

PORTFOLIO MANAGER COMMENTARY

The fund has outperformed its benchmark by 2.4% p.a. over a rolling 3-year period (9.7% versus 7.3% p.a.) and by 0.9% p.a. over a rolling 5-year period (12.3% versus 11.4% p.a.). The fund is one of the top performing funds in its sector over all meaningful periods.

The first quarter of 2011 proved to be quite an eventful one. News headlines were dominated by the political unrest in North Africa and the Middle East. The oil price moved sharply higher in February as the unrest reached Libya and raised concerns that it could spread to other oil producers such as Saudi Arabia. This coupled with rising global food prices, fuelled concerns over inflation which threatens to slow down the global economic recovery. To add to this uncertainty, global markets were also impacted by renewed sovereign debt concerns in the Eurozone as well as the devastating earthquake and risk of a possible nuclear meltdown in Japan. This initially saw risk assets sell-off as risk appetite waned before recovering towards the end of the quarter.

These events are likely to see the US Federal Reserve keep interest rates lower for longer. The combination of accommodative global monetary and fiscal policy together with rising food and oil prices is likely to lead to higher inflation. In this scenario, equities remain our preferred asset class for producing inflation-beating returns. We continue to find more value in global equities and are close to the maximum offshore limit.

The FTSE/JSE All Share Index returned 1.1% for the quarter, masking significant intra-quarter volatility. Resources continue to lead the market higher returning 2.8%, while industrials returned -0.3% and financials 0.7%. We remain underweight resources with the view that the upside to long-term valuations, based on mid-cycle earnings, is not attractive enough to justify a higher weighting. Our preferred resource exposure remains Sasol given its long-life assets, low cost base and attractive valuation at 10 times our assessment of normal earnings. We remain underweight gold and platinum producers given our concerns over declining grades and significant cost pressures faced by these businesses. During the quarter we added to our holding in Mondi Limited, an integrated global paper and packaging company with operations based primarily in Europe and Africa. Mondi enjoys a leading market and cost position in many of the segments in which it operates. Earnings are currently depressed and should recover strongly with the global economy. Approximately 60% of revenue is exposed to faster growing emerging markets, and with its low-cost producer status has remained profitable when the majority of the industry was either loss-making or breaking even. Management are very return-focused and extremely shareholder-friendly. Mondi offers good value, trading at 9.6 times our assessment of normal earnings in euros.

Banks returned 1.1% for the quarter, marginally outperforming other financials. We remain overweight banks and have added to our position during the quarter. Valuations of the large commercial banks remain attractive at 10 times 1-year forward earnings and price-to-book ratios of 1.8 times.

We remain concerned over the strength of the rand and underlying inflationary pressures faced by the real economy (labour, electricity, property rates and taxes). These concerns were reinforced during the quarter by a disappointing Budget speech. Expected budget deficits for the upcoming fiscal years were revised higher, which means funding is likely to remain high when compared to prior years. While supply was relatively well-absorbed last year, this was on the back of strong foreign buying. It is doubtful whether this will continue into the future. The likely outcome is higher bond yields and a weaker currency. It is for this reason that approximately 59% of our client portfolios are invested in rand-hedge counters that are attractively valued and globally diversified.

Inflation remains a threat to the South African economy. We believe the market is underestimating the extent of food inflation and pass-through into second round effects, especially in the current low interest rate environment and continued high wage settlements (without commensurate productivity gains). Given these pressures, we continue to favour defensive businesses that are undervalued and enjoy pricing power such as Naspers, SABMiller, Famous Brands, AVI and the Spar Group. We continue to find value in selected small caps with many trading at around 6 times our assessment of normal earnings. Approximately a third of our client portfolios are now invested in shares outside the FTSE/JSE ALSI40.

The bond market returned -1.6% for the quarter, underperforming cash which returned 1.4%. We remain negative about the outlook for conventional government bonds and have very limited exposure to this asset class. We maintain good exposure to corporate bonds, trading at what we believe to be attractive spreads over government bonds. We also find value in inflation-linked bonds given our view that we are at, or very near, the bottom of the current inflation cycle. Listed property returned -2.2% for the quarter. At current levels, property yields are still too low and no longer offer value.

In conclusion, markets remain challenging. In an environment fraught with uncertainty, we remain resolute to our proven investment philosophy of investing for the long-term. We believe this is the best way to add value for our clients.

Portfolio managers

Karl Leinberger and Quinton Ivan

CORONATION BALANCED PLUS

CLASS A as at 31 March 2011

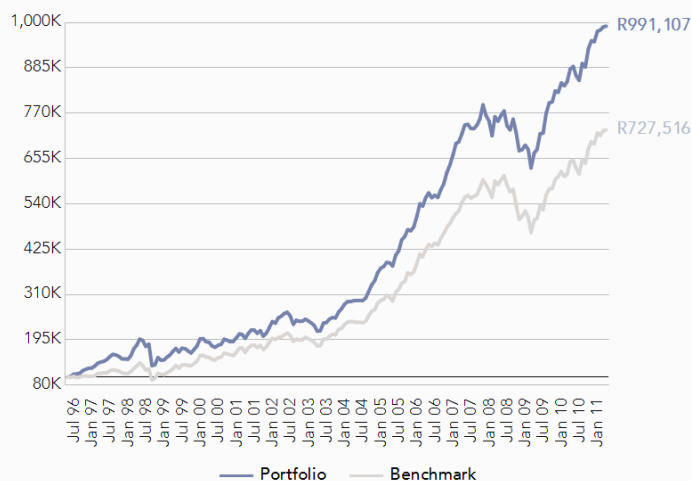
Fund category Domestic - Asset Allocation - Prudential Variable Equity
Fund description A fully managed investment solution diversified across the various asset classes and sectors. Its asset allocation is compliant with Regulation 28 of the Pension Funds Act.
Launch date 15 April 1996
Portfolio manager/s Karl Leinberger and Quinton Ivan

Fund size R12.30 billion
NAV 5650.26 cents
Benchmark Composite (63% equity, 22% bonds, 10% international, 5% cash)



PERFORMANCE AND RISK STATISTICS¹

GROWTH OF A R100,000 INVESTMENT



PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Mar 2011	100%
Domestic Assets	74.3%	
■ Equities	44.4%	
Oil & Gas	4.5%	
Basic Materials	11.0%	
Industrials	4.9%	
Consumer Goods	4.5%	
Health Care	1.2%	
Consumer Services	7.7%	
Telecommunications	4.5%	
Financials	8.6%	
Technology	0.1%	
Derivatives	(2.6)%	
■ Preference Shares & Other Securities	0.0%	
■ Real Estate	3.6%	
■ Bonds	19.1%	
■ Cash	7.2%	
International Assets	25.7%	
■ Equities	19.7%	
■ Real Estate	0.5%	
■ Bonds	0.6%	
■ Cash	4.9%	

PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Inception (unannualised)	891.1%	627.5%	263.6%
Since Inception (annualised)	16.6%	14.2%	2.4%
Latest 10 years (annualised)	17.5%	16.1%	1.3%
Latest 5 years (annualised)	12.3%	11.4%	0.9%
Latest 3 years (annualised)	9.7%	7.3%	2.5%
Latest 1 year (annualised)	12.3%	12.5%	(0.1)%
Year to date	1.4%	1.0%	0.4%
2010	15.4%	15.9%	(0.4)%
2009	23.0%	19.1%	3.9%
2008	(8.2)%	(9.2)%	1.0%

TOP 10 HOLDINGS

As at 31 Mar 2011	% of Fund
Coronation Gbl Opp Eqty Fd Cl A	12.7%
MTN Group Ltd	4.5%
Sasol Ltd	4.5%
Coronation Global Emerging Markets Fund	4.4%
Standard Bank of SA Ltd	4.1%
SABMiller Plc	3.0%
Anglo American Plc	2.6%
Naspers Ltd	2.5%
BHP Billiton Plc	2.2%
Capital Shopping Centre Group	1.7%

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised Deviation	15.2%	14.1%
Sharpe Ratio	0.34	0.20
Maximum Gain	57.9%	29.3%
Maximum Drawdown	(34.3)%	(31.9)%
Positive Months	67.0%	64.2%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Mar 2011	01 Apr 2011	54.44	27.10	27.34
30 Sep 2010	01 Oct 2010	54.08	21.60	32.48
31 Mar 2010	01 Apr 2010	41.79	9.75	32.04
30 Sep 2009	01 Oct 2009	37.80	10.78	27.02

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2011	0.4%	0.8%	0.2%										1.4%
Fund 2010	(0.9)%	1.2%	3.8%	0.8%	(2.7)%	(1.3)%	5.0%	(1.0)%	5.1%	2.2%	(0.2)%	2.7%	15.4%
Fund 2009	(1.6)%	(6.9)%	6.0%	1.5%	5.9%	0.2%	7.0%	3.4%	0.3%	3.5%	(0.4)%	2.9%	23.0%

FEES (excl. VAT)

Initial Fee	Coronation: 0.00%
Annual Management Fee*	1.25%
* 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) ²	1.42% 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 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.