

"For last year's words belong to last year's language and next year's words await another voice." (TS Eliot).

The last quarter of 2007 was a tough one, with the benchmark ending down 7.6%. Given our reasonably conservative positioning we were disappointed in the funds' performance, ending down 3%. For the year the benchmark returned 39.5%, relative to the 41.8% from the fund.

Cracks started appearing in the global economy as the effects of the credit crunch took hold, marking a definite slowdown in developed economies. Base metals fell, with copper and zinc both declining nearly 20% in the quarter.

In contrast, bulk commodities like coal and iron ore soared in the last quarter of the year. Supply disruptions and relatively little exposure to developed economies drove these prices to record highs. Consequently, companies exposed to these markets bucked the trend and performed well. The fund benefited from Exxaro's 19% rise during the quarter, but unfortunately, we held no Kumba Iron Ore (26%) shares.

The oil price kept astounding – having started the quarter in the 50's, it neared \$100/bbl at the end of the year. Long-term favourite, Sasol (up 14.5% for the 3 months), benefited from the oil price moves.

Other than the abovementioned shares, there were very few resource shares up in the last three months of 2007. Heavyweights, Anglo American and BHP Billiton, were down 9% and 15% respectively, despite the excitement as BHP Billiton announced the potential takeover of Rio Tinto. Gold (-14%) and platinum (-3%) indices were also down for the quarter.

Despite the tough last quarter, resource stocks still had a relatively good 2007. The total return of the sector was 29%, relative to only 19% for the FTSE/JSE All Share Index. Over the past three years the resources index has returned 47.2% compounded versus the 35.3% of the All Share Index.

The last three years have clearly been exceptional. Unfortunately, as the warning on all investment products read, past performance is not necessarily an indication of the future – this year waits for another voice. The tailwind of a synchronized strong global economy is behind us, and tougher times lie ahead. Much depends on how strongly emerging economies can continue to perform given the weakness in their traditional export destinations.

The major question to be answered in 2008 is whether China's domestic economy is strong enough to withstand global weakening. Currently there are no signs of a let-up in relentless Chinese growth, but we will only have all the answers at the end.

In an uncertain environment such as this, we remain more conservatively positioned. Instead of trying to predict short-term price moves, we shall continue to concentrate on determining the value of the businesses operating in our sector. This value is not determined by commodity prices today, but rather commodity prices tomorrow and for a long time into the future.

We continue to look for low risk opportunities, and invest in companies that we believe offer attractive long-term valuations.

Henk Groenewald
Portfolio Manager

Fund category	Domestic Equity Resources & Basic Industries
Fund description	Invests in a broad range of resource and basic industry counters that are affected by changes in the commodity cycle.
Launch date	1 October 1999

Portfolio manager	Henk Groenewald
Fund size	R246.9 million
NAV	8529.05 cents
Benchmark/performance fee hurdle	Resources & Basic Industries Sector Mean

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Dec 2007
Domestic Assets	84.76%
Equity	80.04%
Oil & Gas	7.19%
Basic Materials	72.85%
Cash	4.72%
International Assets	15.24%
Equity	13.29%
Cash	1.95%

TOP 10 HOLDINGS

As at 31 December 2007	% of Fund
Impala Platinum Holdings Ltd	10.53%
BHP Billiton Plc	9.48%
Mondi Plc	8.35%
Sasol Ltd	7.19%
Anglo American Plc	6.90%
Exxaro Resources Ltd	5.12%
Mvelaphanda Resources	4.92%
African Oxygen Ltd	4.58%
Anglogold Ashanti Ltd	4.52%
Norham Platinum Ltd	3.64%
Total	65.23%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30/09/2007	01/10/2007	49.52	37.48	12.04
31/03/2007	01/04/2007	41.93	34.84	7.09
30/09/2006	01/10/2006	34.32	30.33	3.99
31/03/2006	01/04/2006	169.56	160.77	8.79

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2007	5.81%	3.21%	9.33%	3.02%	2.87%	1.20%	2.91%	0.82%	9.47%	2.41%	-2.45%	-2.39%
Fund 2006	10.32%	-5.97%	8.00%	6.12%	-0.09%	9.03%	-3.33%	4.25%	1.61%	5.54%	5.38%	1.79%
Fund 2005	3.00%	8.37%	0.67%	-5.79%	12.94%	2.93%	6.16%	1.88%	10.92%	-3.04%	5.56%	5.91%

FEES (excl. VAT)

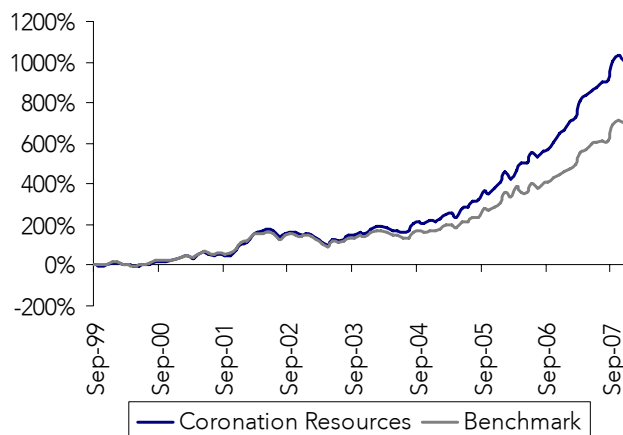
Initial Fee*	Coronation: 0.00% (Direct)
Annual Management Fee**	1.00%
*An initial fee of 0.25% will be charged on all investments placed via administration platforms like Linked Investment Service Providers (LISP's).	
**A portion of Coronation's annual management fee may be paid to administration platforms like LISP's as a payment for administrative and distribution services.	
Total Expense Ratio (TER)²	1.22% 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	41.82%	39.49%	2.33%
Latest 12 months (annualised)	41.82%	39.49%	2.33%
Latest 36 months (annualised)	50.48%	46.91%	3.57%
Latest 60 months (annualised)	33.37%	29.18%	4.19%
Since inception (annualised)	33.39%	31.40%	1.99%
2006	50.13%	46.05%	4.08%
2005	60.04%	55.63%	4.40%
2004	13.37%	6.94%	6.42%
2003	9.23%	6.09%	3.14%

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised deviation	21.89%	21.42%
Sharpe ratio	1.06	0.99
Maximum gain	93.37%	75.65%
Maximum drawdown	-29.89%	-28.63%
Positive months	66.67%	64.65%