

The last quarter was undoubtedly the most volatile period we have encountered in recent history. From its high point in early July, equity markets plummeted 13% before turning around and recovering 16% to end the quarter back on its previous highs! Not for the faint-hearted and certainly not for short term traders who most likely bailed out in the lows and missed the sharp recovery. If ever there was a time for cool heads and a long term investment outlook, it was the past quarter. The fund returned 3.9% for the quarter despite the extreme levels of volatility.

Reflecting the more defensive nature of some of our holdings and the stock picking involved, when the markets had declined in excess of 13% from its high in the quarter, the fund was down 9.7% over a similar period. This was all recovered by the end of the quarter.

A lot has been written about the causes of the recent global instability. In summary, it was the result of the excesses that built up in global, and mainly developed, economies due to too much liquidity having been pumped into markets by central banks in previous years. As central banks started tightening it was inevitable that some of these excesses would be squeezed out; it is unfortunate that the main central banks have chosen to address this by again opening up the taps of global liquidity. The potential risks to inflation worldwide, as a result, remain high.

What this means to local investors is that the bull market in commodities has been extended further, as the attraction of investing in real hard assets which outperform inflation during times of excess liquidity remains strong. Fundamentally however it means when the slowdown does come, which it inevitably will, the fall will be that much further and harder.

Stock picks that really came through for the fund were our holdings in Sasol, Impala and Billiton. Sasol we have talked about many times in these commentaries, stating how it was too cheap and that it offered great potential over the longer term due to its rand hedge characteristics and blue sky growth opportunities. Subsequent to the release of the review into a windfall tax we are glad to see that the market has again started concentrating on the growth opportunities and re-rate the company significantly. Impala and Billiton rallied strongly on the back of global commodity prices as the reduction in global interest rates sparked inflationary fears. We do however remain underweight resources as a sector, due to what we believe to be stretched valuations.

We used the volatility in the market to add to some of our domestic holdings as well as one or two new positions. The biggest new position is a holding in Investec, which came under a lot of pressure due to its ill-timed acquisition of the Kensington group in the UK, an originator of non-conforming home loans. With the sub-prime shake out and the Northern Rock collapse, sentiment is very negative towards this end of the market. Based on our fundamental knowledge of the group's total operations we think the stock looks attractive now.

Overall the portfolio is still structured towards the domestic market, where ratings are low, and expectations for growth have been pulled back dramatically over the past year. We think that the market has become too pessimistic in the short term and is once again ignoring the long-term investment outlook. We believe this will be the driver for future outperformance in the medium to long term.

Neville Chester
Portfolio Manager

Fund category Domestic Equity General
Fund description An emphasis on active stock selection and will remain fully invested in domestic equities at all times.
Launch date 15 April 1996

Portfolio manager Neville Chester
Fund size R2 billion
NAV Class A: 6964.99 cents
Benchmark/performance fee hurdle FTSE/JSE Shareholders Weighted All Share Index

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 Sep 2007
Domestic Assets	100.00%
Equity	99.05%
Oil & Gas	7.16%
Basic Materials	21.29%
Industrials	10.31%
Consumer Goods	9.29%
Healthcare	3.04%
Consumer Services	22.53%
Telecommunications	4.56%
Financials	20.87%
Real Estate	0.29%
Cash	0.75%
International Assets	0.00%

TOP 10 HOLDINGS

As at 30 September 2007	% of Fund
Impala Platinum Holdings Ltd	9.20%
Standard Bank Group Ltd	8.71%
Naspers Ltd – N ordinary shares	7.99%
Sasol Ltd	7.22%
BHP Billiton Plc	5.81%
Woolworths Ltd	5.04%
Remgro Ltd	4.56%
Absa Group Ltd	3.27%
FirstRand Ltd	3.01%
Network Healthcare Holdings Ltd	2.69%
Total	57.50%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30/09/2007	01/10/2007	45.59	44.43	1.16
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

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2007	5.58%	-0.19%	5.32%	4.45%	-0.55%	-1.47%	0.00%	1.49%	2.33%			
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%
Fund 2005	2.08%	4.21%	-2.30%	-2.01%	7.08%	3.53%	9.60%	2.15%	4.95%	-1.84%	2.05%	7.10%

FEES (excl. VAT)

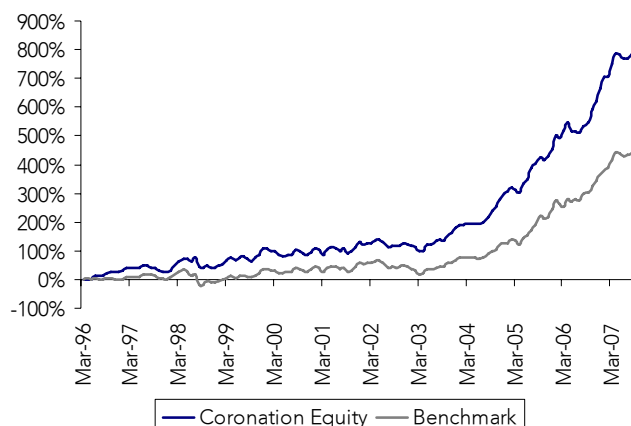
Initial Fee*	Coronation: 0.00% (Direct)
Annual Management Fee**	Class A: 1.25% Class R: 1.00%
*An initial fee of 0.25% will be charged on all investments placed via administration platforms like Linked Investment Service Providers (LISP's).	
**A portion of Coronation's annual management fee may be paid to administration platforms like LISP's as a payment for administrative and distribution services.	
Total Expense Ratio (TER)²	
Class A: 1.44% per annum	
Class R: 1.15% 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	17.97%	18.53%	-0.55%
Latest 12 months (annualised)	39.64%	36.76%	2.88%
Latest 36 months (annualised)	38.29%	39.26%	-0.96%
Latest 60 months (annualised)	32.86%	30.61%	2.25%
Since inception (annualised)	21.16%	15.74%	5.42%
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%

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised deviation	16.18%	20.32%
Sharpe ratio	0.56	0.18
Maximum gain	47.40%	43.48%
Maximum drawdown	-20.49%	-41.00%
Positive months	64.96%	62.04%