CORONATION OPTIMUM GROWTH

Class A
as at 30 June 2007

CORONATION FUND MANAGERS

The Coronation Optimum Fund appreciated by 6.4% in the first half of 2007 taking its 12-month return to 24%, which is well ahead of its return objective of CPIX + 5%.

Over the past three years the fund has generated an annualised return of 26.3% and in the eight years since inception has generated an annualised return of 19.7% per annum, compared to the 6.7% annualised rand return of the MSCI World Index and the 23.3% annualised return of the FTSE/JSE All Share Index over this same period.

Whilst Optimum has absolute, as opposed to relative, return objectives and as such does not explicitly try and outperform either the MSCI World Index or the FTSE/JSE All Share Index, these two indices do provide a reference point. In this regard, Optimum's returns have come with taking on much lower risk than either the MSCI World Index or the FTSE/JSE All Share index. This lower risk is reflected in Optimum's volatility levels, frequency of positive months and maximum drawdowns. Optimum's volatility levels have been 10.6% since inception, which are almost half the volatility levels of both the MSCI World Index of 19.4% and FTSE/JSE All Share Index's volatility of 18.7%. In a similar vein, since inception Optimum has experienced 71% positive return months compared to 51% in the case of the MSCI World Index, and 59% in the case of the FTSE/JSE All Share. Lastly, Optimum's worst drawdown (decline) over the past eight years has been 11% whereas the worst drawdown of the MSCI World Index over this period has been 51% with that of the FTSE/JSE All Share's being 30%.

Over the past few months the fund made several new investments in international stocks while adding only one new SA equity position; reflecting our view that international markets, in particular the developed markets of the US, UK and Europe, offer better relative value than SA equities. We continued to take cash offshore based on our view that better risk-adjusted returns are to be found in international markets and supported by our view that the rand will depreciate from its current levels of 7 to the USD over longer periods of time. The fund now has approximately 32% of its assets invested in South Africa with the balance of 68% being invested offshore. The overall equity exposure of the fund is now 74.6% (or 73.4% excluding Primedia which we consider to be near cash) with 21.5% being invested in SA equities (25.5% including the Sasol ADRs and SABMiller London listed units) and 53.2% in international equities (49.2% excluding the two aforementioned stocks).

Our only new South African investment over the past few months was a position in Tiger Brands. The fund has owned Tiger Brands before and over the past year or two the business value of this company has continued to grow significantly whilst the share price has not followed, resulting in a gap between what we believe the business is worth (fair value) and what the market is valuing the business at (current share price). Tiger Brands owns some of the best consumer brands in the country, which have pricing power and generate high margins. The company's earnings and free cash flow stream is also more stable and predicable than most and the company is currently in the process of selling or unbundling its pharmaceutical assets, which will leave a pure food company with an under-geared balance sheet, and all of this on a p:e of below 13 on normalised earnings.

Brazil is a country that has many similarities to South Africa: it is rich in natural resources (the largest deposits of iron ore in the world are found in Brazil and the country also has significant areas of forested land and is the leading pulp producer in the world), has a fast growing economy and by and large practices free-market economics whilst still providing labour-friendly policies. The similarities don't end there: besides having beaches that rival Cape Town's best (but with warmer water), the country, just like South Africa, also has high levels of unemployment, income inequality and crime: downtown Sao Paulo requires as much caution as does downtown Johannesburg. And like South Africa, the country offers many potentially interesting investment opportunities.

Earlier in the year, in preparation for a trip to Brazil, we screened the entire universe of Brazilian shares and came up with seven companies which we felt were potentially interesting and then visited these companies in Sao Paulo in April. From these visits and additional research, the fund bought positions in three Brazilian companies, making up around 4% of the fund. Brazil is arguably where South Africa was 3 - 4 years ago in terms of experiencing a structural decline in inflation and resultant reduction in interest rates with the corresponding positive impact on consumer spending. Whilst this outlook, if correct, would prove to be very beneficial to the retailers in particular, we are, as always, reluctant to base an investment case on uncertain macroeconomic variables. In addition to this, the retailers are in our view pricing in many years of declining interest rates and all sorts of other good things and are as a result very expensive. We did however invest in one of the banks (Unibanco), which at time of purchase was on a p:e of below 10 and should continue to generate double-digit earnings growth irrespective of whether interest rates decline by another 5% or not, as well as one of the telecommunications companies (Brazil Telecom), which at time of purchase offered a free cash flow yield of over 15%, and lastly a pulp producer (Votorantim Celulose) which at time of purchase was trading on a single-digit p:e multiple on our estimate of normalised earnings (taking into account significant production growth) and on a market-value adjusted price/book of below one.

The other major area of new purchases over the past few months has been within the European large cap shares where the fund added positions in Sanofi Aventis, UBS, Allianz, Philips and Siemens. High risk appetites and the advent of private equity has resulted in investors chasing small and mid cap shares and neglecting large cap shares in our view. The result of course, is that the valuations of small and mid caps shares have become very unattractive and the valuations of large cap shares have become very appealing. All five shares mentioned are amongst the largest companies in Europe, with long and profitable track records, and all trade on p:e multiples in the range of 10-12 on normalised earnings. Sanofi Aventis is yet another of the unloved global pharmaceutical drug groups and the fund bought its position after a disappointment with a drug trial. UBS is being valued as though it is an investment bank, yet over half its earnings came from the higher margin (and higher multiple) wealth management division. Allianz is being valued as though it is an insurer, yet a large part of its earnings come from higher margin (and yes, higher multiple) asset management businesses which includes the Pimco franchise, and both Philips and Siemens are old conglomerates that trade at large discounts to the sum of their parts, with the potential for restructuring and the returning of capital to shareholders.

Following the sharp sell-off in global bonds we also bought a 3% position in UK short-dated government bonds which now offer a yield in pounds sterling of 5.8% with limited downside in our view. Together with rand deprecation in line with inflation differentials it is quite likely that the total return from this investment going forward will be around 10%, which we believe is very attractive for what is as close to a risk-free asset as one can get. Almost 6% of the fund is now invested in UK and US shorter-dated government bonds.

We continue to hold the view that the equities, both international and South African, held by the fund are undervalued and continue to grow their business values. We also hold the view that the rand will depreciate over longer time periods and with almost 70% of the fund invested internationally this will benefit the fund. As a result, we expect the fund to continue to generate attractive real returns over longer time periods.

Gavin Joubert
Portfolio Manager

Unit trusts should be considered a medium- to long-term investment. The value of units may go down as well as up. Past performance is not necessarily an indication of future performance. Unit trusts are traded at ruling prices and can engage in scrip lending and borrowing. Fluctuations or movements in exchange rates may cause the value of underlying investments to go up or down. Instructions must reach the Management Company before 2pm (12pm for the Money Market Fund) to ensure same day value. Forward pricing is used. A member of the Association of Collective Investments, South Africa.
[1]Performance is quoted from Micropal as at 30 June 2007 for a lump sum investment using Class A NAV prices with income distributions reinvested. [2]The TER is calculated as an annualized percentage of the average NAV of the portfolio incurred as charges, levies and fees in the management of the portfolio for the period 1 January 2007 to 31 March 2007, as well as the actual performance fee accrued since 01 October 2006. A higher TER ratio does not necessarily imply a poor return nor does a low TER imply a good return. The current disclosed TER cannot be regarded as an indication of future TER's.

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CORONATION FUND MANAGERS

Fund category	Worldwide Asset Allocation Flexible	Portfolio manager	Gavin Joubert
Fund description	Aims to deliver long-term growth by investing in a combination of local and international investments across all asset classes.	Fund size	R1.2 billion
		NAV	3795.20 cents
		Benchmark/performance fee hurdle	CPIX + 5%
Launch date	15 March 1999		

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

	30 Jun 2007
Equities	74.59%
South Africa	25.54%
Europe	17.90%
United States	13.71%
United Kingdom	6.61%
Latin America	6.00%
Asia Pacific	4.57%
Japan	0.26%
Bonds	5.95%
GBP	3.23%
USD	2.72%
Cash	19.46%
ZAR	11.05%
USD	3.81%
Euro	2.40%
Other currencies	2.20%

TOP 15 HOLDINGS

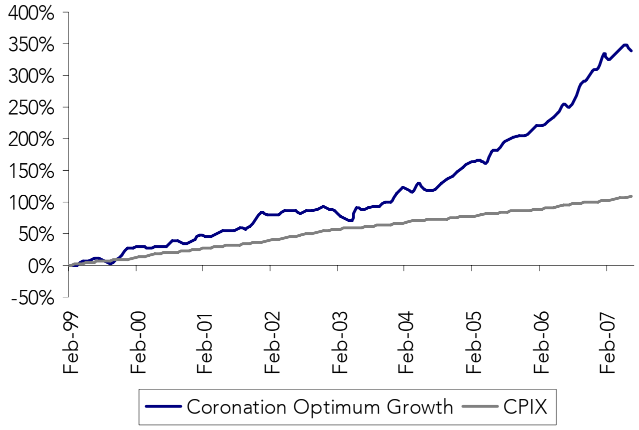
As at 30 June 2007	% of Fund
Naspers Ltd – N ordinary shares	5.63%
Woolworths Ltd	3.83%
Sasol Ltd – ADR	3.48%
Network Healthcare Holdings Ltd	3.42%
Limited Brands Inc.	3.41%
Remgro Ltd	2.92%
Impala Platinum Holdings Ltd	2.36%
Virgin Media Inc	2.34%
Sanofi-Aventis	2.20%
France Telecom SA	1.94%
UBS AG	1.93%
Hellenic Exchanges SA	1.70%
JSE Ltd	1.70%
CP Seven Eleven	1.69%
NYSE Euronext	1.62%
Total	40.17%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31/03/2007	01/04/2007	7.64	4.93	2.71
30/09/2006	01/10/2006	66.66	51.02	15.64
31/03/2006	01/04/2006	38.44	36.19	2.25
30/09/2005	01/10/2005	0.00	0.00	0.00

PERFORMANCE AND RISK STATISTICS[1]

CUMULATIVE PERFORMANCE SINCE INCEPTION



PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Out-performance
Year to date	6.38%	6.68%	-0.30%
Latest 12 months (annualised)	23.98%	11.25%	12.73%
Latest 36 months (annualised)	26.33%	9.85%	16.48%
Latest 60 months (annualised)	18.60%	10.13%	8.47%
Since inception (annualised)	19.66%	11.29%	8.37%
2006	31.09%	9.97%	21.12%
2005	23.91%	9.03%	14.87%
2004	19.54%	9.29%	10.25%
2003	13.37%	9.05%	4.32%

RISK AND RETURN STATISTICS SINCE INCEPTION

	Fund	MSCI World (ZAR)	ALSI
Annualised return	19.66%	6.69%	23.31%
Annualised deviation	10.59%	19.42%	18.70%
Downside deviation	5.45%	10.31%	10.38%
Sharpe ratio	0.88	-0.19	0.70
Maximum gain	28.71%	44.31%	40.25%
Maximum drawdown	-11.72%	-51.40%	-30.43%
Positive months	71.72%	50.51%	59.60%

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2007	5.19%	-2.06%	1.77%	1.99%	1.72%	-2.20%						
Fund 2006	3.19%	-0.07%	2.05%	0.99%	2.17%	3.60%	-0.96%	3.63%	6.62%	1.37%	3.69%	1.32%
Fund 2005	2.48%	1.20%	0.77%	-1.62%	6.58%	1.02%	4.34%	1.14%	1.84%	0.80%	0.15%	3.17%

FEES (excl. VAT)

Initial Fee*	Coronation: 0.00% (Direct)
Annual Management Fee - performance related**	Minimum: 1.00% Maximum: 3.50% Sharing rate: 15%

*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]
2.66% per annum, which includes a performance fee of 1.34%

When applicable, Coronation shares in the fund performance above the benchmark. This performance fee is accrued daily, based on the fund's financial year to date performance, and paid to Coronation annually. If the fund produces a return in line with or below the benchmark for the relevant financial year to date, the minimum fee of 1.00% applies.

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

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.

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