

The past quarter was memorable for its extreme volatility on a day to day basis driven by global fears around the sub-prime and credit problems. The slide in asset prices was firmly arrested by the 50 basis point interest rate cut announced by the US Federal Reserve Board in September. The US dollar weakened sharply and commodity prices surged as investors latched on to the view that global growth will be boosted by looser monetary policy from the major central banks of the world. The rand appreciated by 2.6% against the dollar during the quarter.

The best performing asset class over quarter was domestic equities, with resources performing very well. Bond yields also moved lower resulting in positive returns for investors.

From an asset allocation point of view, the fund added to domestic equities early in the quarter but reduced again in September following the recovery in prices. We have kept our global exposure to 15% with two thirds of that in equities and the balance in cash. We established a small holding in 10-year US treasuries in June at a rate above 5% and disposed of it in September at just below 4.5%.

On the domestic interest bearing front we prefer cash to bonds. This view is partly driven by the fund's low risk mandate but is supported by our own view of valuation and risk.

Looking forward we are by no means certain that the global liquidity scare is fully behind us. We think global growth is likely to slow somewhat and domestically consumer spending is showing clear signs of weakness. Within our equity portfolio we are therefore defensively positioned with little exposure to highly cyclical stocks.

The Balanced Defensive Fund is a low risk product with a limited exposure to equities. It behaved very well during the quarter and showed positive returns for every month despite the volatility in equities, interest rates and the currency. The fund's total return of 2.3% was exactly in line with cash, but slightly behind the cash plus target.

Charles de Kock and Mark le Roux
Portfolio Managers

Fund category	Domestic Asset Allocation Prudential Low Equity
Fund description	The fund aims to provide a reasonable level of current income and seeks to preserve capital in real terms, with lower volatility over the medium to long-term.
Launch date	1 February 2007

Portfolio manager/s	Charles de Kock and Mark le Roux
Fund size	R74.5 million
NAV	104.06 cents
Benchmark/performance fee hurdle	Alexander Forbes 3-month (STeFI) Index plus 3%

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 Sep 2007
Domestic Assets	84.13%
Equity	20.67%
Oil & Gas	1.08%
Basic Materials	4.84%
Industrials	2.11%
Consumer Goods	2.30%
Healthcare	0.57%
Consumer Services	4.28%
Telecommunications	0.63%
Financials	3.74%
Derivatives	1.12%
Preference Shares & Other Securities	4.80%
Real Estate	3.86%
Fixed Interest	14.13%
Cash	40.67%
International Assets	15.87%
Equity	9.64%
Cash	6.23%

TOP 10 HOLDINGS

As at 30 September 2007	% of Fund
Coronation Global Equity Fund of Funds	9.64%
Absa Group Ltd – Ordinary and Preference Shares	4.59%
Standard Bank Group Ltd	1.85%
Impala Platinum Holdings Ltd	1.80%
Naspers Ltd – N ordinary shares	1.69%
Liberty International Plc	1.34%
BHP Billiton Plc	1.10%
Sasol Ltd	1.10%
Fountainhead Property Trust	1.03%
Woolworths Ltd	0.99%
Total	25.13%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30/09/2007	01/10/2007	1.33	0.30	1.03
30/06/2007	01/07/2007	1.03	0.02	1.01
31/03/2007	01/04/2007	0.88	0.09	0.79

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2007			1.25%	1.66%	0.40%	-0.60%	0.29%	0.81%	1.17%			

FEES (excl. VAT)

Initial Fee	Coronation: 0.00%
Annual Management Fee*	1.50%
* 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	The TER cannot be accurately determined and will be in line or higher than the quoted annual management fee.

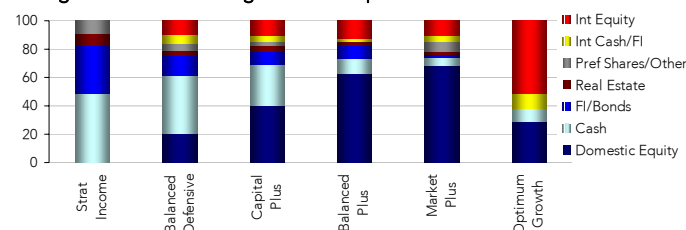
Advice Costs (excluding VAT)

- 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

ASSET ALLOCATION

Managed flexible fund range as at 30 September 2007



PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Out-performance
Year to date	N/A	N/A	N/A
Since inception	5.07%	7.02%	-1.95%

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised deviation	N/A	N/A
Sharpe ratio	N/A	N/A
Maximum gain	N/A	N/A
Maximum drawdown	N/A	N/A
Positive months	N/A	N/A