

The last quarter of 2007 was not a kind one for equities as the global malaise affecting most developed markets made its impact felt locally, and certainly political tensions in the run up to the ANC elections made foreign investors nervous. The situation was further compounded by two interest rate hikes which have placed the consumer under pressure and impacted the ratings of domestic interest rate sensitive stocks.

The All Share Index lost 3% for the quarter, bringing the total return for 2007 down to 19.2%; still a great return, but one which was achieved by a few specific stocks doing extremely well and a large number under-performing. Despite being underweight resources the fund returned a creditable 17% for the year as some of our specific stock picks paid off in the last quarter, being down only 1%. Our long term track record remains intact with first quartile performance over 5 years and an annualised return of 32%, some 2% per annum in excess of the All Share return.

During the quarter, we reduced our large exposure to Sasol due to its strong performance and increased our investment into Remgro and Richemont. These two businesses both have strong Rand hedge qualities and are likely to benefit from the unbundling of BAT expected in 2008. With the top of the interest rate cycle being very near (in our estimation), buying some of the banks on forward multiples of less than 8 and dividend yields of 4% looks very attractive, especially as they have avoided the huge write-offs of their developed peers, yet suffered significant de-rating nonetheless.

As noted above, the market return was very narrow in 2007 with 5 stocks accounting for 91% of the total market's return. What this performance masks is that there were a substantial number of shares which delivered a negative performance in 2007. This was driven by the worsening outlook for the domestic consumer and thus retail and consumer focused businesses came under pressure. As a result, despite the market being positive for the 5th consecutive year we do see a number of companies that are priced extremely attractively. The market often only looks forward for a 12-month period, which we agree will be a difficult period, but beyond that we remain confident on the domestic economy. On that basis we have been adding to our holdings of great SA businesses like Tiger Brands and Bidvest, which should continue to deliver good earnings growth in the medium term.

The portfolio is now constructed with a balance between good rand hedge exposure and reasonably priced defensive SA shares. We remain underweight resource shares which are still expensive and have started adding to interest rate sensitive companies where valuations are pricing in maximum pessimism. We believe this will enable the fund to continue to deliver excellent returns over the medium to long term.

Neville Chester and Karl Leinberger
Portfolio Managers

Fund category Domestic Equity General
Fund description An emphasis on active stock selection and will remain fully invested in domestic equities at all times.
Launch date 15 April 1996

Portfolio manager/s Neville Chester and Karl Leinberger
Fund size R2 billion
NAV Class A: 6839.13 cents
Benchmark/performance fee hurdle FTSE/JSE Shareholders Weighted All Share Index

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Dec 2007
Domestic Assets	100.00%
Equity	97.16%
Oil & Gas	3.82%
Basic Materials	19.65%
Industrials	12.34%
Consumer Goods	14.81%
Healthcare	3.77%
Consumer Services	19.27%
Telecommunications	1.33%
Financials	19.77%
Derivatives	2.40%
Real Estate	2.58%
Cash	0.26%
International Assets	0.00%

TOP 10 HOLDINGS

As at 31 December 2007	% of Fund
Standard Bank Group Ltd	8.81%
Impala Platinum Holdings Ltd	8.63%
Naspers Ltd – N ordinary shares	6.94%
Remgro Ltd	6.81%
Woolworths Ltd	4.46%
Richemont Securities AG	4.40%
BHP Billiton Plc	4.03%
Sasol Ltd	3.82%
Bidvest Group Ltd	3.44%
Network Healthcare Holdings Ltd	3.41%
Total	54.75%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30/09/2007	01/10/2007	45.59	44.43	1.16
31/03/2007	01/04/2007	32.37	31.07	1.30
30/09/2006	01/10/2006	70.52	69.60	0.92
31/03/2006	01/04/2006	52.94	51.62	1.32

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2007	5.58%	-0.19%	5.32%	4.45%	-0.55%	-1.47%	0.00%	1.49%	2.33%	7.91%	-5.85%	-2.72%
Fund 2006	8.41%	-1.16%	4.57%	1.94%	-5.13%	-0.41%	-0.12%	3.41%	1.72%	7.18%	4.26%	5.92%
Fund 2005	2.08%	4.21%	-2.30%	-2.01%	7.08%	3.53%	9.60%	2.15%	4.95%	-1.84%	2.05%	7.10%

FEES (excl. VAT)

Initial Fee*	Coronation: 0.00% (Direct)
Annual Management Fee**	Class A: 1.25% Class R: 1.00%

*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

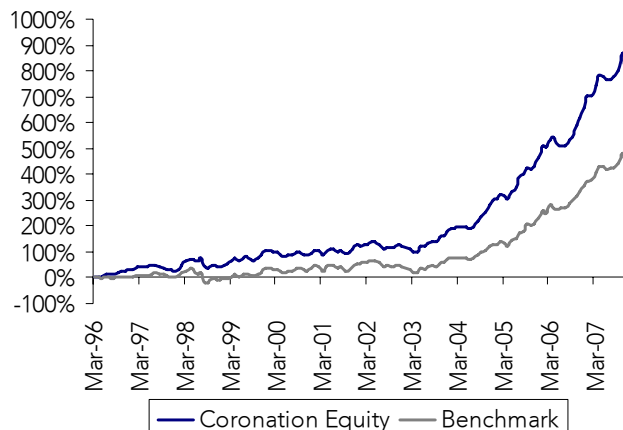
Class A: 1.15% per annum
Class R: 1.44% per annum

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	16.60%	18.06%	-1.46%
Latest 12 months (annualised)	16.60%	18.06%	-1.46%
Latest 36 months (annualised)	30.58%	33.55%	-2.96%
Latest 60 months (annualised)	31.87%	30.40%	1.46%
Since inception (annualised)	20.54%	15.34%	5.20%
2006	34.20%	39.27%	-5.07%
2005	42.31%	44.86%	-2.55%
2004	42.88%	33.90%	8.98%
2003	25.33%	18.24%	7.08%

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised deviation	16.31%	20.26%
Sharpe ratio	0.51	0.16
Maximum gain	47.40%	43.48%
Maximum drawdown	-20.49%	-41.00%
Positive months	64.29%	61.43%