

The Coronation Absolute Fund appreciated by 9.9% over the first half of 2007 taking its 12 month return to 32.4%, which is well ahead of its return objective of CPIX + 6%.

We believe that longer time periods are more meaningful and in this regard the fund has generated a return of 32.4% per annum over the past three years and 28.3% since inception. Very importantly these returns have been achieved without taking on large amounts of risk and the fund's risk measures (standard deviation and drawdowns) are well below that of the SA equity market, general equity funds and most balanced and flexible funds. The annualised volatility of the fund has been 8.7% since inception, which is almost half that of the JSE Equity All Share's volatility of around 16% over the same period.

The equity exposure of the fund has not changed significantly over the past few months and the SA equity exposure, adjusted for the Primedia position which we consider to be near cash and the delta-adjusted index put options, is around 60%. We continue to take a somewhat cautious view with regards to equities and believe that various parts of the SA equity market are overvalued. Whilst some of the fund's equity holdings haven't generated the same sky high returns as some of the current sexy, momentum driven shares (anything in construction or infrastructure, junior resource companies with little or no earnings history and many small cap shares) we prefer to invest in more 'boring' shares that are backed by attractive valuations and not market hype or takeover speculation. History and experience over the years has taught us that one seldom generates attractive returns by investing in places where everyone wants to invest.

At the other end of the spectrum, the fund's largest equity holding seems to be a place where no-one wants to invest: Sasol is now a 6% position in the fund and its share price has barely increased over the past 18 months against a resources sector which has appreciated by around 50% over the same period. Interestingly, the oil price (one of the biggest drivers of Sasol's earnings) continues to rise and most emerging markets oil stocks continue to appreciate (Petrobras, the Brazilian equivalent of Sasol, has almost doubled over the past 18 months), yet concerns over the proposed windfall tax and delays in GTL projects continue to dominate short-term focused investors' views. Our view on the windfall tax remains unchanged: a tax will only be triggered at higher oil price levels and we value Sasol using an oil price of \$45 a barrel (well below the current price of \$72). Therefore, the 'net' benefit to our valuation, should oil prices indeed remain well above \$45, would be very positive after adjusted for taxes. We continue to believe that Sasol is one of the most undervalued shares in the SA market and we do not believe that it is possible to time markets and 'wait' until the sentiment turns positive, or try to identify a 'catalyst' before buying Sasol. Valuation is the only catalyst that you need: if a share is cheap enough that value will be realised and no mere mortal can time when that happens, although many believe they can and continue trying to do so.

The largest new equity purchase over the past few months was a 3% position in Tiger Brands. The fund has held Tiger Brands over the years and the decision to purchase the share again was made after the share price had underperformed the market for some time while the long-term business value had continued to appreciate significantly. This meant that the difference between what we believe the business is worth (long-term fair value) and what the market is valuing the business at (current share price) opened up considerably and gave us the appropriate margin of safety. Tiger Brands owns some of the best consumer brands in the country (All Gold Tomato Sauce, Black Cat Peanut Butter, Colemans mustard, Jungle Oats, Energade, Oros, Enterprise, Gill shampoo, Doom and the list goes on). These brands have pricing power which results in high margins. The earnings and free cash flow streams of the business are also more stable and predictable than most. The company is in the process of either selling or unbundling its pharmaceuticals division, which will result in a pure food business with an under-gearred balance sheet being separately listed. All of these factors, combined with a p/e multiple of less than 13 on normalised earnings, make for a compelling investment opportunity in our view.

As a result of our view that developed market international equities offer better relative value than SA equities, combined with our view that the rand will depreciate over longer periods of time, the fund continues to use the full international allocation of 15%, invested in a mix of international equities, bonds and cash. Although we believe that bonds are starting to look more interesting as government long bond yields (R157) move closer to 9%, the fund still has a relatively small bonds position of less than 3%. Given the very strong performance of listed property shares over the past few years, we can only find value in 4-5 listed property shares and this is reflected in the small property position of 3.5%. The balance of the fund is invested in cash (3%), NCDs (1.8% position) and in our view giving a very attractive yield at around 10% and preference shares (2.7% position) invested in ABSA preference shares when sentiment was very negative as a result of uncertainty over the tax treatment of preference shares).

Whilst the generation of significant real returns going forward is becoming more and more difficult as all assets classes continue to appreciate, we believe that the fund is well positioned to continue to achieve its return objective over longer periods of time.

Edwin Schultz and Gavin Joubert
Portfolio Managers

CORONATION ABSOLUTE

Class A
as at 30 June 2007

CORONATION
FUND MANAGERS

Fund category
Fund description

Domestic Asset Allocation Flexible
Aims to maintain a real growth rate of 6% per annum, and preserve capital over any rolling 36-month period.
2 December 2002

Launch date

Portfolio manager/s

Edwin Schultz and Gavin Joubert

Fund size

R2.1 billion

NAV

2872.94 cents

Benchmark/performance fee hurdle

CPIX + 6%

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 Jun 2007
Domestic Assets	84.93%
Equity	61.51%
Oil & Gas	5.94%
Basic Materials	7.77%
Industrials	3.99%
Consumer Goods	12.22%
Healthcare	4.84%
Consumer Services	23.34%
Telecommunications	2.34%
Financials	10.33%
Derivatives	(9.26%)
Preference Shares & Other Securities	2.68%
Real Estate	4.27%
Fixed Interest	2.41%
Cash	14.06%
International Assets	15.07%
Equity	11.49%
Fixed Interest	3.44%
Cash	0.14%

TOP 10 HOLDINGS

As at 30 June 2007	% of Fund
Sasol Ltd	5.94%
Naspers Ltd – N ordinary shares	5.17%
Woolworths Ltd	4.97%
Network Healthcare Holdings Ltd	4.84%
Impala Platinum Holdings Ltd	4.62%
Absa Group Ltd – Ordinary and Preference Shares	4.01%
Remgro Ltd	3.99%
JSE Ltd	3.85%
Tiger Brands Ltd	3.04%
Johnnic Communications	2.77%
Total	43.20%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31/03/2007	01/04/2007	15.85	9.15	6.70
30/09/2006	01/10/2006	37.01	28.30	8.71
31/03/2006	01/04/2006	37.06	26.03	11.03
30/09/2005	01/10/2005	30.13	19.88	10.25

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2007	5.31%	-0.61%	3.00%	3.57%	0.43%	-1.97%						
Fund 2006	4.95%	-0.12%	2.28%	1.00%	-0.84%	-0.11%	0.26%	3.10%	3.11%	4.55%	4.04%	3.88%
Fund 2005	2.01%	2.04%	-0.69%	-0.78%	5.58%	2.01%	5.60%	2.16%	2.70%	-0.40%	2.22%	4.43%

FEES (excl. VAT)

Initial Fee*	Coronation: 0.00% (Direct)
Annual Management Fee - performance related**	Minimum - standard: 1.25% Minimum - discounted: 0.75% Maximum: 3.75% 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).

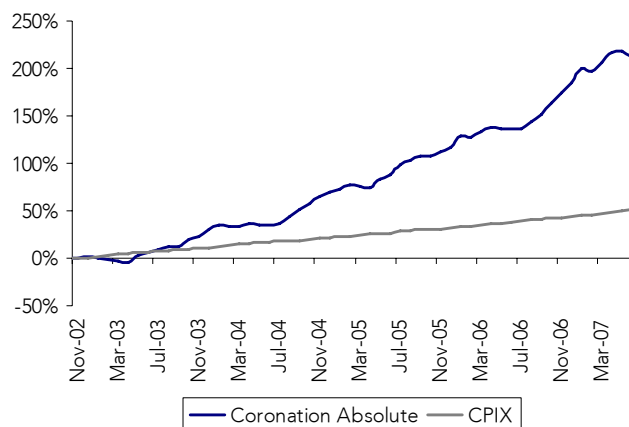
** A portion of Coronation's annual management fee may be paid to administration platforms like LISP's as a payment for administrative and distribution services.

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	9.92%	7.18%	2.75%
Latest 12 months (annualised)	32.38%	12.25%	20.13%
Latest 36 months (annualised)	32.60%	10.85%	21.75%
Since inception (annualised)	28.33%	10.74%	17.59%
2006	29.17%	10.97%	18.20%
2005	30.13%	10.03%	20.09%
2004	30.91%	10.29%	20.62%
2003	28.65%	10.05%	18.60%

RISK STATISTICS SINCE INCEPTION

	Fund	CPIX
Annualised deviation	8.67%	1.38%
Sharpe ratio	2.20	N/A
Maximum gain	31.34%	N/A
Maximum drawdown	-5.23%	N/A
Positive months	70.91%	N/A

Total Expense Ratio (TER)²

3.77% per annum, which includes a performance fee of 2.29%

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 positive return in line with or below the benchmark, a standard minimum fee will be levied. If the fund produces a negative return over a rolling 36-month period, the discounted minimum fee applies.

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