

CORONATION BALANCED PLUS

Class A

as at 30 September 2007

The Coronation Balanced Fund had a weaker third quarter, returning 3.3% against 4.7% from the benchmark. For the 12 months to 30 September 2007 the fund returned 27.8%, outperforming its benchmark by 2.9%. Over a rolling three year period, the fund returned 31.2% p.a. compared to 29.6% p.a. from the benchmark.

We are encouraged by our performance as bull markets are seldom kind to disciplined and valuation-driven investors. We expect returns to be a lot more muted over the next few years. This would suit disciplined stock-pickers, such as ourselves, better than a market where a 'rising tide has lifted all boats'.

The global economic backdrop is a lot more uncertain than it has been for some time. While the US has deteriorated markedly, economies in the rest of the world continue to perform strongly. Financial markets are purging themselves of the excesses built up in a benign environment. In the US there will undoubtedly be some collateral damage to the underlying economy as tighter credit and the fall-out in the lower end of the housing market plays itself out. It is important that financial markets and the US economy 'take their medicine' after a prolonged period of complacency. A normalisation in risk appetite is healthy, and we certainly hope that the lessons learnt over the last few months will not be forgotten.

Notwithstanding a weaker economic environment we remain optimistic about developed market equities, which offer good value at undemanding ratings. We continue to watch global inflation pressures closely. Sustained low levels of inflation have been at the heart of the asset-friendly environment of the last few years. Globalisation, previously a strong driver of deflation, is now at risk of driving inflation upwards as demand for commodities from industrialising Asia drives prices of all commodities (including food) upwards.

The domestic economy is slowing appreciably as higher interest rates finally work their way through the system. The fall-out from higher rates is being compounded by high food inflation and oil prices. Despite these pressures, we remain of the view that this is a normal cycle and that the economy will comfortably absorb a slowdown in consumer spending. Higher levels of investment expenditure are addressing capacity constraints and improving the balance of the domestic economy.

Equities had another strong quarter, returning 6.7%. Resources (+13.5%) strongly outperformed industrials (+3.3%) and financials, which actually declined by 1.6%. The returns from our market this year have come largely from resources, which are up 39.6%, compared to 15.8% from industrials and 3.8% from financials. We remain of the view that we are in the late stages of a commodity bull market and that resources offer little value.

Supply is responding to high prices and it is only strong growth from China that is keeping commodity markets tight. The Chinese economy is not bullet-proof – it remains unbalanced and at risk of overheating. In our opinion the risks remain to the downside. In the quarter Exxaro, Mittal, Sasol and Impala contributed to performance while underweights in Anglo, Kumba and the gold shares detracted.

Oceana, New Clicks, Shoprite and AVI added to performance while Netcare, Woolworths and Amaps detracted. We remain defensively positioned within the domestic universe and continue to look for a bigger margin of safety before we increase our weighting in interest rate sensitive stocks. In the quarter we initiated a position in Ellerines. We believe that ABIL's acquisition of Ellerines will create significant value for shareholders. There are significant opportunities to rationalise costs in Ellerines' credit business and reduce its funding costs. These will be passed on to consumers and, in doing so, give the retailing business a competitive advantage in its market. We also believe that ABIL, with its strong and entrepreneurial management team, will add a lot of value in the retail business which is operating in an industry undergoing fundamental change.

Financials had another poor quarter with no stocks contributing to performance and ABSA, Discovery and Old Mutual detracting. While we have in the past consistently stayed away from Insurers, in the case of both Discovery and Old Mutual we believe that poor news-flow has provided an excellent investment opportunity for the long-term investor. Old Mutual has been hit along with its UK peer group and Discovery has been dogged by various regulatory concerns.

Bonds outperformed cash for the quarter with a return of 3.4% compared to 2.5%. Yields have firmed as inflation news-flow has improved and the market has started to price in the top of the interest rate cycle. Property had another very strong quarter, returning 9.5%. The Property market is currently the best it has been in decades, but we believe that supply will respond to the attractive returns currently available in the market and that property shares already reflect the strong earnings growth that will come over the next few years.

Louis Stassen and Karl Leinberger
Portfolio Managers

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CORONATION
FUND MANAGERS

Fund category	Domestic Asset Allocation Prudential Medium Equity
Fund description	A fully managed investment solution diversified across the various asset classes and sectors. Its asset allocation is compliant with Regulation 28 of the Pension Funds Act.
Launch date	15 April 1996

Portfolio manager/s	Louis Stassen and Karl Leinberger
Fund size	R2.7 billion
NAV	4769.41 cents
Benchmark/performance fee hurdle	Composite benchmark (63% equity, 22% bonds, 10% international, 5% cash)

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 Sep 2007
Domestic Assets	85.18%
Equity	62.98%
Oil & Gas	3.39%
Basic Materials	15.62%
Industrials	6.54%
Consumer Goods	7.55%
Healthcare	1.86%
Consumer Services	13.42%
Telecommunications	1.96%
Financials	12.28%
Derivatives	0.36%
Real Estate	2.47%
Fixed Interest	9.08%
Cash	10.65%
International Assets	14.82%
Equity	12.87%
Cash	1.95%

TOP 10 HOLDINGS

As at 30 September 2007	% of Fund
Coronation Global Equity Fund of Funds	11.83%
Standard Bank Group	5.82%
Impala Platinum Holdings Ltd	5.59%
Naspers Ltd – N ordinary shares	5.22%
Sasol Ltd	3.39%
BHP Billiton Plc	3.39%
Woolworths Ltd	3.04%
Remgro Ltd	2.67%
ABSA Group Ltd	2.12%
AVI Ltd	1.98%
Total	45.05%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30/09/2007	01/10/2007	58.49	23.34	35.15
31/03/2007	01/04/2007	30.87	15.45	15.42
30/09/2006	01/10/2006	52.00	36.21	15.79
31/03/2006	01/04/2006	43.76	32.20	11.56

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2007	4.51%	0.57%	2.83%	3.22%	0.20%	-1.38%	-0.07%	1.22%	2.13%			
Fund 2006	6.22%	-1.10%	4.06%	2.13%	-2.12%	1.13%	-1.02%	3.61%	2.60%	4.83%	2.98%	3.93%
Fund 2005	1.24%	2.58%	-0.24%	-2.07%	7.22%	2.58%	6.69%	1.94%	3.79%	-0.60%	2.09%	5.61%

FEES (excl. VAT)

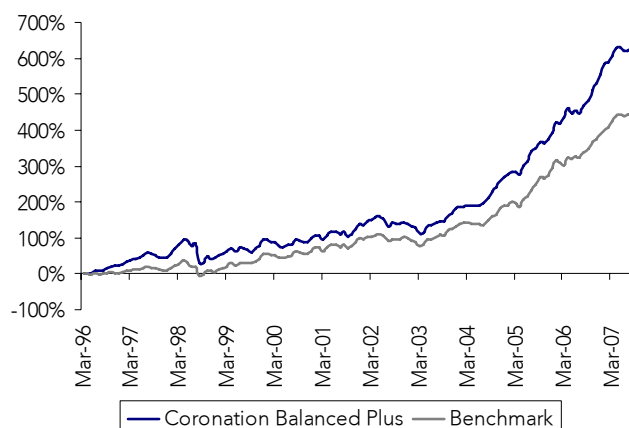
Initial Fee	Coronation: 0.00%
Annual Management Fee*	1.25%
* A portion of Coronation's annual management fee may be paid to administration platforms like LISP's as a payment for administrative and distribution services.	
Total Expense Ratio (TER)²	1.50% per annum

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

CUMULATIVE PERFORMANCE SINCE INCEPTION



PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Out-performance
Year to date	13.89%	15.09%	-1.20%
Latest 12 months	27.78%	24.87%	2.91%
Latest 36 months (annualised)	31.23%	29.55%	1.69%
Latest 60 months (annualised)	25.56%	24.49%	1.07%
Since inception (annualised)	19.19%	16.66%	2.53%
2006	30.46%	29.90%	0.56%
2005	35.00%	31.59%	3.41%
2004	32.01%	26.41%	5.61%
2003	17.68%	18.15%	-0.47%

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised deviation	15.97%	14.33%
Sharpe ratio	0.44	0.32
Maximum gain	57.40%	29.32%
Maximum drawdown	-34.29%	-31.86%
Positive months	68.61%	65.69%

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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. ¹Performance is quoted from Morningstar as at 30 September 2007 for a lump sum investment using Class A NAV prices with income distributions reinvested. ²The 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 30 June 2007. 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.