

The final quarter of 2007 was a difficult one for equity markets as the JSE sold off on global fears as well as concerns over a more difficult domestic market brought on by higher interest rates. The FTSE/JSE All Share Index fell by 3.0% while the more defensive positioning of the fund resulted in a smaller decline of 1.4% for the quarter. As noted in previous reviews, the returns generated by the market in 2007 have been driven by very few stocks, with the top 5 stocks generating 91% of the market's return for the year. This trend continued in the final quarter, further exposing valuation opportunities in the local market.

There were no major changes in the composition of the portfolio in terms of new positions; however modifications were made to existing holdings. We have been reducing our holding in Sasol due to the extremely strong run in the share, resulting in it moving past our estimation of fair value based on the long term normalised oil price. The performance of Sasol in 2007 was a classic case of how short-term thinking can ignore the long-term value to the detriment of investors. In the early part of 2007 the single-minded focus of the market on a potential windfall tax completely ignored the substantial business interests outside of South Africa as well as the potential additional revenue the company would be making were oil prices to remain above the long-term level in the so called 'windfall' price range. The weak price during this period enabled us to build up a substantial holding which has appreciated remarkably once the concerns over the windfall tax dissipated. Now the market has moved to the other side of the fear/greed equation with a focus purely on the currently very high oil price, which is not sustainable in our opinion. As the oil price normalises we expect the Sasol price to once again revert close to its fair value and accordingly have been reducing our holding.

We have been adding to our holdings in businesses where currently the sentiment is quite negative and investors are ignoring the long-term fundamentals of these companies. Standard Bank, which recently completed a major transaction with ICBC the largest bank by market capitalisation in the world, is languishing below R100 despite the fact that ICBC will be paying R136 for 11% of shareholders' holdings. One can only wonder what happened to the vocal opponents to the deal who felt R136 undervalued the share; they seem to be ignoring a great opportunity to buy the share at a substantial discount to this price. It is however a great opportunity to invest in a business with an extensive growth profile in emerging markets at a cheap valuation.

We also added to our holdings in Tiger Brands and Richemont, a defensive branded consumer goods company and a rand hedge respectively. Both shares have been core holdings for some time but are currently looking particularly attractive.

The portfolio remains well structured and focused on excellent businesses with strong cash flow generating characteristics that should continue to outperform the market over a long-term investment horizon.

Neville Chester
Portfolio Manager

Fund category	Domestic Equity Large Cap
Fund description	Aims to outperform the FTSE/JSE Top 40 Index, is actively managed and will typically hold no more than 20 large cap stocks at any point in time.
Launch date	1 October 2000

Portfolio manager	Neville Chester
Fund size	R1.8 billion
NAV	5542.96 cents
Benchmark/performance fee hurdle	FTSE/JSE Africa Top 40 Index

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Dec 2007
Domestic Assets	100.00%
Equity	97.10%
Oil & Gas	3.92%
Basic Materials	15.73%
Industrials	12.41%
Consumer Goods	17.96%
Healthcare	5.73%
Consumer Services	20.74%
Telecommunications	5.98%
Financials	14.63%
Cash	2.90%
International Assets	0.00%

TOP 10 HOLDINGS

As at 31 December 2007	% of Fund
Naspers Ltd – N ordinary shares	9.43%
Remgro Ltd	9.42%
Impala Platinum Holdings Ltd	9.02%
Standard Bank Group	8.93%
Woolworths Ltd	7.29%
Tiger Brands Limited	7.05%
Richemont Securities AG	5.85%
Network Healthcare Holdings Ltd	5.73%
SABMiller Plc	5.06%
Ellerine Holdings Ltd	4.02%
Total	71.80%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30/09/2007	01/10/2007	57.68	55.34	2.34
31/03/2007	01/04/2007	39.11	33.62	5.49
30/09/2006	01/10/2006	99.38	95.65	3.73
31/03/2006	01/04/2006	39.28	32.49	6.79

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2007	6.38%	-1.17%	4.99%	4.01%	-0.68%	-1.29%	-1.18%	1.67%	1.85%	7.65%	-5.82%	-2.76%
Fund 2006	7.32%	-1.85%	4.99%	2.85%	-3.46%	1.27%	-0.31%	3.44%	2.61%	6.84%	3.65%	6.38%
Fund 2005	1.15%	3.72%	-1.43%	-1.74%	10.08%	3.36%	8.98%	2.69%	5.57%	-1.40%	5.00%	6.69%

FEES (excl. VAT)

Initial Fee*	Coronation: 0.00% (Direct)
Annual Management Fee - performance related**	Minimum - standard: 1.00% Minimum - discounted: 0.50% Maximum: 3.50% 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).

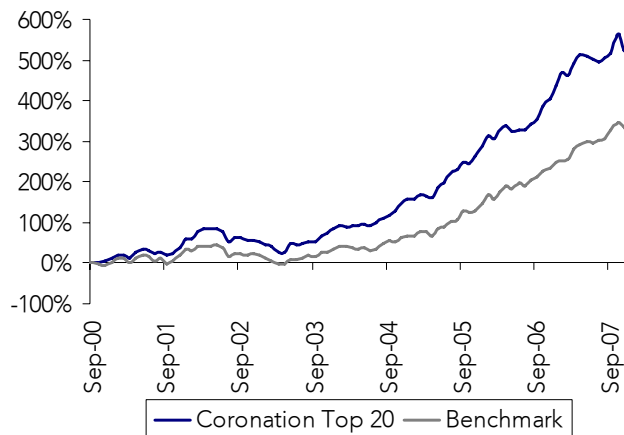
** A portion of Coronation's annual management fee may be paid to administration platforms like LISP's as a payment for administrative and distribution services.

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	13.54%	18.97%	-5.43%
Latest 12 months (annualised)	13.54%	18.97%	-5.43%
Latest 36 months (annualised)	33.41%	35.45%	-2.03%
Latest 60 months (annualised)	31.74%	28.30%	3.44%
Since inception (annualised)	28.27%	21.58%	6.69%
2006	38.61%	40.90%	-2.28%
2005	50.87%	48.24%	2.64%
2004	38.94%	23.48%	15.47%
2003	20.28%	13.31%	6.98%

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised deviation	17.89%	19.21%
Sharpe ratio	1.03	0.61
Maximum gain	38.58%	37.42%
Maximum drawdown	-31.72%	-33.46%
Positive months	64.37%	63.22%

Total Expense Ratio (TER)²

1.38% per annum, which includes a performance fee of 0.23%

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 return in line with the benchmark, a standard minimum fee will be levied. If the fund produces a return below the benchmark over a rolling 12-month period, the discounted minimum fee applies.

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