

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 2.9% for the quarter despite the extreme levels of volatility.

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 opening up the taps again 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.

The fund was protected during the market fall by a greater exposure to more defensive assets and put options that had been purchased in much more benign times. At the equity markets worst the fund was only down 7% from its highest level, roughly half the fall. All of this had been recovered by quarter end.

A number of stock picks worked for the fund this quarter, in particular Sasol, which we have mentioned a couple of times in these commentaries. The negativity surrounding the potential windfall tax disappeared and, helped along by higher oil prices, the stock made a stunning comeback. Staying with resources our holding in Impala Platinum also had a great period on the back of the strengthening platinum price.

Domestic focused stocks did not perform that well as mounting interest rate concerns weighed on investors' minds. We however believe that most of this is in the price and towards the end of the quarter saw evidence of this trend starting to turn. During the sell-off the fund took the opportunity to add to some of its holdings as well as one or two new positions. The main new addition was Investec which fell hard on the back of its lending exposure in the UK and contagion from Northern Rock. We know the bank to be in good condition and it offers good value at these levels.

We switched some of our international exposure from bonds, which rallied quite hard on the international rate cuts, into equity close to the lows. On the local fixed interest side, we have started adding some credit exposure as spreads have moved out dramatically on global concerns. The fund still has a fairly large exposure to preference shares which we continue to believe are one of the best low risk investments available in the market currently.

Looking forward: in the short term all we can promise you is volatility but firmly believe that the fund's long-term investment outlook and track record will continue to deliver long-term inflation and market beating performance.

**Neville Chester**  
**Portfolio Manager**

# CORONATION MARKET PLUS

**Class A**  
as at 30 September 2007

**CORONATION**  
FUND MANAGERS

**Fund category**  
**Fund description**

Domestic Asset Allocation Flexible  
Invests across various domestic and international asset classes, with a bias towards the equity market over the investment cycle.  
2 July 2001

**Launch date**

**Portfolio manager**  
**Fund size**  
**NAV**  
**Benchmark/performance fee hurdle**

Neville Chester  
R1.3 billion  
3683.14 cents  
Composite Benchmark  
(63% equity, 22% bonds, 10% International, 5% cash) + 2%

## PORTFOLIO DETAIL

### EFFECTIVE ASSET ALLOCATION EXPOSURE

| Sector  | 30 Sep 2007   |
|---|---------------|
| <b>Domestic Assets</b>                          | <b>85.57%</b> |
| <b>Equity</b>                                   | <b>68.99%</b> |
| Oil & Gas                                       | 5.04%         |
| Basic Materials                                 | 15.01%        |
| Industrials                                     | 7.20%         |
| Consumer Goods                                  | 6.87%         |
| Healthcare                                      | 2.14%         |
| Consumer Services                               | 15.54%        |
| Telecommunications                              | 3.19%         |
| Financials                                      | 15.10%        |
| Derivatives                                     | (1.10)%       |
| <b>Preference Shares &amp; Other Securities</b> | <b>7.22%</b>  |
| <b>Real Estate</b>                              | <b>2.49%</b>  |
| <b>Fixed Interest</b>                           | <b>1.90%</b>  |
| <b>Cash</b>                                     | <b>4.97%</b>  |
| <b>International Assets</b>                     | <b>14.43%</b> |
| <b>Equity</b>                                   | <b>10.15%</b> |
| <b>Fixed Interest</b>                           | <b>3.18%</b>  |
| <b>Cash</b>                                     | <b>1.10%</b>  |

### TOP 10 HOLDINGS

| As at 30 September 2007                         | % of Fund     |
|---|---------------|
| Coronation Global Equity Fund of Funds          | 10.15%        |
| Impala Platinum Holdings Ltd                    | 6.43%         |
| Standard Bank Group Ltd                         | 6.13%         |
| Naspers Ltd – N ordinary shares                 | 5.24%         |
| Sasol Ltd                                       | 5.04%         |
| BHP Billiton Plc                                | 4.05%         |
| Woolworths Holdings Ltd                         | 3.48%         |
| Absa Group Ltd – Ordinary and Preference Shares | 3.44%         |
| Remgro Ltd                                      | 3.09%         |
| FirstRand Ltd                                   | 2.40%         |
| <b>Total</b>                                    | <b>49.45%</b> |

### INCOME DISTRIBUTIONS

| Declaration | Payment    | Amount | Dividend | Interest |
|-------------|------------|--------|----------|----------|
| 30/09/2007  | 01/10/2007 | 30.31  | 24.24    | 6.07     |
| 31/03/2007  | 01/04/2007 | 27.70  | 15.49    | 12.21    |
| 30/09/2006  | 01/10/2006 | 38.34  | 28.57    | 9.77     |
| 31/03/2006  | 01/04/2006 | 38.93  | 30.49    | 8.44     |

### MONTHLY PERFORMANCE RETURNS

|           | Jan   | Feb    | Mar    | Apr    | May    | Jun    | Jul    | Aug   | Sep   | Oct    | Nov   | Dec   |
|-----------|-------|--------|--------|--------|--------|--------|--------|-------|-------|--------|-------|-------|
| Fund 2007 | 5.07% | 0.53%  | 3.43%  | 3.79%  | 0.05%  | -1.28% | -0.01% | 1.02% | 1.80% |        |       |       |
| Fund 2006 | 6.30% | -0.01% | 3.86%  | 1.27%  | -3.24% | -0.92% | 0.05%  | 3.16% | 1.79% | 5.92%  | 3.82% | 4.30% |
| Fund 2005 | 1.69% | 3.26%  | -1.11% | -1.82% | 6.36%  | 2.30%  | 6.19%  | 1.55% | 4.03% | -0.70% | 1.95% | 5.61% |

### FEES (excl. VAT)

|  |   |
|--|---|
| <b>Initial Fee*</b>                                  | Coronation: 0.00% (Direct)  |
| <b>Annual Management Fee - performance related**</b> | Minimum - standard: 1.25%<br>Minimum - discounted: 0.75%<br>Maximum: 3.75%<br>Sharing rate: 20% |

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

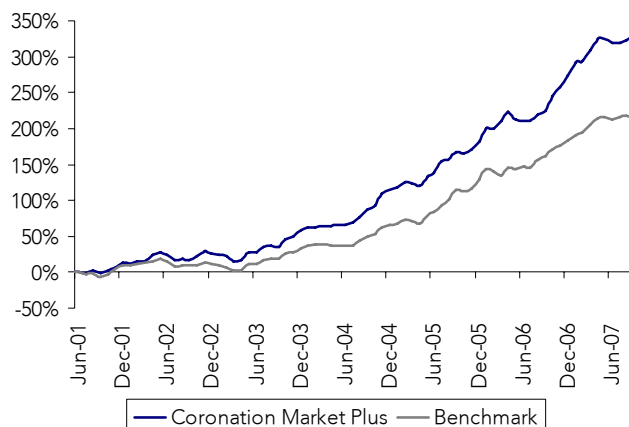
\*\*A portion of Coronation's annual management fee may be paid to administration platforms like LISPs as a payment for administrative and distribution services.

### 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 STATISTICS<sup>1</sup>

### CUMULATIVE PERFORMANCE SINCE INCEPTION



### PERFORMANCE FOR VARIOUS PERIODS

|                               | Fund   | Benchmark | Out-performance |
|-------------------------------|--------|-----------|-----------------|
| Year to date                  | 15.16% | 16.59%    | -1.43%          |
| Latest 12 months (annualised) | 32.08% | 26.87%    | 5.21%           |
| Latest 36 months (annualised) | 31.40% | 31.88%    | -0.48%          |
| Latest 60 months (annualised) | 29.32% | 26.69%    | 2.63%           |
| Since inception (annualised)  | 26.10% | 22.57%    | 3.53%           |
| 2006                          | 29.15% | 31.33%    | -2.18%          |
| 2005                          | 33.05% | 34.52%    | -1.47%          |
| 2004                          | 35.91% | 28.41%    | 7.50%           |
| 2003                          | 24.90% | 20.15%    | 4.75%           |

### RISK STATISTICS SINCE INCEPTION

|                      | Fund   | Benchmark |
|----------------------|--------|-----------|
| Annualised deviation | 10.78% | 10.72%    |
| Sharpe ratio         | 1.52   | 1.20      |
| Maximum gain         | 36.70% | N/A       |
| Maximum drawdown     | -9.98% | N/A       |
| Positive months      | 73.33% | N/A       |

### Total Expense Ratio (TER)<sup>2</sup>

1.72% per annum, which includes a performance fee of 0.27%

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, a standard minimum fee will be levied. If the fund produces a negative return over a rolling 60-month period, the discounted minimum fee applies.

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