

The markets continued with their strong run into 2007, although we have already had one or two jitters in late February causing some volatility. A large portion of the JSE is now held by foreign investors and we will have closer correlation to global emerging market jitters than ever before. Foreign investors continue to invest as they believe there is good value to be had in SA (our ratings are generally at a discount to most other emerging markets) and the outlook for economic growth remains positive.

We are in agreement with this outlook and despite the re-rating our market has experienced, we remain positive towards equities, with the expectation that returns will not be as stellar as seen in the past few years - and will certainly be volatile in the short-term. Anyone investing in equities should however realise they are investments for the longer-term and short-term gyrations usually create opportunities (The market sell off in May/June last year being a prime example)

A number of changes have been made to the fund in the quarter, mainly enforced by the plethora of private equity deals. We reduced our large Edcon stake as most of the upside had been achieved and invested this predominantly into Sasol. Sasol is languishing under a cloud of uncertainty currently, as the windfall tax proposals have still not been finalised despite more than a year having lapsed since it was first proposed. It is struggling to sell a business it bought during the low oil prices at the turn of the century which is now not profitable at high oil prices. Finally they have invested a huge amount of capex in expansion plans in Qatar, Nigeria, Iran and in South Africa and so far we have seen very little return on this spend.

All these perceived negatives mask the strength of the main synfuels business as well as the opportunities that could arise from these negatives. The windfall tax is (as the name suggest) a tax that only kicks in at very high prices which would normally create windfall profits. We don't value Sasol on this basis and any windfall profits (taxed or untaxed) would be a bonus to our investment case. The Condea unit which they have been trying to sell is negatively impacted by very high oil prices, so now is probably the worst time to be selling it and they should wait until conditions in the oil market normalise. Lastly the projects that they have embarked upon will come on stream and when they get up to their efficient operating levels, will become significant cash generators. Therefore we believe Sasol is extremely cheap and is as a result one of our top shares in the portfolio

Other new additions to the portfolio include Tiger Brands, which is a great company and is now looking attractive on a valuation basis. We continued to add to Netcare and Implats, the latter being a switch from our holding in Eland Platinum. This is another textbook study in the sentiment of markets. Coronation was an early supporter of Eland, providing share capital for the group pre-listing and as well on listing date. Despite being a good potential platinum resource the share languished for the majority of 2006 around its listing price of R23.00 (and we bought more shares in the market). Over the past six months, despite the fact that the mine is still in the very early stages of production it has increased 4 fold. Why it suddenly took off in early October is anyone's guess but such is the weight of money pouring into the stock that we now believe it is expensive for what is still a very early stage mine. Markets tend to overreact in both directions (up and down) and the twelve month price history of Eland is a classic example.

For the record, the fund returned 11.1% versus its benchmark of 10.7% at March quarter end.

Looking forward we are still very comfortable with the shape of the portfolio. We have used market strength to reduce some of the large interest rate sensitive holdings and much of this has ended up in slightly more defensive and rand hedge shares. We are still overweight the domestic economy and believe the continued good growth locally will support these prices over time.

Neville Chester
Portfolio Manager

Fund category	Domestic Equity General
Launch date	15 April 1996
Portfolio manager	Neville Chester
Fund size	R1.8 billion
NAV	Class A: 6584.88 cents
Annual management fee	Class A: 1.43% (incl VAT) Class R: 1.14% (incl VAT) closed

Benchmark	FTSE/JSE Shareholders Weighted All Share Index
Fund description	An emphasis on active stock selection and will remain fully invested in domestic equities at all times.

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Mar 2007
Domestic Assets	100.00%
Equity	99.47%
Oil & Gas	8.52%
Basic Materials	22.09%
Industrials	0.46%
Consumer Goods	10.53%
Healthcare	2.99%
Consumer Services	24.00%
Telecommunications	6.65%
Financials	23.61%
Derivatives	0.62%
Real Estate	0.11%
Cash	0.42%
International Assets	0.00%

TOP 10 HOLDINGS

As at 31 March 2007	% of Fund
Standard Bank Group Ltd	8.82%
Sasol Ltd	8.52%
Impala Platinum Holdings Ltd	8.36%
Naspers Ltd – N ordinary shares	7.59%
BHP Billiton Plc	5.67%
Woolworths Ltd	5.63%
Richemont Securities AG	4.48%
Absa Group Ltd	4.05%
Remgro Ltd	4.03%
Telkom SA Ltd	3.90%
Total	61.05%

INCOME DISTRIBUTIONS: CLASS A

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

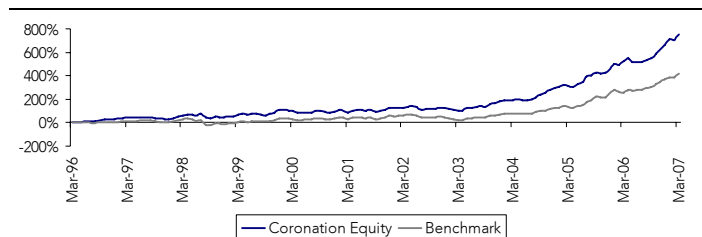
MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2007	5.58%	-0.19%	5.32%									
B'mark 2007	3.16%	1.34%	5.90%									
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%
B'mark 2006	9.07%	-2.31%	6.94%	2.64%	-4.46%	1.53%	-0.86%	5.12%	2.09%	5.40%	3.70%	5.57%

PERFORMANCE AND RISK STATISTICS

	Fund	Benchmark
Year to date	10.99%	10.71%
Latest 12 months	32.93%	35.32%
Latest 36 months (annualised)	42.12%	41.87%
Latest 60 months (annualised)	30.04%	25.84%
Since inception (annualised)	21.55%	15.79%
Annual deviation since inception	16.48%	20.72%
Sharpe ratio	0.57	0.17
Maximum gain	47.40%	37.58%
Maximum drawdown	-20.49%	-31.35%
Positive months	65.65%	61.83%

CUMULATIVE PERFORMANCE SINCE INCEPTION



ANNUAL RETURNS SINCE INCEPTION

	Fund	Benchmark	Active Return
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%
2002	-2.90%	-8.55%	5.65%
2001	16.41%	15.91%	0.50%
2000	-4.76%	-1.99%	-2.77%
1999	45.92%	53.25%	-7.33%
1998	12.24%	-11.32%	23.59%
1997	-1.91%	1.39%	-3.31%