

PORTFOLIO MANAGER COMMENTARY

The past few months saw disruptions in the Middle East and North Africa as well as the tragic earthquake, tsunami and nuclear threat in Japan. These events resulted in major swings in sentiment and in global markets. With this backdrop, the fund appreciated by 5.6% (in rands) in the first quarter of 2011. Given that the fund is currently largely invested offshore (85% of fund), we believe that the dollar returns of the fund are also relevant and in this regard the fund appreciated by 3.5% over the quarter. Since the fund launched 12 years ago it has generated a return of 12.8% per annum in rands and 12.0% per annum in US dollars.

The global events over the past few months have had little impact on our long-term views. We value businesses based on the earnings streams that we believe they will generate over the next 5 years or longer. In this regard we don't believe that events in either the Middle East or Japan will have an impact on the long-term earnings power of Heineken for example. A few months ago we believed that Heineken was worth around 50 euros a share (compared with the current 37 euros) and today we still believe that Heineken is worth around 50 euros a share. The most important by-product of the disruptions in the Middle East is the oil price. A higher oil price (should it be a sustainably higher oil price) could have an impact on the valuations of a few of the fund's holdings, but it is our view that the recent spike in oil prices has been driven by speculation and short-term money, and does not represent a new permanently higher level.

With regards to Japan, the fund had very low exposure (3% of fund) prior to the tragic events the country had to face. We did increase the fund's Japanese exposure marginally to 5% of fund, mainly through buying more defensive businesses (convenience retailers, drugstore chains) that had declined by 20% or more, yet who will be largely unaffected by what is happening. Whilst there are a handful of Japanese stocks that are clearly attractive, in general we continue to hold the view that there is better value in the US and Europe. The long-term fundamentals of Japan are poor (ageing population, deflation and high debt levels), the currency is arguably overvalued and Japanese management teams continue to prefer to build empires than to focus on doing what is best for shareholders. Additionally, whilst Japanese companies look cheap on Price/Book valuations (1x P/B), that single metric in isolation is misleading in our view as one has to take into account the ROE that Japanese companies generate (the lowest in the world) as well as the fact that many Japanese companies are serial acquirers (and as such the book value is overstated due to Goodwill). Lastly, reality is that in most cases the large cash balances are unlikely to be returned to shareholders. On other valuation metrics (P/E and Free Cash Flow yields), the valuations of most Japanese companies are generally not that attractive, either in absolute terms or when compared with their Western (US/European) equivalents.

Besides marginally adding to the fund's Japanese exposure, we also bought new positions in two of the global luxury goods companies, LVMH and PPR. Both companies experienced sharp declines due to their Japan exposure (approximately 10% - 15% of revenue) as well as concerns over global growth. LVMH are the owners of Louis Vuitton, Moët Hennessy and a whole range of other luxury goods brands, including having a large stake in Hermès and potentially owning Bulgari, which they have recently offered to buy. Scale is important in the luxury goods industry and LVMH are one of the key consolidators. The revenue and earnings streams of LVMH have also proven to be more resilient to economic downturns than that of a luxury goods company like Richemont, whose focus is more on watches and jewellery as opposed to LVMH's focus on fashion and leather goods. Although we believe Richemont is a great business, in our view the share did not get cheap enough during the recent turmoil, whereas LVMH and PPR did.

PPR is much smaller than LVMH and their main brand is Gucci, which generates the majority of the group's profits. We believe the long-term prospects for the global luxury goods companies are very positive, driven by emerging markets where millions of individuals every year move into the target market of these companies. Today we estimate that between 40% and 50% of LVMH's profits come from emerging markets (directly and through travel). At the time of purchase, PPR was trading on 12x 2011 earnings and LVMH on 16x 2011 earnings. LVMH's short-term valuation metrics may not appear particularly appealing, but we believe that this is a very high quality business that can grow earnings in the double digits for many years to come.

We continue to hold the view that equities are by far the most attractive asset class globally and as a result the fund's equity exposure is currently reasonably high at 84%. We believe government bonds are overvalued and have no exposure to this area, with the only bond exposure being a few percent in corporate bonds. We also continue to believe that global assets (equities in particular) are more attractive than SA assets and this is reflected in the geographic allocation of the fund, with only 15% invested in SA and the balance of the fund (85%) invested offshore.

Portfolio manager
Gavin Joubert

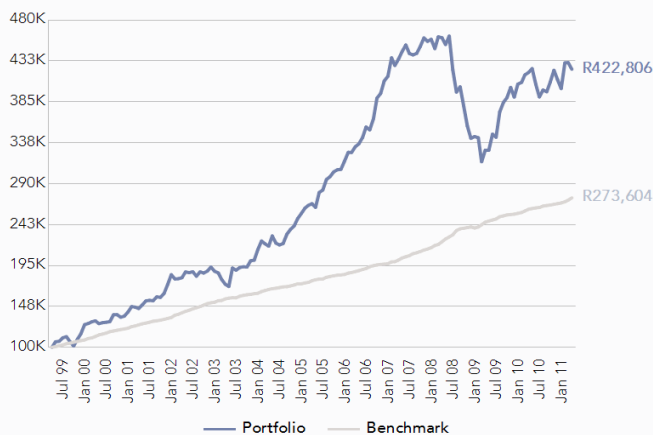
Fund category Worldwide - Asset Allocation - Flexible
Fund description An international rand-based fund that invests in a combination of local and international investments across all asset classes to deliver long-term growth.
Launch date 15 March 1999
Portfolio manager/s Gavin Joubert

Fund size R 1.10 billion
NAV 3486.39 cents
Benchmark/Performance Fee Hurdle† CPI + 5% p.a.
Risk profile

7/10
Aggressive

PERFORMANCE AND RISK STATISTICS¹

GROWTH OF A R100,000 INVESTMENT



PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Mar 2011
Equities	84.0%
North America	35.2%
Europe	23.6%
South Africa	10.2%
Asia	8.3%
Japan	4.4%
Latin American	2.3%
Bonds	1.8%
Europe	1.1%
North America	0.7%
Cash	14.0%
USD	5.5%
ZAR	5.0%
Other	3.5%

RISK AND RETURNS VS BENCHMARK (ZAR)

	Fund	Benchmark	Outperformance
Since inception (unannualised)	322.8%	174.0%	148.8%
Since inception (annualised)	12.8%	11.5%	1.2%
Latest 10 years (annualised)	11.3%	11.3%	0%
Latest 5 years (annualised)	4.9%	11.9%	(7.0)%
Latest 3 years (annualised)	(2.7)%	11.3%	(14.1)%
Latest 1 year (annualised)	0.9%	9.0%	(8.1)%
Year to date	5.6%	3.5%	2.1%
Annualised Deviation	11.6%	N/A	
Sharpe Ratio	0.24	N/A	
Downside Deviation	7.1%	N/A	
Positive Months	66.0%	N/A	

TOP 10 HOLDINGS

As at 31 Mar 2011	% of Fund
Coronation Global Emerging Market Fund	6.2%
Warner Music Group Corp	3.6%
Heineken Holdings Ltd	3.4%
Great Wall Motor Company Ltd	2.7%
CF Morant Wright Japan Fund	2.7%
Safeway Inc	2.7%
Tesco Plc	2.7%
Microsoft Corp	2.6%
Cisco Systems Inc	2.5%
CVS Caremark Corp	2.3%

PERFORMANCE FOR VARIOUS PERIODS (USD) VS MSCI WORLD (USD)

	Fund	MSCI World	Outperformance
Since inception (unannualised)	287.6%	45.8%	241.8%
Since inception (annualised)	12.0%	3.2%	8.8%
Latest 10 years (annualised)	13.2%	4.7%	8.5%
Latest 5 years (annualised)	2.9%	2.6%	0.2%
Latest 3 years (annualised)	3.3%	0.3%	2.9%
Latest 1 year (annualised)	8.9%	14.0%	(5.1)%
Year to date	3.5%	4.9%	(1.4)%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Mar 2011	01 Apr 2011	2.74	2.27	0.47
30 Sep 2010	01 Oct 2010	16.67	15.18	1.49
31 Mar 2009	01 Apr 2009	29.60	26.43	3.17
30 Sep 2008	01 Oct 2008	27.68	25.03	2.65

MONTHLY PERFORMANCE RETURNS (ZAR)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2011	7.5%	0.1%	(1.8)%										5.6%
Fund 2010	0.5%	2.2%	0.7%	1.1%	(4.3)%	(3.6)%	2.1%	(0.5)%	2.9%	3.3%	(2.6)%	(2.5)%	(1.3)%
Fund 2009	(0.4)%	(8.1)%	4.3%	0.0%	5.7%	(1.1)%	8.6%	2.9%	1.4%	3.1%	(2.8)%	3.9%	17.7%

FEES (excl. VAT)

Initial Fee	Coronation: 0.00%
Annual Management Fee - performance related*	Minimum: 1.00% Maximum: 3.50% Sharing Rate: 15.00%

* 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 the fund's financial year to date performance, and paid to Coronation annually. If the fund produces a return in line with or below the benchmark for the relevant financial year to date, the minimum fee applies. For further information regarding our fee structure please contact us or visit our website.

Total Expense Ratio (TER)² 1.20% per annum, which includes a performance fee of 0.00%

[†]Benchmark Methodology - From January 2009 CPIX was replaced with a newly reweighted and rebased CPI. The benchmark is calculated using a combination of the official month-to-month CPIX numbers pre-January 2009 and the new CPI from January 2009.

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, as well as the performance fee accrued over the above period. Although the performance fee as included in the TER is calculated over the above period, the actual performance fee calculation and payment corresponds with the funds financial year end. 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.