

## PORTFOLIO MANAGER COMMENTARY

The first quarter of 2011 has brought a new set of challenges to financial markets. The standout event affecting markets was the tragic unfolding catastrophe in Japan during the month of March. It is important to separate the human impact and the economic impact of this event. From an economic perspective, Japan's short-term growth assumptions were reduced, but the result of the reconstruction programme may add to longer-term growth prospects in both Japan and the rest of the region.

As an indication of the volatility financial markets faced, the Japanese market fell by just over 20% over the three days subsequent to the earthquake, and rebounded by almost 19% over the following 2 weeks! Such volatility in one of the largest financial markets in the world is almost unprecedented, reflecting the fear and uncertainty facing such a large economic region. A reminder of the power of compounding reflects that a market that was down 20%, recovered by almost the same amount, but would still leave investors down 5% over the period – communicating the importance of preserving capital over periods of market volatility.

Your fund returned 2.53% over the quarter (in US dollar terms and net of all fees), a very satisfying outcome given the challenges. The MSCI World Index produced a positive 4.9%, the Global Bond Index 0.7%, and global listed property performed well, producing 5.5% over the quarter. The weakness in the rand over the quarter added to the rand returns, resulting in a reported quarterly return of 4.6%. The net fund return of 7.7% (in US dollars) over the last 12 months, whilst comfortably above benchmark, is more disappointing. This was driven by a poor second quarter of 2010 as discussed in previous reports. The rand return over the last 12 months was negative 0.2% given the considerable rand strength over the latter part of 2010. Since inception the fund has returned 13.9% p.a. (in US dollars).

The fund's equity holdings did not perform well in relative terms, but have arrested the disappointing trend of the previous two quarters. Our listed property holdings were negatively impacted by the Japanese holdings, although only one position (Japan Retail Fund) is still substantially down from its pre-quake levels. Over the past twelve months the fund has benefited hugely from its listed property positions, despite the recent setback. The position in physical gold continues to add to performance, although we did trim exposure slightly as we are starting to see it as a consensus trade. Our natural gas position continued to detract over the quarter, although did (recently) benefited from the anticipated increase in demand for LNG post the earthquake. We remain confident that the fund will profit from this position over time.

We actively added to our equity exposure, mostly by increasing exposure to Japan. While we have held a positive view of valuation levels of Japanese equities, we have (prior to recent events) not held significant exposure to that market. Given the significant change in pricing, we have also shifted some of our US exposure into Japan – on a see-through basis exposure to Japan is now approximately 15%. We also added to our property exposures, particularly in Singapore and Australia. And towards the end of the quarter swapped some direct equity exposure for call options on the US market, thereby limiting our downside without losing too much potential upside participation. The implied volatility cost of these options is very low relative to history. We maintain our view on fixed interest, and will only materially change the fund holdings should global bonds sell-off significantly.

Within the direct equity positions, the fund remains biased towards defensive businesses like Heineken, Tesco, Vodafone and Imperial Tobacco, but has some exposure to the more cyclical shares like Cisco, CVS Caremark and Warner Music. In terms of equity funds in the portfolio, two funds were introduced as longer-term anchor tenants, which should reduce volatility over the longer term.

The fund remains biased towards the US dollar. Given the weakness recently experienced, this position hurt over the quarter. We retain a reasonable position in the British pound after the period of severe underperformance in the last two years.

**Portfolio managers**

Tony Gibson and Louis Stassen

# CORONATION GLOBAL CAPITAL PLUS [ZAR] FUND

Please note that this fund was renamed from CORONATION LATITUDE [ZAR] to the above, effective 1 February 2011.

CLASS A as at 31 March 2011

**CORONATION**  
FUND MANAGERS

**Fund category** Foreign Asset Allocation Flexible  
**Fund description** Aims to provide diversified exposure to global assets with a focus on capital preservation.  
**Launch date** 22 September 2008  
**Portfolio manager/s** Tony Gibson and Louis Stassen

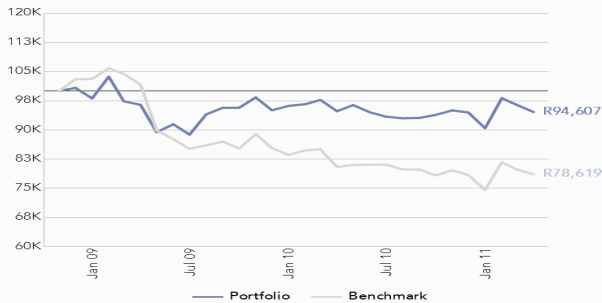
**Fund size** R124.87 million  
**NAV** 98.56 cents  
**Benchmark/Performance Fee Hurdle †** 50% USD 3 month LIBOR and 50% 3 month EURIBOR + 1.5% p.a.

**Risk profile**



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

### GROWTH OF A R100,000 INVESTMENT



### PERFORMANCE FOR VARIOUS PERIODS (ZAR)

	Fund	Benchmark	Outperformance
Since Inception (unannualised)	(5.4)%	(21.3)%	15.9%
Since Inception (annualised)	(2.3)%	(9.7)%	7.4%
Latest 1 year (annualised)	(0.2)%	(2.8)%	2.6%
Year to date	4.6%	5.5%	(0.9)%
2010	(6.0)%	(11.3)%	5.3%
2009	(2.0)%	(18.9)%	17.0%

### PERFORMANCE FOR VARIOUS PERIODS (USD)

	Fund	Benchmark	Outperformance
Since Inception (unannualised)	36.9%	12.3%	24.6%
Since Inception (annualised)	13.9%	5.0%	8.9%
Latest 1 year (annualised)	7.7%	4.8%	2.9%
Year to date	2.5%	3.4%	(0.9)%
2010	5.1%	(1.0)%	6.1%
2009	26.2%	3.9%	22.3%

### RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised Deviation	11.7%	12.8%
Sharpe Ratio	(0.88)	(1.50)
Maximum Gain	8.5%	9.8%
Maximum Drawdown	(14.4)%	(32.3)%
Positive Months	48.3%	34.5%

### MONTHLY PERFORMANCE RETURNS (ZAR)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2011	8.5%	(1.8)%	(1.9)%										4.6%
Fund 2010	0.4%	1.1%	(3.0)%	1.7%	(1.9)%	(1.2)%	(0.4)%	0.1%	0.8%	1.2%	(0.6)%	(4.3)%	(6.0)%
Fund 2009	5.7%	(6.1)%	(0.9)%	(7.3)%	2.3%	(2.9)%	5.9%	1.8%	0.0%	2.8%	(3.4)%	1.2%	(2.0)%

### FEES (excl. VAT)

<b>Initial Fee</b>	Coronation: 0.00%
<b>Annual Management Fee - performance related</b>	Minimum - standard: 1.50% Minimum - discounted: 0.75% Maximum: 2.50% Sharing Rate: 10.00%

\* 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.

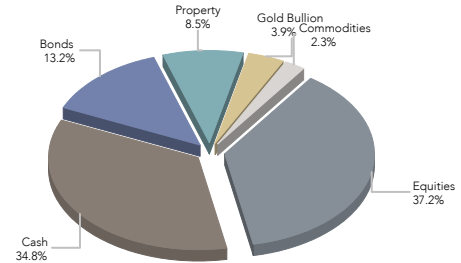
When applicable, Coronation shares in the fund performance above the performance fee hurdle. This performance fee is accrued daily, based on performance over a rolling 12-month period, and paid to Coronation monthly. If the fund produces a return in line with or below the benchmark, the standard minimum fee will be levied. If the fund produces a negative return (measured in USD) over a rolling 12-month period, the discounted minimum fee applies. For further information regarding our fee structure please contact us or visit our website.

<b>Total Expense Ratio (TER)<sup>2</sup></b>	2.98% per annum, which includes a performance fee of 0.94%
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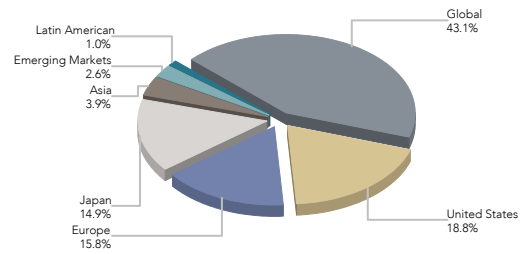
† Please note that the benchmark of USD 3-month LIBOR+5% p.a. has changed with effect 5 August 2008.

## PORTFOLIO DETAIL

### EFFECTIVE ASSET ALLOCATION EXPOSURE



### GEOGRAPHIC ASSET ALLOCATION EXPOSURE



### CURRENCY ALLOCATION

Currency as at 31 Mar 2011	% of Fund
US Dollar	67.2%
Euro	20.9%
UK Pound Sterling	10.1%
South African Rand	1.8%

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 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. <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 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.