

*"It's not given to human beings to have such talent that they can just know everything about everything all the time. But it is given to human beings who work hard at it - who look and sift the world for a mispriced bet - that they can occasionally find one.*

*And the wise ones bet heavily when the world offers them that opportunity. They bet big when they have the odds. And the rest of the time, they don't. It's just that simple."*

*Charlie Munger, Speech to UCLA, March 2005*

The first quarter of 2007 was a good quarter for the fund's investors with a 19.4% return versus the benchmark return of 16.9%.

Platinum shares continued to outperform the other mining sectors. Amongst our big holdings, Eland Platinum (89%, sold during the quarter), Aquarius (52%) and Mvelaphanda Resources (33.8%) added significantly to performance, while Sasol (-5.3%) and AngloGold (-0.7%) subtracted from performance. Our much higher weighting in BHP Billiton relative to Anglo American was rewarded by a 13% out-performance. Not owning Kumba Iron Ore (34.8%), Amplats (38.8%) and Metorex (42.5%) detracted from performance.

In this quarter, we found a few mispriced bets that we felt comfortable investing in. We continued to increase our holding in Mvelaphanda Resources (to almost 9%), where much more certainty was introduced through the Afripalm transaction. Before 2004, Mvela traded at a premium to the value of its underlying assets, indicating belief that future value can be added through more deals; now it trades at a substantial discount. We believe the odds are in favor of long-term investors, and that the risks are outweighed by the potential rewards of a decreasing discount and potential future value creation.

We also increased our holding in Exxaro, which has good growth opportunities in their coal, iron ore and mineral sands divisions, and is attractively priced. Afrox was reintroduced following significant under-performance since our sale last year. Afrox remains a high quality business that can comfortably grow at rates higher than the market over long periods of time.

Amongst our smaller purchases were Great Basin Gold, Barplats and Zimplats (Australia). All three have specific characteristics that attracted us to them, and have shown some capital appreciation since our purchases. Great Basin attracted us due to their shallow ore body and quality management, while Barplats and Zimplats are both currently producing junior platinum miners that were very attractively priced relative to their risks.

In this quarter we say farewell to Hugo Nelson, co-portfolio manager for the past four years. While we'll miss his insights, literary talent and repartee in the resources team, his talents will be well employed in his new role as deputy CEO of Coronation Fund Managers. Adieu, dear comrade!

**Henk Groenewald**  
Portfolio Manager

<b>Fund category</b>	Domestic Equity Resources & Basic Industries
<b>Launch date</b>	1 October 1999
<b>Portfolio manager</b>	Henk Groenewald
<b>Fund size</b>	R127.4 million
<b>NAV</b>	7263.32 cents
<b>Annual management fee</b>	1.14% (incl VAT)

<b>Benchmark</b>	Resources & Basic Industries Sector Mean
<b>Fund description</b>	Invests in a broad range of resource and basic industry counters that are affected by changes in the commodity cycle.

### EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Mar 2007
<b>Domestic Assets</b>	<b>83.86%</b>
<b>Equity</b>	<b>82.01%</b>
Oil & Gas	11.77%
Basic Materials	68.69%
Industrials	1.03%
Consumer Services	0.52%
<b>Cash</b>	<b>1.85%</b>
<b>International Assets</b>	<b>16.14%</b>
<b>Equity</b>	<b>12.74%</b>
<b>Cash</b>	<b>3.40%</b>

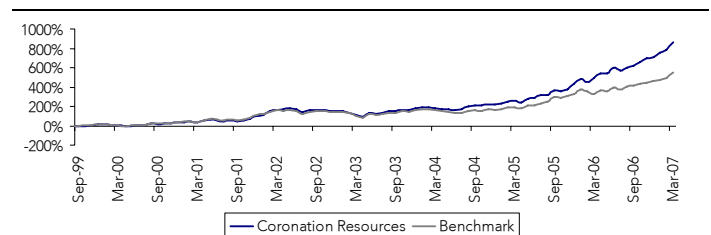
### PERFORMANCE AND RISK STATISTICS

	Fund	Benchmark
Year to date	19.40%	16.87%
Latest 12 months	60.00%	50.51%
Latest 36 months (annualised)	47.35%	41.23%
Latest 60 months (annualised)	27.97%	23.36%
Since inception (annualised)	34.18%	31.81%
Annual deviation since inception	22.66%	22.10%
Sharpe ratio	1.07	0.99
Maximum gain	93.37%	75.65%
Maximum drawdown	-23.81%	-23.54%
Positive months	65.56%	63.33%

### TOP 10 HOLDINGS

As at 31 March 2007	% of Fund
BHP Billiton Plc	15.98%
Sasol Ltd	11.77%
Impala Platinum Holdings Ltd	10.97%
Mvelaphanda Resources	8.70%
Anglo American Plc	6.73%
Mittal Steel SA	5.22%
Exxaro Resources Ltd	4.20%
Anglogold Ltd	3.98%
Aquarius Platinum Ltd	3.03%
African Oxygen Ltd	2.98%
<b>Total</b>	<b>73.56%</b>

### CUMULATIVE PERFORMANCE SINCE INCEPTION



### INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31/03/2007	01/04/2007	41.93	34.84	7.09
30/09/2006	01/10/2006	34.32	30.33	3.99
31/03/2006	01/04/2006	169.56	160.77	8.79
30/09/2005	01/10/2005	43.09	37.01	6.08

### ANNUAL RETURNS SINCE INCEPTION

	Fund	Benchmark	Active Return
2006	50.13%	46.05%	4.08%
2005	60.04%	55.63%	4.40%
2004	13.37%	6.94%	6.42%
2003	9.23%	6.09%	3.14%
2002	23.18%	16.02%	7.16%
2001	55.61%	70.68%	-15.07%
2000	20.09%	17.94%	2.15%
1999	10.92%	12.76%	-1.84%

### MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2007	5.81%	3.21%	9.33%									
B'mark 2007	2.83%	3.45%	9.86%									
Fund 2006	10.32%	-5.97%	8.00%	6.12%	-0.09%	9.03%	-3.33%	4.25%	1.61%	5.54%	5.38%	1.79%
B'mark 2006	11.33%	-4.83%	7.03%	6.36%	-0.42%	8.70%	-3.98%	5.29%	1.27%	3.74%	3.40%	1.88%