

PORTFOLIO MANAGER COMMENTARY

The world was rocked by two major unforeseen events in the first quarter of 2011. The first was the outbreak of uprisings in North Africa and the Middle East which impacted the oil price. The second was the major earthquake and tsunami which hit Japan.

Financial markets slumped during the first part of March in reaction to these events and the even greater uncertainty it introduced into a global economy which still grapples with an anaemic recovery and the sovereign debt crisis affecting Europe. The initial sell-off was sharp, but global markets recovered as the nuclear situation in Japan was brought under control and the foreign intervention in Libya seemed to tilt the balance of power against its leader, Muammar Gaddafi.

Unrelated to these crises the rand was also extremely volatile and depreciated sharply in January only to recover during the second half of the quarter.

It is our task as fund managers in a conservative fund such as this to protect investors against extreme volatility as best as we can, but still to take on enough risk to enable the fund to outperform its benchmark of cash plus 3%. The fund's return during this extremely volatile period is very encouraging and bears testimony to the benefits of running a well diversified portfolio. The combination of assets protected the fund's value and we ended the quarter with a positive return of 1.7%. Returns over one and three years amount to 10.7% and 10.3% (annualised) respectively compared to the 9.2% and 11.5% of the benchmark.

From an asset allocation point of view the most important move was to take the fund's exposure to global equities from 13.4% to 14.2%.

We believe global equities offer the best value among the major asset classes at present. This has been funded from domestic cash holdings. Exposure to foreign assets amounted to just less than 20% of the portfolio at quarter-end. This is the highest foreign exposure since the fund's launch in February 2007.

We remain negative on the outlook for global bonds as yields remain very low and inflation is becoming an ever increasing threat. At some point the zero interest policy followed by the large Western economies will have to change and when it does bond yields will move higher.

Domestic bonds yields have moved to more attractive levels, but in light of our negative view on global bonds and the threat of higher inflation we believe the risk to bond yields remains skewed to the upside. We therefore stay with our fairly heavy exposure to inflation-linked bonds, floating rate securities and cash.

Portfolio managers

Charles de Kock, Mark le Roux and Neill Young

CORONATION BALANCED DEFENSIVE

CLASS A as at 31 March 2011

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

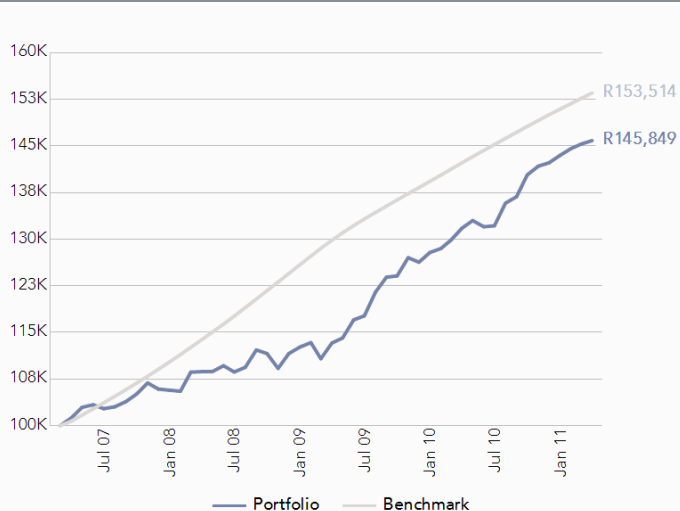
Fund size R 5.18 billion
NAV 120.58 cents
Benchmark Alexander Forbes 3-month (SteFl) Index + 3% p.a.

Risk profile



PERFORMANCE AND RISK STATISTICS¹

GROWTH OF A R100,000 INVESTMENT



PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Mar 2011	100%
Domestic Assets	79.6%	
Equities	16.9%	
Oil & Gas	1.1%	
Basic Materials	2.5%	
Industrials	1.6%	
Consumer Goods	2.3%	
Health Care	0.7%	
Consumer Services	2.1%	
Telecommunications	1.9%	
Financials	4.6%	
Preference Shares & Other Securities	1.9%	
Real Estate	2.5%	
Bonds	40.8%	
Cash	17.5%	
International Assets	20.4%	
Equities	15.4%	
Preference Shares & Other Securities	0.0%	
Real Estate	0.2%	
Bonds	2.8%	
Cash	2.0%	

PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Inception (unannualised)	45.9%	53.8%	(7.9)%
Since Inception (annualised)	9.7%	11.9%	(2.2)%
Latest 3 years (annualised)	10.3%	11.5%	(1.2)%
Latest 1 year (annualised)	10.7%	9.2%	1.5%
Year to date	1.7%	2.1%	(0.4)%
2010	12.2%	9.6%	2.6%
2009	13.5%	11.6%	1.9%
2008	6.6%	14.7%	(8.2)%

TOP 10 HOLDINGS

As at 31 Mar 2011	% of Fund
Coronation Gbl Opp Eqty Fd CI B	9.6%
Coronation Global Emerging Markets Fund	3.7%
MTN Group Ltd	1.5%
Standard Bank of SA Ltd	1.5%
Sasol Ltd	1.1%
SABMiller Plc	0.9%
British American Tobacco Plc	0.9%
Coronation Fund Managers Limited	0.9%
Anglo American Plc	0.8%
FirstRand	0.8%

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised Deviation	4.2%	0.6%
Sharpe Ratio	0.09	N/A
Maximum Gain	14.7%	N/A
Maximum Drawdown	(2.6)%	N/A
Positive Months	79.6%	N/A

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Mar 2011	01 Apr 2011	0.98	0.16	0.82
31 Dec 2010	03 Jan 2011	1.01	0.19	0.82
30 Sep 2010	01 Oct 2010	1.12	0.19	0.93
30 Jun 2010	01 Jul 2010	1.12	0.18	0.94

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2011	0.8%	0.5%	0.4%										1.7%
Fund 2010	0.5%	1.1%	1.5%	0.9%	(0.8)%	0.1%	2.8%	0.8%	2.6%	1.0%	0.4%	0.8%	12.2%
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%

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.

Annual management fee discount:

If the fund delivers a negative return over a rolling 12-month period, a discounted fee of 0.75% applies. 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.

Total Expense Ratio (TER) ²	1.74% per annum
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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 as calculated by Coronation as at 31 March 2011 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 2010. 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.

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.