

The fund returned 1.6% over the past quarter, bringing the return for the year-to-date to 9.7%, and for the past year to 20%. This return is in line with the annualised return of 19.5% over the past five years.

Importantly this performance has again been achieved within the risk tolerance level set for the fund. This was demonstrated again during the large market drawdown from mid-July to mid-August. During this period the All Share Index declined by as much as 8.8%, while the fund drawdown was only 2.8%.

During the quarter the fund had significant hedging in place over the equity component of the portfolio, allowing us to utilise this sell-off to buy shares at attractive valuations. Purchases included adding to banking shares Stanbic and Absa and a new buy in Nedcor, as well as building on existing industrial holdings in Netcare, Woolworths, Naspers and Bidvest. A new addition to the fund is Ellerines, which we see as a cheap entry into Abil. This purchase was motivated by the proposed take-over of Ellerines, which we believe has a high likelihood of going through. Abil management are extremely competent, with a long history in credit granting and risk management. This transaction will allow them to add 1.4 million new customers and extend the existing store footprint substantially. Added to this the potential to extract surplus capital from the company, lower the cost of credit to existing customers, and significantly reduce the costs of running the business, makes us very optimistic about the prospects going forward.

We reduced our position in Sasol on the back of a favourable resolution of the windfall tax issue and an increasing oil price, which resulted in an increasing share price. We remain very positive on the prospects for the company, and it remains a large position in the fund, so this is essentially a risk management exercise.

The take-out transaction of Primedia was finally consummated during the quarter, which added meaningfully to fund performance.

Bonds had a reasonable performance over the quarter, and the fund benefited from the increased bond exposure bought in the second quarter of this year. During the past quarter we participated in the new SAB bond issue, which was offered at an attractive spread to the equivalent government bond.

Listed property continued to perform extremely well. The fund holds a few high quality property companies, with a focus on 'A' shares such as ApexHi 'A' and Hospitality 'A' where there is capital protection inherent in the capital structure of the companies.

The international component of the fund detracted slightly from overall performance, on the back of positive hard currency returns, but a further appreciation in the currency. We remain committed to a 15% international holding, which is seen as strategic to reduce risk of capital loss in the fund, but also on the back of attractive developed market equity valuations.

Effective equity exposure in the portfolio is currently at 40%, and we believe the fund is well placed to continue meeting return and risk objectives.

Edwin Schultz and Gavin Joubert
Portfolio Managers

Fund category	Domestic Asset Allocation
Fund description	Targeted Absolute and Real Return Focused on the preservation of capital over all rolling 12-month periods. Over the medium term, the objective is to produce real growth of at least 4% per annum.
Launch date	2 July 2001

Portfolio manager/s	Edwin Schultz and Gavin Joubert
Fund size	R4.8 billion
NAV	2380.79 cents
Benchmark/performance fee hurdle	CPIX + 4%

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 Sep 2007
Domestic Assets	85.01%
Equity	39.68%
Oil & Gas	2.86%
Basic Materials	5.43%
Industrials	4.10%
Consumer Goods	7.75%
Healthcare	2.66%
Consumer Services	13.33%
Telecommunications	1.50%
Financials	8.65%
Derivatives	(6.60%)
Preference Shares & Other Securities	2.26%
Real Estate	4.70%
Fixed Interest	8.54%
Cash	29.83%
International Assets	14.99%
Equity	9.81%
Fixed Interest	2.34%
Cash	2.84%

TOP 10 HOLDINGS

As at 30 September 2007	% of Fund
Coronation Global Equity Fund of Funds	5.22%
Naspers Ltd – N ordinary shares	4.52%
Woolworths Ltd	3.63%
Impala Platinum Holdings Ltd	3.46%
Absa Group Ltd – Ordinary and Preference Shares	3.44%
Sasol Ltd	2.86%
Network Healthcare Holdings Ltd	2.66%
Remgro Ltd	2.54%
Standard Bank Group Ltd	2.41%
Edinburgh Partners Euro Opportunity Fund	2.25%
Total	32.99%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30/09/2007	01/10/2007	26.82	12.51	14.31
30/06/2007	01/07/2007	14.29	0.94	12.66
31/03/2007	01/04/2007	17.02	5.72	11.30
31/12/2006	01/01/2007	9.58	3.26	6.32

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2007	4.23%	0.32%	1.63%	2.72%	0.25%	-1.30%	-0.76%	1.09%	1.27%			
Fund 2006	3.70%	0.26%	2.55%	0.53%	-0.42%	-0.57%	0.00%	2.90%	2.45%	3.39%	2.83%	2.82%
Fund 2005	0.77%	1.87%	-0.18%	-0.46%	4.50%	1.45%	3.85%	1.87%	2.08%	0.71%	1.25%	3.48%

FEES (excl. VAT)

Initial Fee*	Coronation: 0.00% (Direct)
Annual Management Fee - performance related*	Minimum - standard: 1.25% Minimum - discounted: 0.75% Maximum: 2.75% Sharing rate: 10%

*An initial fee of 0.25% will be charged on all investments placed via administration platforms like Linked Investment Service Providers (LISPs).

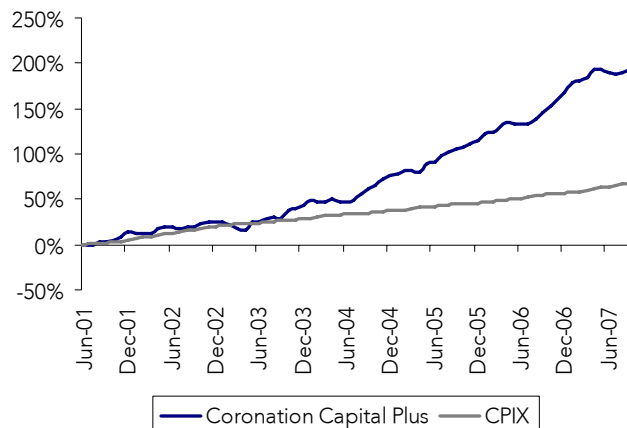
**A portion of Coronation's annual management fee may be paid to administration platforms like LISPs as a payment for administrative and distribution services.

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	9.74%	9.28%	0.46%
Latest 12 months (annualised)	20.04%	10.43%	9.61%
Latest 36 months (annualised)	21.83%	9.39%	12.45%
Latest 60 months (annualised)	19.48%	9.05%	10.43%
Since inception (annualised)	18.72%	9.85%	8.86%
2006	22.38%	7.64%	14.74%
2005	23.22%	8.03%	15.19%
2004	22.49%	8.29%	14.20%
2003	15.93%	8.05%	7.89%

RISK STATISTICS SINCE INCEPTION

	Fund	CPIX
Annualised deviation	7.57%	1.47%
Downside deviation	3.71%	0.37%
Sharpe ratio	1.19	N/A
Maximum gain	29.49%	N/A
Maximum drawdown	-8.20%	N/A
Positive months	70.67%	N/A

Total Expense Ratio (TER)²

2.65% per annum, which includes a performance fee of 1.16%

When applicable, Coronation shares in the fund performance above the benchmark. This performance fee is accrued daily, based on performance over a rolling 12-month period, and paid to Coronation monthly. If the fund produces a positive return in line with or below the benchmark, the standard minimum fee will be levied. If the fund produces a negative return over a rolling 36-month period, the discounted minimum fee applies.

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