

CORONATION BOND

Class R

as at 30 June 2007

The interest rate picture took a turn for the worse in the second quarter as inflation data exceeded expectations - notably, CPIX breached the 6% upper end of the target range. The SARB responded by raising the repo rate by 50 basis points in June, having been on hold at the February and April meetings. Pipeline pressure continues to be evident in PPI, and CPIX is expected to remain above 6% for most of the next three quarters. This, and the potential effect of higher inflation on inflation expectations, means it is likely that the SARB (also with an eye on its credibility) will raise rates again at the August MPC.

Needless to say, that on the back of these developments, the bond market failed to perform during the quarter. The All Bond Index (ALBI) produced a -1.65% return, while the Coronation Bond Fund posted a marginally better return of -1.52%.

It is noteworthy that while consumer demand data are generally still strong, there are clear signs of the peak having passed. Car sales are slumping, while other spending and consumer credit are starting to slow, hit by a perfect storm of higher rates, higher prices and (in June) the introduction of the National Credit Act.

A consumer slowdown will help ease concerns both over the current account deficit and inflation further down the line, while the latter will also be helped by the recently stronger rand. Thus, if the SARB does raise rates in August, there is a good chance that would be the end of the cycle.

The shape of the yield curve continued adjusting during the quarter, extending the level of inversion as upward pressure on short rates remained. Overweight the back end of the yield curve with a neutral modified duration position relative to the ALBI remains our preferred portfolio positioning stance.

Mark le Roux
Portfolio Manager

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Fund category Domestic Fixed Interest Bond
Fund description Seeks to provide investors with a well-diversified exposure to the SA bond market.
Launch date 1 August 1997

Portfolio manager Mark le Roux
Fund size R369.7 million
NAV 1300.07 cents
Benchmark/performance fee hurdle BEASSA ALBI Index

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Maturity Band	30 Jun 2007
0 – 1 year	12.20%
1 – 3 years	6.75%
3 – 7 years	18.50%
7 – 12 years	40.97%
12+ years	21.58%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Interest
31/03/2007	01/04/2007	49.74	49.74
30/09/2006	01/10/2006	35.92	35.92
31/03/2006	01/04/2006	50.61	50.61
30/09/2005	01/10/2005	49.05	49.05

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2007	0.65%	1.25%	-0.27%	1.47%	-0.95%	-2.02%						
Fund 2006	0.72%	0.93%	-0.26%	1.02%	-0.76%	-2.38%	0.63%	-0.18%	1.43%	3.26%	0.91%	1.34%
Fund 2005	1.04%	1.38%	-2.11%	2.01%	0.35%	2.02%	0.62%	0.16%	0.32%	0.70%	2.12%	1.91%

FEES (excl. VAT)

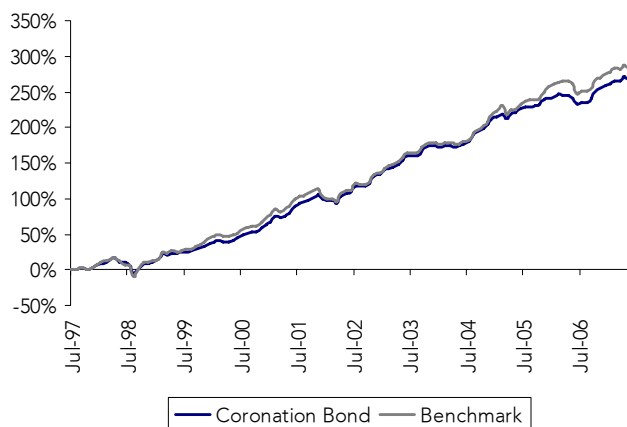
Initial Fee	Coronation: 0.00%
Annual Management Fee*	0.75%
* A portion of Coronation's annual management fee may be paid to administration platforms like LISP's as a payment for administrative and distribution services.	
Total Expense Ratio (TER)²	0.87% per annum

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	0.08%	-0.06%	0.14%
Latest 12 months	7.67%	7.70%	-0.03%
Latest 36 months (annualised)	10.19%	10.37%	-0.17%
Latest 60 months (annualised)	12.12%	12.13%	-0.01%
Since inception (annualised)	14.09%	14.28%	-0.19%
2006	6.76%	5.48%	1.28%
2005	10.96%	10.80%	0.16%
2004	13.94%	15.25%	-1.31%
2003	17.47%	18.07%	-0.60%

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised deviation	7.94%	9.50%
Sharpe ratio	0.32	0.29
Maximum gain	26.21%	26.36%
Maximum drawdown	-19.02%	-22.26%
Positive months	76.47%	75.63%