

In a benign global economy with generally strong performance from developed markets and very strong performance from emerging markets, the JSE continued to deliver good returns. While the first quarter saw a return to favour for domestic stocks, the second quarter was marked by resurgent commodity shares and a fall out of favour for domestic stocks. The interest rate sensitive stocks were particularly impacted as concerns mounted over the future direction of interest rates. During this period the Coronation Equity Fund delivered a return of 2.4% against the FTSE/JSE All Share Index of 4.3% and the SWIX of 2.6%.

Returns were very volatile once again as newsflow, both globally and locally, affected market sentiment. Changes in risk appetite globally initially spurred by worries in the sub-prime market were then carried over into the treasuries market as concerns over global inflation pushed US and UK bond yields well over 5%. Despite moves by central banks around the world to curb inflation, commodity prices have continued rising as pundits bet that demand will not be significantly impacted by the tighter global monetary conditions. Indeed, China's growth, despite several tightening actions taken by that country's government, has continued to be strong.

Locally, the interest rate hike in June and the poor inflation data that spurred it has seen a distinct trend emerge. This is not dissimilar to that which occurred in May 2006 as many investors have exited interest rate sensitive stocks on growing concerns over their ability to generate good returns in this environment. This blow has been worsened recently by the impact of the National Credit Act which has been particularly hard on the furniture retailers whose business model has been found wanting. Interestingly enough, the excessive exuberance I alluded to in my last quarterly about Eland and other mining juniors seems to have been deflated somewhat as people begin to rationally assess their valuations.

The big charge this quarter was led by the heavyweights, Anglos and Billiton, which have seen very strong returns as investors have increased their commodity price forecast and the M&A speculation in the market persists. Amazingly, this re-rating has managed to miss Sasol entirely, whose share price has languished despite the oil price moving up strongly. Because of this contrary action we have continued to add to our Sasol position as the business fundamentals are significantly better in this high oil price environment. While short-term newsflow over production in Qatar is not positive, we are looking through this to the long-term oil production view.

The fund significantly reduced its exposure to clothing and furniture retailers in the first quarter and early part of the second. This has enabled us to avoid a lot of the bad news in this sector. Indeed, valuations are now once again starting to look attractive as investors are possibly starting to overreact to the impact of the rate hikes implemented and expected.

Despite the noise about private equity in the past year, very little has actually transpired in the way of sales of businesses to these parties. The possibility of a take-out however will probably underpin a number of companies in the market, which means that the possibility of getting really cheap bargains is not as good as before. That said, as interest rates do rise, it increases the cost of taking out businesses and will probably lower the floor price for possible deals.

The fund is currently well balanced between good value defensive shares, attractively priced domestic shares and appropriate rand hedges. These should deliver good sustainable returns over the coming years.

Neville Chester
Portfolio Manager

CORONATION EQUITY

as at 30 June 2007

Fund category	Domestic Equity General
Fund description	An emphasis on active stock selection and will remain fully invested in domestic equities at all times.
Launch date	15 April 1996

Portfolio manager	Neville Chester
Fund size	R1.9 billion
NAV	Class A: 6706.68 cents
Benchmark/performance fee hurdle	FTSE/JSE Shareholders Weighted All Share Index

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 Jun 2007
Domestic Assets	100.00%
Equity	99.57%
Oil & Gas	9.01%
Basic Materials	21.21%
Industrials	5.67%
Consumer Goods	11.50%
Healthcare	2.86%
Consumer Services	25.09%
Telecommunications	4.58%
Financials	19.65%
Real Estate	0.25%
Cash	0.18%
International Assets	0.00%

TOP 10 HOLDINGS

As at 30 June 2007	% of Fund
Sasol Ltd	9.01%
Standard Bank Group Ltd	8.42%
Naspers Ltd - N ordinary shares	7.92%
Impala Platinum Holdings Ltd	7.83%
BHP Billiton Plc	6.65%
Woolworths Ltd	5.38%
Richemont Securities AG	4.17%
Absa Group Ltd	4.10%
Remgro Ltd	3.84%
FirstRand Ltd	3.08%
Total	60.40%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31/03/2007	01/04/2007	32.37	31.07	1.30
30/09/2006	01/10/2006	70.52	69.60	0.92
31/03/2006	01/04/2006	52.94	51.62	1.32
30/09/2005	01/10/2005	67.30	64.08	3.22

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2007	5.58%	-0.19%	5.32%	4.45%	-0.55%	-1.47%						
Fund 2006	8.41%	-1.16%	4.57%	1.94%	-5.13%	-0.41%	-0.12%	3.41%	1.72%	7.18%	4.26%	5.92%
Fund 2005	2.08%	4.21%	-2.30%	-2.01%	7.08%	3.53%	9.60%	2.15%	4.95%	-1.84%	2.05%	7.10%

FEES (excl. VAT)

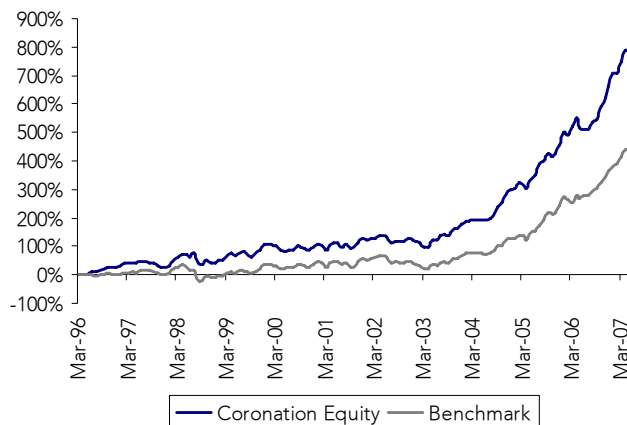
Initial Fee*	Coronation: 0.00% (Direct)
Annual Management Fee**	Class A: 1.25% Class R: 1.00%
*An initial fee of 0.25% will be charged on all investments placed via administration platforms like Linked Investment Service Providers (LISP's).	
**A portion of Coronation's annual management fee may be paid to administration platforms like LISP's as a payment for administrative and distribution services.	
Total Expense Ratio (TER)²	
Class A: 1.43% per annum	
Class R: 1.1% 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	13.60%	13.61%	-0.01%
Latest 12 months (annualised)	41.26%	39.47%	1.79%
Latest 36 months (annualised)	43.40%	44.24%	-0.84%
Latest 60 months (annualised)	30.24%	26.45%	3.80%
Since inception (annualised)	21.27%	15.68%	5.59%
2006	34.20%	39.27%	-5.07%
2005	42.31%	44.86%	-2.55%
2004	42.88%	33.90%	8.98%
2003	25.33%	18.24%	7.08%

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised deviation	16.35%	20.54%
Sharpe ratio	0.55	0.17
Maximum gain	47.40%	43.48%
Maximum drawdown	-20.49%	-31.35%
Positive months	64.93%	61.19%