CORONATION ABSOLUTE

Class A
as at 31 December 2007

CORONATION FUND MANAGERS

The past quarter proved to be a tough one for equity markets, with the FTSE/JSE All Share Index declining by 3%. Within the quarter, markets experienced significant volatility, including a drawdown close to 8% during December. The fund did well to protect capital, declining by only 0.24% over the quarter. The return for 2007 now stands at 11.1%. This return is ahead of inflation, which is currently running close to 8%, but below the outperformance target of inflation + 6%. Given current market conditions our first priority is one of capital protection, and returns over the longer term remain well above the outperformance target with the annualised return for the past 5 years at 25.8%.

Equity exposure is currently around 65%. We still have significant hedging in place over the equity component of the portfolio, which will protect the fund in the event of further market declines.

Equity exposure increased over the quarter as we bought into share price weakness, and did some re-positioning within the fund. The Sasol position was reduced significantly to the current level of 0.8%. Sasol has long been a high conviction position in the fund, and was the top contributor to equity performance over the past quarter, and also a significant contributor over longer periods. A core part of our philosophy is selling shares when they reach, or exceed, our estimation of fair value as in this case. While our fair value assumes a long term oil price of $60, the current oil price close to $100 must be at least partly reflected in expectations and hence the current share price, which presents downside risk in the share. We believe the positive resolution around the windfall tax issue to be discounted in the current share price, leaving no margin of safety for regulatory or other risks.

Purchases over the quarter were all additions to existing positions. Tiger Brands has been increased to a significant 4.8% of the fund. We believe this to be an ideal absolute return stock, with strong brands and pricing power that will benefit revenue in a rising food price environment. The management team is shareholder friendly, with a long history of value creation through unbundling, and we believe that the unbundling of Adcock will be no exception. Our position in Standard Bank was also further increased and remains our top banking pick. Exposures to both Absa and First Rand were reduced over the quarter. We support the ICBC acquisition, and believe that relationship will further strengthen the banks drive into Africa, and create value for shareholders over the long term. Other purchases for the quarter include adding to Woolworths, Remgro, Richemont and Bidvest.

The equity component of the portfolio remains very focused, with the top 10 positions accounting for two thirds of this. We believe the positioning is also defensive, with no exposure to high-flying commodity and construction shares.

Listed property had a poor quarter with the index declining by 0.4%, but remains the best performing asset class over the past year. Our positioning here remains focused on a handful of high quality properties. During the quarter we increased our position in Hospitality A shares through underwriting of a rights issue. With a yield comparable to current government bond rates, and growth in distributions of 5% guaranteed before B shareholders receive any income, we believe it to be an attractive investment.

Bonds also had a poor quarter, with the All Bond Index return of 0.9% below the cash return of 2.7%. We have been bearish on bonds over a long period, and sold the position taken during the second quarter of the year. Our preference remains for cash and short term money market assets which are offering very attractive returns currently.

We remain positive on the preference shares of the big 4 banks. With these shares trading at yields of 76% of prime and higher, we believe they are very attractive currently. In addition to offering attractive after tax yields, we believe there is a fair chance of capital appreciation to enhance returns over the longer term.

International markets were negative over the past quarter, with the MSCI falling by 2.3% in dollar terms, and the rand appreciating marginally. Despite this negative environment we managed to generate positive returns in the international component of the portfolio. Our conviction remains high for maximum offshore allocation currently, especially given the current level of the exchange rates and inherent risks in the current environment.

The fund has come through the volatility of the past year quite well. It remains well placed to protect capital going forward and we will continue to use market uncertainty to acquire quality assets as prices decline.

While nominal returns are expected to be lower than the past few years, we remain confident that we can continue to deliver on fund objectives going forward.

Edwin Schultz and Gavin Joubert
Portfolio Managers

CORONATION ABSOLUTE

Class A

as at 31 December 2007

CORONATION FUND MANAGERS

Fund category	Domestic Asset Allocation Flexible	Portfolio manager/s	Edwin Schultz and Gavin Joubert
Fund description	Aims to maintain a real growth rate of 6% per annum, and preserve capital over any rolling 36-month period.	Fund size	R2.1 billion
		NAV	2874.33 cents
		Benchmark/performance fee hurdle	CPIX + 6%
Launch date	2 December 2002		

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Dec 2007
Domestic Assets	85.02%
Equity	65.14%
Oil & Gas	1.21%
Basic Materials	8.44%
Industrials	9.75%
Consumer Goods	15.80%
Healthcare	4.16%
Consumer Services	19.72%
Telecommunications	4.45%
Financials	10.67%
Derivatives	(9.06%)
Preference Shares & Other Securities	2.22%
Real Estate	4.00%
Fixed Interest	0.44%
Cash	13.22%
International Assets	14.98%
Equity	11.75%
Fixed Interest	1.93%
Cash	1.30%

TOP 10 HOLDINGS

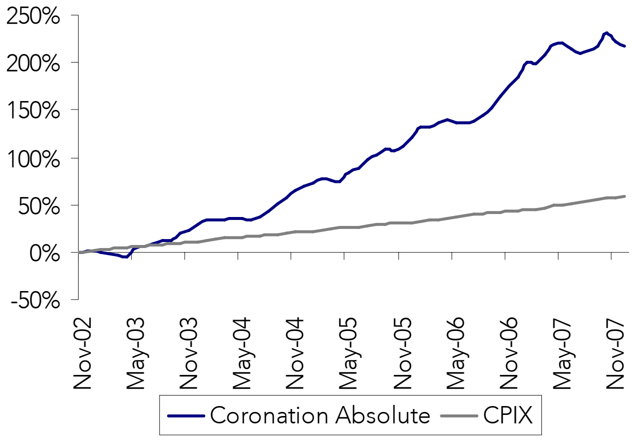
As at 31 December 2007	% of Fund
Naspers Ltd – N ordinary shares	5.73%
Standard Bank Group Ltd	5.26%
Remgro Ltd	4.96%
Woolworths Ltd	4.91%
Impala Platinum Holdings Ltd	4.47%
Tiger Brands Ltd	4.47%
Network Healthcare Holdings Ltd	4.16%
JSE Ltd	4.09%
Richemont Securities AG	2.92%
AVI Ltd	2.85%
Total	43.82%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30/09/2007	01/10/2007	28.56	19.38	9.18
31/03/2007	01/04/2007	15.85	9.15	6.70
30/09/2006	01/10/2006	37.01	28.30	8.71
31/03/2006	01/04/2006	37.06	26.03	11.03

PERFORMANCE AND RISK STATISTICS[1]

CUMULATIVE PERFORMANCE SINCE INCEPTION



PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Out-performance
Year to date	11.07%	14.45%	-3.38%
Latest 12 months (annualised)	11.07%	14.45%	-3.38%
Latest 36 months (annualised)	23.13%	11.80%	11.33%
Latest 60 months (annualised)	25.75%	11.15%	14.60%
Since inception (annualised)	25.48%	11.09%	14.39%
2006	29.17%	8.97%	20.20%
2005	30.13%	10.03%	20.09%
2004	30.91%	10.29%	20.62%
2003	28.65%	10.05%	18.60%

RISK STATISTICS SINCE INCEPTION

	Fund	CPIX
Annualised deviation	8.85%	1.37%
Sharpe ratio	1.82	N/A
Maximum gain	31.34%	N/A
Maximum drawdown	-5.23%	N/A
Positive months	68.85%	N/A

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2007	5.31%	-0.61%	3.00%	3.57%	0.43%	-1.97%	-1.43%	1.09%	1.65%	4.12%	-2.90%	-1.33%
Fund 2006	4.95%	-0.12%	2.28%	1.00%	-0.84%	-0.11%	0.26%	3.10%	3.11%	4.55%	4.04%	3.88%
Fund 2005	2.01%	2.04%	-0.69%	-0.78%	5.58%	2.01%	5.60%	2.16%	2.70%	-0.40%	2.22%	4.43%

FEES (excl. VAT)

Initial Fee*	Coronation: 0.00% (Direct)
Annual Management Fee - performance related**	Minimum - standard: 1.25% Minimum - discounted: 0.75% Maximum: 3.75% Sharing rate: 20%

*An initial fee of 0.25% will be charged on all investments placed via administration platforms like Linked Investment Service Providers (LISP's).

** 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]

4.11% per annum, which includes a performance fee of 2.64%

When applicable, Coronation shares in the fund performance above the benchmark. 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 positive return in line with or below the benchmark, the standard minimum fee will be levied. If the fund produces a negative return over a rolling 36-month period, the discounted minimum fee applies.

For further information regarding our fee structure please contact us or visit our website.

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.

CLIENT SERVICE: 0800 22 11 77 FAX: (021) 680 2500 EMAIL: unittrusts@coronation.co.za WEBSITE: www.coronation.com

 [1]Performance is quoted from Morningstar as at 31 December 2007 for a lump sum investment using Class A NAV prices with income distributions reinvested. [2]The TER is calculated as an annualized percentage of the average NAV of the portfolio incurred as charges, levies and fees in the management of the portfolio for the period 1 January 2007 to 30 September 2007, as well as the actual performance fee incurred over the 12 months to end September 2007. 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.