

Equities remained the best asset class in which to be positioned for the second quarter, although the ride has become somewhat bumpy. Bonds had an extreme sell-off as inflation and interest rate expectations rose locally and globally. Property stocks could also not hold onto gains in this environment and produced negative returns. The fund returned 2.5% for the quarter against its benchmark of 2.3%, which was a good result in a difficult market especially when the commodity shares continued to outperform against our long-term view.

The biggest news globally has been the recent sell-off in bonds. US and UK 10-year treasuries have risen well above 5% due mainly to the rise in global inflation expectations. The UK central bank has continued to hike rates and these now stand at 5.75%, the highest for some years. The lower level of rates in the US has seen the US dollar weaken further against Sterling and the Euro, which may ultimately be the saviour of the US's deficit. In the meantime the weaker US dollar has helped keep commodity prices high, as well as from continued demand out of emerging markets.

Higher interest rates, if they persist, can threaten the emerging market boom we have enjoyed recently as returns from low risk investments start to increase and global growth starts to slow as the years of 'easy money' come to an end. In addition we have seen the appetite for high risk credit, which has helped reduce the cost of equity in many emerging markets, start to reduce on the back of sub-prime implosion. All these are warning signs that one should be cautious in the coming months.

Despite this, the long-term outlook for equities remains reasonable as valuations generally are not stretched. There are certainly sectors which have become overheated, but it is still possible to find reasonably valued equities both locally and globally. The fund is still overweight equities but with some protection in place in the event of volatility.

The fund sold out of property early in the second quarter and we have recently started nibbling again. However, the majority of the property stocks haven't stayed down for long so we are unlikely to build up much of a stake at current levels. Cash and NCDs are offering very attractive returns of around 10.5% currently, as well as preference shares which have re-rated since last quarter yet still offering good returns.

While bonds have sold off locally, we have shied away from the local bonds in favour of longer dated NCDs. We have also started investing in global bonds due to their attractive returns. Looking forward into the second half of the year we expect continued good results from SA companies, but share prices will be determined by foreign investor sentiment and the direction interest rates take due to inflation. We believe the fund is still well structured to continue to deliver inflation and market beating performance in the medium to long term.

**Neville Chester**  
**Portfolio Manager**

# CORONATION MARKET PLUS

**Class A**  
as at 30 June 2007

**CORONATION**  
FUND MANAGERS

**Fund category**  
**Fund description**

Domestic Asset Allocation Flexible  
Invests across various domestic and international asset classes, with a bias towards the equity market over the investment cycle.  
2 July 2001

**Launch date**

**Portfolio manager**  
**Fund size**  
**NAV**  
**Benchmark/performance fee hurdle**

Neville Chester  
R1.2 billion  
3581.88 cents  
Composite Benchmark  
(63% equity, 22% bonds, 10% International, 5% cash) + 2%

## PORTFOLIO DETAIL

### EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 Jun 2007
<b>Domestic Assets</b>	<b>85.06%</b>
<b>Equity</b>	<b>68.82%</b>
Oil & Gas	6.24%
Basic Materials	14.74%
Industrials	3.85%
Consumer Goods	8.23%
Healthcare	2.00%
Consumer Services	19.50%
Telecommunications	3.17%
Financials	13.40%
Derivatives	(2.31%)
<b>Preference Shares &amp; Other Securities</b>	<b>7.35%</b>
<b>Real Estate</b>	<b>3.04%</b>
<b>Fixed Interest</b>	<b>1.56%</b>
<b>Cash</b>	<b>4.29%</b>
<b>International Assets</b>	<b>14.94%</b>
<b>Equity</b>	<b>9.34%</b>
<b>Fixed Interest</b>	<b>4.22%</b>
<b>Cash</b>	<b>1.38%</b>

### TOP 10 HOLDINGS

As at 30 June 2007	% of Fund
Coronation Global Equity Fund of Funds	9.34%
Sasol Ltd	6.24%
Standard Bank Group Ltd	5.68%
Impala Platinum Holdings Ltd	5.54%
Naspers Ltd – N ordinary shares	5.13%
BHP Billiton Plc	4.64%
Absa Group Ltd – Ordinary and Preference Shares	4.02%
Woolworths Holdings Ltd	3.72%
Primedia "N"	3.08%
Richemont Securities AG	2.82%
<b>Total</b>	<b>50.21%</b>

### INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31/03/2007	01/04/2007	27.70	15.49	12.21
30/09/2006	01/10/2006	38.34	28.57	9.77
31/03/2006	01/04/2006	38.93	30.49	8.44
30/09/2005	01/10/2005	38.96	28.47	10.49

### MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2007	5.07%	0.53%	3.43%	3.79%	0.05%	-1.28%						
Fund 2006	6.30%	-0.01%	3.86%	1.27%	-3.24%	-0.92%	0.05%	3.16%	1.79%	5.92%	3.82%	4.30%
Fund 2005	1.69%	3.26%	-1.11%	-1.82%	6.36%	2.30%	6.19%	1.55%	4.03%	-0.70%	1.95%	5.61%

### FEES (excl. VAT)

<b>Initial Fee*</b>	Coronation: 0.00% (Direct)
<b>Annual Management Fee - performance related**</b>	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).

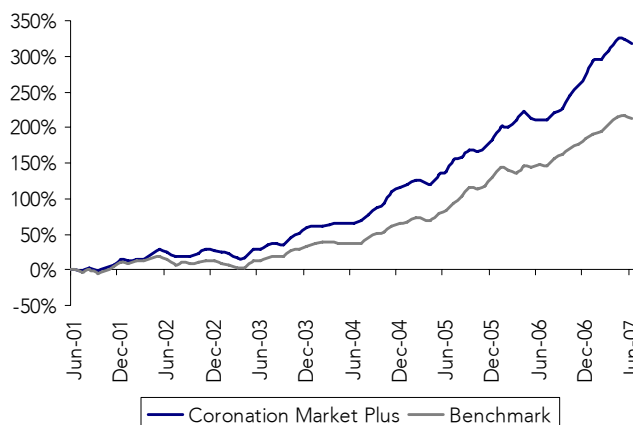
\*\*A portion of Coronation's annual management fee may be paid to administration platforms like LISP's as a payment for administrative and distribution services.

#### 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 STATISTICS<sup>1</sup>

### CUMULATIVE PERFORMANCE SINCE INCEPTION



### PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Out-performance
Year to date	11.99%	10.96%	1.04%
Latest 12 months (annualised)	34.95%	28.02%	6.93%
Latest 36 months (annualised)	35.69%	34.93%	0.76%
Latest 60 months (annualised)	27.23%	24.14%	3.09%
Since inception (annualised)	26.73%	22.60%	4.14%
2006	29.15%	31.99%	-2.85%
2005	33.05%	34.52%	-1.47%
2004	35.91%	28.41%	7.50%
2003	24.90%	20.15%	4.75%

### RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised deviation	10.97%	10.92%
Sharpe ratio	1.55	1.18
Maximum gain	36.70%	N/A
Maximum drawdown	-9.98%	N/A
Positive months	73.61%	N/A

### Total Expense Ratio (TER)<sup>2</sup>

1.53% per annum, which includes a performance fee of 0.07%

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 60-month period, the discounted minimum fee applies.

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