

## PORTFOLIO MANAGER COMMENTARY

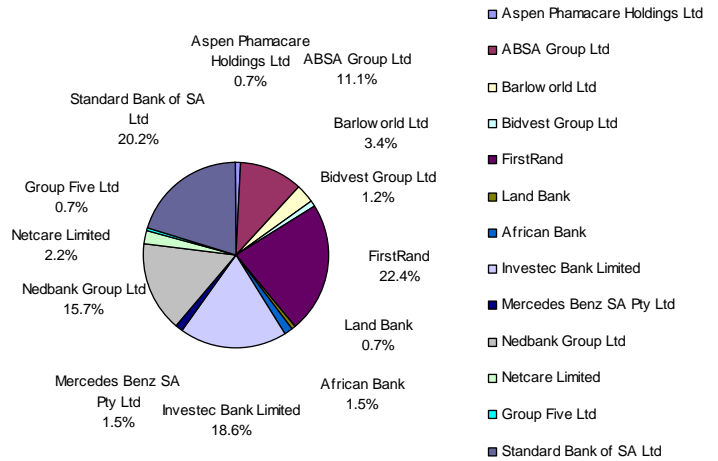
With SA money markets becoming more sophisticated and increasingly tapped by newcomers seeking funding, and with the banks' ongoing need for longer dated funding, opportunities in the money market have opened up. This allowed us to create a portfolio of assets which achieves a more attractive yield over the longer term, but with a 90 day interest rate risk profile.

Enter the Coronation Jibar Plus Fund. This portfolio is the longstanding Coronation Income Fund with a new name and an up-to-date set of investment objectives which bring the best of the money market to conservative investors. The fund has been in existence since April 2000 when it was previously aimed at maximising income for blocked rand clients during a time of very rigid foreign exchange controls. Today the fund is made up of a full house of floating rate investments (FRNs) which provide an additional yield over 3-month Jibar\* (Johannesburg Interbank Agreed Rate – the main reference rate in the fixed interest market). Through the FRNs and the use of interest rate swaps, the interest rate risk of this fund is controlled and kept at a maximum duration of 90 days.

Corporate issuers have entered the fixed interest market in a meaningful way with new names being introduced all the time. Spreads achievable over 3-month Jibar on non-bank corporate issuers have ranged between 75 – 290bp over Jibar for 3 – 5 year terms to maturity. This illustrates how a yield pick-up over underlying interest rates is achievable. A yield gap has opened up in recent years between the 1 and 5 year area of the yield curve, this due to a mismatch between the oversupply of short-term cash from money market funds versus an increased regulatory need by SA's banks to fund their lending books with longer than 1 year to maturity instruments. Investors not wanting the added interest rate risk of a longer maturity can thus achieve the yield pick-up and still maintain only 90 day interest rate risk via the Coronation Jibar Plus Fund.

The fund is fully invested in FRNs at present with the credit exposure shown in the chart. The current yield on the fund is around 6.9%. This compares favourably to an overnight call rate of 5.2% or a money market fund yield of around 6%.

## Jibar Plus Fund credit exposure – March 2011



The fund returned 7.5% (net of fees) during the 12 months to end March 2011 versus its benchmark 3-month STeFI (Short Term Fixed Interest Index) return of 6.18%. Furthermore, it is set to perform well during the expected upward move in interest rates which are forecast to start towards the second half of the year as rising inflation becomes more of a threat.

## Portfolio managers

Stephen Peirce and Tania Miglietta

\*3-month Jibar – Johannesburg Interbank Agreed Rate is the average 3-month interest rate derived from the mid between the bid and the offer rates, as contributed by all the participating SA Banks after eliminating the highest and lowest two contributors. This rate is published daily at 11am by the JSE. Instruments which reset quarterly (such as FRNs) will reference Jibar at every quarterly reset date and the interest payable will reset accordingly.

# CORONATION JIBAR PLUS

Please note that this fund was renamed from CORONATION INCOME to the above, effective 1 April 2011.  
CLASS A as at 31 March 2011

**Fund category** Domestic - Fixed Interest - Income  
**Fund description** Aims to provide a high level of current income with moderate levels of capital growth. Stability of capital invested is of prime focus.  
**Launch date** 03 April 2000  
**Portfolio manager/s** Tania Miglietta

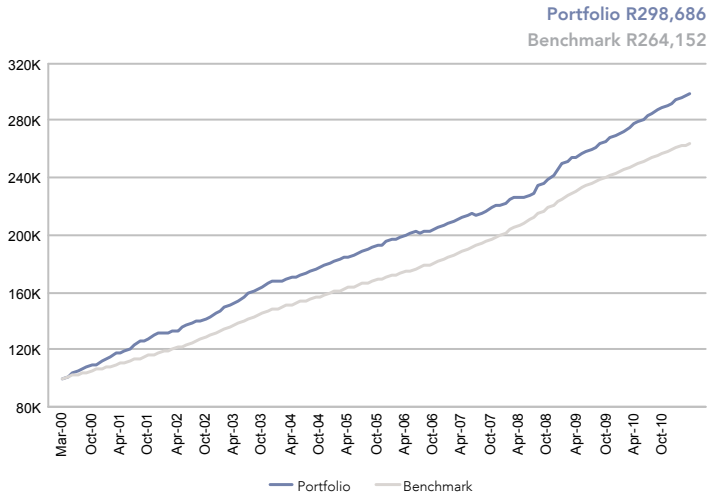
**Fund size** R136.76 million  
**NAV** 1108.43 cents  
**Benchmark** † Alexander Forbes 3-month (SteFI) Index

**Risk profile**



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

### GROWTH OF A R100,000 INVESTMENT



### PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Inception (unannualised)	198.7%	164.2%	34.5%
Since Inception (annualised)	10.5%	9.2%	1.2%
Latest 10 years (annualised)	9.7%	9.1%	0.6%
Latest 5 years (annualised)	8.4%	8.7%	(0.3)%
Latest 3 years (annualised)	9.7%	8.5%	1.2%
Latest 1 year (annualised)	7.5%	6.2%	1.3%
Year to date	1.6%	1.3%	0.3%
2010	8.6%	6.6%	2.0%
2009	8.6%	8.6%	(0.1)%
2008	12.2%	11.7%	0.4%

### RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised Deviation	1.8%	0.6%
Sharpe Ratio	0.44	(0.70)
Maximum Gain	102.1%	164.2%
Maximum Drawdown	(0.3)	N/A
Positive Months	97.0%	100.0%

### MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2011	0.61%	0.62%	0.36%										1.60%
Fund 2010	0.75%	0.74%	1.10%	0.57%	0.61%	0.72%	0.66%	0.75%	0.65%	0.51%	0.60%	0.59%	8.60%
Fund 2009	1.01%	0.62%	0.47%	1.04%	0.47%	0.46%	0.69%	0.94%	0.65%	0.64%	0.82%	0.44%	8.60%

### FEES (excl. VAT)

Initial Fee	Coronation: 0.00%
Annual Management Fee*	0.45%

\* 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.

The fee reduced to 0.45% from 0.75% (excl. VAT) from 1 September 2010

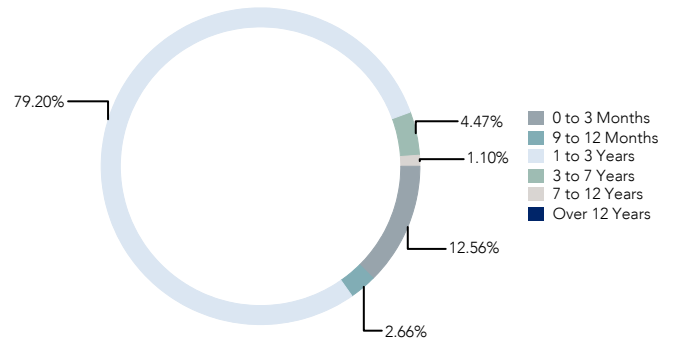
Total Expense Ratio (TER) <sup>2</sup>	0.85% per annum
--	-----------------

† Please note that the benchmark of BEASSA ALBI (1 - 3 Year) has changed with effect 1 April 2011.

## PORTFOLIO DETAIL

### MATURITY PROFILE

As at 31 Mar 2011



### MATURITY PROFILE DETAIL

As at 31 Mar 2011

0 to 3 Months	12.6%
9 to 12 Months	2.7%
1 to 3 Years	79.2%
3 to 7 Years	4.5%
7 to 12 Years	1.1%
Over 12 Years	0.0%

### INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Interest
31 Mar 2011	01 Apr 2011	17.12	17.12
31 Dec 2010	03 Jan 2011	19.59	19.59
30 Sep 2010	01 Oct 2010	20.09	20.09
30 Jun 2010	01 Jul 2010	19.01	19.01

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 0.75% and is applied to each contribution and deducted before investment is made.
- Ongoing advice fees may be negotiated to a maximum of 0.50% per annum, 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.