HOLDINGS

As at 31 Mar 2010	% of Fund
Anglo American Plc	15.3%
Sasol Limited	12.7%
Mondi Plc	7.8%
Impala Platinum Holdings Ltd	6.5%
BHP Billiton Plc	5.4%
Anglogold Limited	4.8%
Zimplats Holdings Ltd	4.7%
OAO Gazprom Reg	4.5%
Efts Physical Palladium	3.9%
AECI Ltd	3.5%

### INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30 Sep 2009	01 Oct 2009	10.53	8.16	2.37
31 Mar 2009	01 Apr 2009	23.74	22.09	1.65
30 Sep 2008	01 Oct 2008	87.32	83.57	3.75
31 Mar 2008	01 Apr 2008	39.88	25.30	14.58

### 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 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. <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 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.