

The fund generated a return of 10.4% for the year ended 31 December 2007. Over the past 3 years the annualised return has been 21.5% per annum and over the past 5 years 19.4%. Importantly, the volatility in generating these returns has been relatively low at less than 10%.

2007 saw a large divergence of returns between different global markets. The MSCI World index appreciated by 7%, with most developed markets being flat or negative and emerging markets producing very strong returns. Within developed markets, the largest market (US) was up by only 3.5% (S&P500), Europe was flat (DJ Stoxx 50) and Japan declined by 11%. Emerging markets on the other hand almost without exception produced strong gains, ranging from Mexico (+11%) and South Africa (+19%) at the lower end, to Brazil (+43%) and China (+97%) at the top end.

The fund has a large part of its capital invested in developed markets (where we believe the valuations are generally more attractive on a risk-adjusted basis than emerging markets) and as such this had a negative impact on the fund. The rand also showed slight appreciation over the course of the year and with 70% of the fund being invested internationally this also detracted from performance. We continue to hold the view that whilst there is value to be found in selected emerging markets, there is far more value to be found in developed markets in general, and the asset allocation of the fund (which is merely a by-product of individual stock selection) reflects this view.

The largest new purchase over the past few months is typical of the kind of stock that we are finding attractive at the moment. Domino's Pizza, like any company that has anything to do with the US economy or US consumer, has fallen sharply over the past several months. Domino's is the largest pizza delivery company in the US and has an almost 50 year operating history (founded in 1960). Although it does operate some of its own stores, the bulk of the business is a franchise model, and like any good franchise business the return on shareholders equity and free cash flow generation is extremely high due to negligible capital investment. Whilst the US business is relatively mature, there is still potential for significant growth in the international business (which contributes around 20% of EBIT today). Additionally, the management team have shown themselves to be very shareholder friendly and several months ago the company geared up the balance sheet to return large amounts of capital to shareholders. The company has also undertaken to continue share buybacks once the debt levels have reduced somewhat from today's relatively high (but manageable) levels. Today, largely due to a short-term focused market, it is possible to buy Domino's on a 10% free cash flow yield which we consider to be very attractive given the qualities of this business.

Another new purchase, Adidas, provides a good example of how one can benefit from the growth in emerging markets without paying ridiculous valuations for that growth. Adidas are one of the largest footwear manufacturers globally with an iconic brand. The company is rapidly expanding its presence in emerging markets (opening 80 -100 stores in Russia and 400 -450 in China per annum for example) and benefiting from the growth and rising disposable incomes in these markets.

Besides the strong top-line growth that these markets generate, the margins in emerging markets are significantly higher than in developed markets (5 -10% higher at the GP level), which means that the swing in mix over time from developed markets to emerging markets will produce margin uplift. The company also recently bought Reebok, and revitalisation of this neglected brand along with cost synergies will also add to earnings growth over the next 5 years. Management have also committed to further share buybacks once the Reebok acquisition has been bedded down. We bought Adidas on a 14 forward P/E multiple which we consider to be a very attractive price given this brand and the long-term earnings power that comes with it.

There were no significant new purchases of South African shares, although we continued to add to the fund's positions in Remgro, Tiger Brands and Woolworths, all of which we consider to be significantly undervalued. The share prices of the latter two in particular continue to decline, yet our assessment of their business values has remained largely unchanged and as a result it makes sense to buy more, not less, of an asset when the difference between where the market is valuing the share (current share price) and what the business is worth (long-term business value) increases. In our view investors, as always, are taking a particularly short-term view with regards to both Tiger Brands and Woolworths and not a 5-10 year view as we prefer to do.

In the case of Woolworths in particular, the next year or two will be very tough for the company as a result of pressure on the consumer due to 7 interest rate increases. Most investors don't like investing in companies where the short-term outlook and newsflow are negative: they want feel good, positive momentum stories (like construction and commodities at the moment) and valuation comes second (or all sorts of reasons are made to justify current valuations). The value of a company is made up of what happens over the next 10 years, and not what happens over the next year or two. As a result we prefer to look through short-term periods like 1 or 2 years and rather take a 5 -10 year view and value the company as a businessman would. In this regard it is our view that Woolworths has a very exciting future over the next 5 -10 years with many years of growth ahead and based on normalised earnings (taking into account this growth in years 2,3,4,5 and onwards) the share is substantially undervalued.

We continue to hold the view that the equities, both international and South African, held by the fund are undervalued and continue to grow their business values. We also hold the view that the rand will depreciate over longer time periods and with almost 70% of the fund invested internationally this will benefit the fund. As a result, we expect the fund to generate attractive real returns over longer time periods.

Gavin Joubert
Portfolio Manager

Fund category	Worldwide Asset Allocation Flexible
Fund description	Aims to deliver long-term growth by investing in a combination of local and international investments across all asset classes.
Launch date	15 March 1999

Portfolio manager	Gavin Joubert
Fund size	R1.3 billion
NAV	3905.43 cents
Benchmark/performance fee hurdle	CPIX + 5%

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

	31 Dec 2007
Equities	87.82%
South Africa	32.94%
Europe	22.92%
United States	14.91%
Asia Pacific	7.25%
Latin America	6.98%
United Kingdom	1.47%
Japan	1.35%
Cash	12.18%
USD	8.93%
Other currencies	1.61%
ZAR	1.29%
Euro	0.35%

TOP 15 HOLDINGS

As at 31 December 2007	% of Fund
Naspers Ltd – N ordinary shares	4.56%
Coronation Global Emerging Markets Flexible Fund	3.60%
Woolworths Ltd	3.57%
Comgest Nouvelle Asie	3.17%
Remgro Ltd	3.07%
Impala Platinum Holdings Ltd	2.78%
Limited Brands Inc	2.77%
Tiger Brands Limited	2.77%
Network Healthcare Holdings Ltd	2.67%
Nasdaq Stock Market Inc	2.41%
Edinburgh Partners Opportunity Fund	2.33%
NYSE Euronext	2.12%
Telefonica SA	2.01%
JSE Ltd	2.00%
Sasol Ltd – ADR	1.99%
Total	41.82%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30/09/2007	01/10/2007	31.60	23.36	8.24
31/03/2007	01/04/2007	7.64	4.93	2.71
30/09/2006	01/10/2006	66.66	51.02	15.64
31/03/2006	01/04/2006	38.44	36.19	2.25

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2007	5.19%	-2.06%	1.77%	1.99%	1.72%	-2.20%	-0.37%	0.41%	1.81%	2.22%	-0.89%	0.54%
Fund 2006	3.19%	-0.07%	2.05%	0.99%	2.17%	3.60%	-0.96%	3.63%	6.62%	1.37%	3.69%	1.32%
Fund 2005	2.48%	1.20%	0.77%	-1.62%	6.58%	1.02%	4.34%	1.14%	1.84%	0.80%	0.15%	3.17%

FEES (excl. VAT)

Initial Fee*	Coronation: 0.00% (Direct)
Annual Management Fee - performance related**	Minimum: 1.00% Maximum: 3.50% Sharing rate: 15%

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

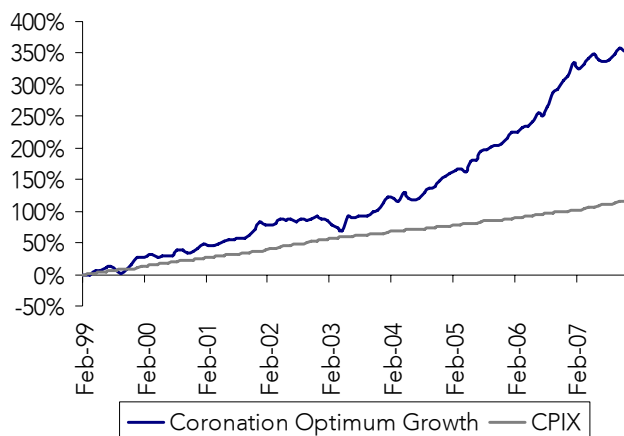
** A portion of Coronation's annual management fee may be paid to administration platforms like LISP's as a payment for administrative and distribution services.

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	10.36%	13.45%	-3.09%
Latest 12 months (annualised)	10.36%	13.45%	-3.09%
Latest 36 months (annualised)	21.48%	10.80%	10.68%
Latest 60 months (annualised)	19.43%	10.15%	9.28%
Since inception (annualised)	18.94%	11.41%	7.53%
2006	31.09%	9.97%	21.12%
2005	23.91%	9.03%	14.87%
2004	19.54%	9.29%	10.25%
2003	13.37%	9.05%	4.32%

RISK AND RETURN STATISTICS SINCE INCEPTION

	Fund	MSCI World (ZAR)	ALSI
Annualised average return	19.54%	7.74%	24.34%
Annualised deviation	10.35%	18.90%	18.42%
Downside deviation	5.34%	10.15%	10.14%
Sharpe ratio	0.83	-0.23	0.65
Maximum gain	28.71%	44.31%	40.25%
Maximum drawdown	-11.72%	-51.40%	-30.43%
Positive months	71.43%	49.52%	60.000%

Total Expense Ratio (TER)²

2.05% per annum, which includes a performance fee of 0.82%

When applicable, Coronation shares in the fund performance above the benchmark. 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 of 1.00% applies.

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