

CORONATION BALANCED PLUS

Class A

as at 31 December 2007

The Coronation Balanced Plus Fund had a reasonable year, returning 13.1% against 14.0% from the benchmark. Over a rolling 3-year period the fund outperformed its benchmark by 0.9% p.a., while over 5 years the out-performance increased to 1.5% p.a. The fund remains one of the best performing funds in its sector over all longer time periods.

We continue to remind investors that market returns over the last 5 years (25.4% p.a.) have been abnormally high. International and local markets have benefited from a low base and a very asset-friendly environment. We expect the next few years to be more challenging and returns to be more muted. That environment should better suit a disciplined and valuation-driven investment house like Coronation.

The global economic environment remains uncertain. The US economy is flirting with recession as a liquidity squeeze in the banking system has caused a credit crunch in the broader economy. House prices are under pressure and this will force consumers to retreat. With inflationary pressures in the system the Fed also cannot respond as freely as it did in the last cycle. Notwithstanding these concerns, we are not negative in our outlook for global equity markets. Although Emerging Markets are pricing in a lot of good news, Developed Market Equities are attractively priced and there is no doubt that the global economy is more balanced and robust than it was in the last cycle.

Our view on the domestic economy has not changed. The consumer is under pressure after a very aggressive response by the Reserve Bank to a spike in inflation that has largely been driven by rising food and energy prices. Notwithstanding this headwind, we expect investment spending to underpin growth for the next few years.

Equities had a weak quarter, returning -3.0%. For the first time in a while resources (-7.5%) underperformed both the Industrial sector (+1.7%) and financials (-0.7%). Sasol, Exxaro and our zero gold position contributed to performance. We have reduced our weighting in Resources after some profit-taking in Sasol, a stock that has been a major holding in our portfolio for many years. We are not uncomfortable with this underweight position – commodity prices are significantly higher than normal, long-term levels and demand is under pressure at a time when supply is finally responding to several years of high prices.

Tiger automotive, Shoprite and Remgro contributed to performance while Trencor, Amaps, Naspers and Woolworths detracted. We remain defensively positioned in the domestic universe. While interest rate-sensitive stocks have declined materially, they have generally not reached the lows of the third quarter of 2006, despite a materially worse outlook.

Financials had another poor quarter. Abil and Old Mutual contributed to performance, while Investec (a recent addition to our portfolios) and Absa detracted. South African banks are now priced at between 7 and 8 times earnings one year forward. These ratings are as low as they were at the market low in early 2003 and we think they present a compelling opportunity for the patient, long-term investor.

Bonds (+0.9%) underperformed cash (+2.7%). We remain underweight bonds. While yields are looking a lot more attractive, we have resisted increasing our weighting until we have more clarity on the commitment of the ANC's new leadership to inflation targeting. Property stocks finally responded to the weakness in our bond market with a return of -0.4% in the quarter. We remain underweight property, with the view that the sector is priced for perfection.

Louis Stassen and Karl Leinberger
Portfolio Managers

CORONATION BALANCED PLUS

Class A
as at 31 December 2007

Fund category	Domestic Asset Allocation Prudential Variable Equity	Portfolio manager/s	Louis Stassen and Karl Leinberger
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.	Fund size	R2.9 billion
Launch date	15 April 1996	NAV	4678.30 cents
		Benchmark/performance fee hurdle	Composite benchmark (63% equity, 22% bonds, 10% international, 5% cash)

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Dec 2007
Domestic Assets	85.03%
Equity	59.53%
Oil & Gas	2.44%
Basic Materials	12.97%
Industrials	7.96%
Consumer Goods	7.86%
Healthcare	2.11%
Consumer Services	11.91%
Telecommunications	1.69%
Financials	11.05%
Derivatives	1.54%
Preference Shares & Other Securities	0.10%
Real Estate	3.64%
Fixed Interest	7.02%
Cash	14.74%
International Assets	14.97%
Equity	14.52%
Cash	0.45%

TOP 10 HOLDINGS

As at 31 December 2007	% of Fund
Coronation Global Equity Fund of Funds	12.63%
Standard Bank Group	5.36%
Impala Platinum Holdings Ltd	5.15%
Naspers Ltd – N ordinary shares	4.37%
Remgro Ltd	3.16%
BHP Billiton Plc	2.69%
Woolworths Ltd	2.51%
Sasol Ltd	2.44%
Bidvest Group Ltd	2.18%
Liberty International Plc	2.03%
Total	42.52%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30/09/2007	01/10/2007	58.49	23.34	35.15
31/03/2007	01/04/2007	30.87	15.45	15.42
30/09/2006	01/10/2006	52.00	36.21	15.79
31/03/2006	01/04/2006	43.76	32.20	11.56

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2007	4.51%	0.57%	2.83%	3.22%	0.20%	-1.38%	-0.07%	1.22%	2.13%	4.74%	-3.43%	-1.82%
Fund 2006	6.22%	-1.10%	4.06%	2.13%	-2.12%	1.13%	-1.02%	3.61%	2.60%	4.83%	2.98%	3.93%
Fund 2005	1.24%	2.58%	-0.24%	-2.07%	7.22%	2.58%	6.69%	1.94%	3.79%	-0.60%	2.09%	5.61%

FEES (excl. VAT)

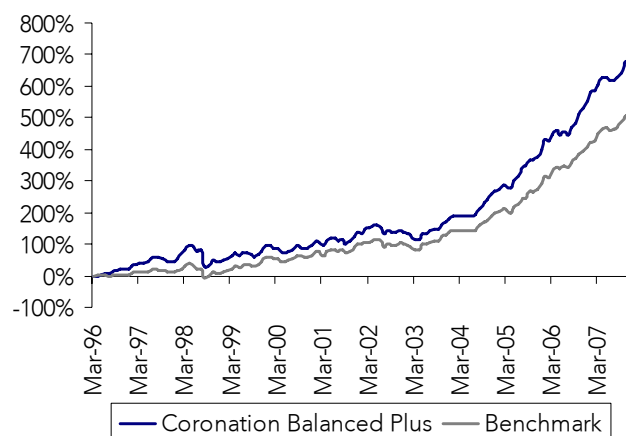
Initial Fee	Coronation: 0.00%
Annual Management Fee*	1.25%
* A portion of Coronation's annual management fee may be paid to administration platforms like LISP's as a payment for administrative and distribution services.	
Total Expense Ratio (TER)²	1.49% per annum

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.

PERFORMANCE AND RISK STATISTICS¹

CUMULATIVE PERFORMANCE SINCE INCEPTION



PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Out-performance
Year to date	13.10%	14.00%	-0.90%
Latest 12 months	13.10%	14.00%	-0.90%
Latest 36 months (annualised)	25.82%	24.91%	0.91%
Latest 60 months (annualised)	25.35%	23.82%	1.53%
Since inception (annualised)	18.67%	16.18%	2.49%
2006	30.46%	29.90%	0.56%
2005	35.00%	31.59%	3.41%
2004	32.01%	26.41%	5.61%
2003	17.68%	18.15%	-0.47%

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised deviation	15.92%	14.27%
Sharpe ratio	0.41	0.28
Maximum gain	57.40%	29.32%
Maximum drawdown	-34.29%	-31.86%
Positive months	67.86%	65.00%