

CORONATION MONEY MARKET

Class A

as at 30 September 2007

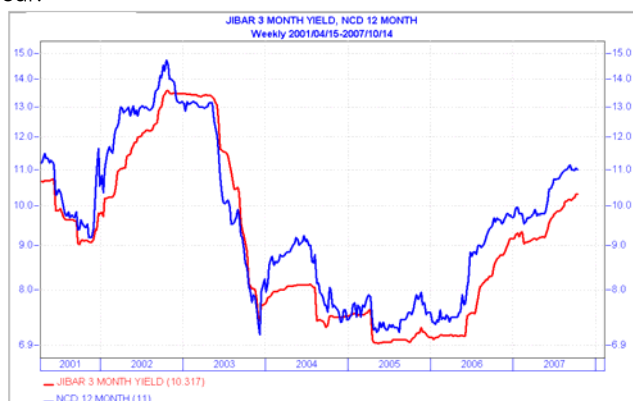
Cash has mostly outperformed bonds over the past year as repo rate hikes have bitten and bond yields have drifted higher. The 3-month Short Term Fixed Interest Index (STeFI) returned 2.3% this quarter and 8.9% for the past year.

The SA Reserve Bank raised the repo rate another 50 basis points in August, its sixth hike since the beginning of the interest rate hiking cycle, bringing it to 10%. While concerns around inflation lingered with a string of worse-than-expected data releases, sentiment started turning after international factors took the lead role. As concerns about the sub-prime fall-out's impact on financial markets spread – the market started to price in a US rate cut. The Federal Reserve duly delivered, even surprising the markets with a 50 basis point cut at its September 18 Federal Open Market Committee (FOMC) meeting (most analysts had expected 25 basis points).

The Fed's move reignited interest in risky assets, with SA bonds joining a general emerging markets rally. The dollar has also come under pressure recently, and the rand has benefited handsomely from this, once again breaking through the R/\$7 level. Given the importance of the rand to SA's inflation outlook, and against a background of near-record highs in global food and energy prices, the currency move is a welcome respite.

SA's current inflation situation remains an uncomfortable one. CPIX has been above the upper limit of its 3% - 6% target range since April, and will probably be there until March 2008: representing a full year above the target range. While much of this impetus has been driven by higher food prices and last year's rand fall, the SARB remains concerned about credibility. On a longer-term view, however, the big picture is rosier. Even with the lags involved, it is already clear that consumer spending and consumer credit cycles have turned as the effects of past rate rises start to bite. At the time of writing the October MPC has yet to take place; while it will be a close call, we think there are solid arguments for leaving rates unchanged. If they do rise again, it should clearly be the peak in the cycle. On the current outlook, we see scope for the repo rate to start falling in the second half of 2008.

Money market interest rates held their mid-10% levels after the last interest rate hike, with 1-year NCDs hovering close to 11%. The chart below shows how money market interest rates have risen since the first repo rate hike in June last year.



The fund has remained highly liquid with a significant holding in very short term deposits allowing us to keep reinvesting at ever increasing interest rates. We have also been buying top yielding 12 month NCDs where duration constraints allow. The fund's duration is close to its maximum as we expect short-term rates to be close to peaking.

International money markets reached crisis levels in both the US and Europe this quarter, with sub-prime loans hitting the short term securitisation markets (asset backed commercial paper – ABCP) severely, and drying up issuance thereof. The lack of liquidity has been a big issue in international money markets to which in some cases, banks have had to provide emergency liquidity. In SA we were somewhat shielded from the international money market volatility as SA banks are not exposed to the very risky securitisations which caused the credit crunch and default worries.

The fund has not participated in SA-listed long-term securitisation in recent months, since pricing never fully compensated us for the lack of liquidity (ability to sell) or the credit risk that these investments represent. Securitisations will come under further pressure as interest rate hikes hit the consumer, and their ability to repay loans (home-loans and vehicle loans) directly impacts the securitisation's own ability to repay noteholders' interest. It therefore remains imperative that we price for worst case scenarios and poor liquidity when approaching this sector. The pricing has since improved notably in the form of widening credit spreads, but we continue to monitor it with caution.

The Coronation Money Market Fund had a good quarter, retuning 2.3% for the quarter and 8.8% for the past year.

Tania Miglietta
Portfolio Manager

Fund category Domestic Fixed Interest Money Market
Fund description To outperform fixed deposits and call accounts, while ensuring capital preservation, stability and liquidity.
Launch date 1 October 1999

Portfolio manager Tania Miglietta
Fund size R1.8 billion
NAV 100.00 cents
Benchmark/performance fee hurdle Alexander Forbes 3-month (STeFI) Index

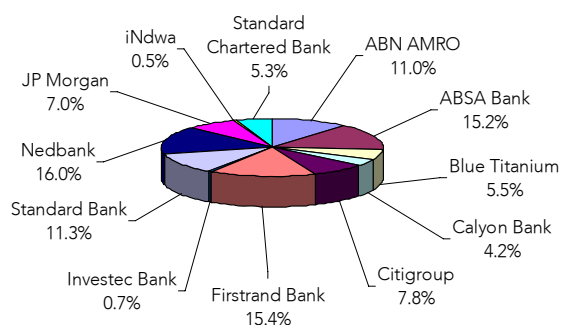
PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Maturity Band	30 Sep 2007
0 – 3 months	72.33%
4 – 6 months	14.06%
7 – 9 months	10.38%
10 – 12 months	3.23%

CREDIT EXPOSURE

As at 30 September 2007



PERFORMANCE AND RISK STATISTICS¹

PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Out-performance
Year to date	6.72%	6.68%	0.04%
Latest 12 months (annualised)	8.82%	8.85%	-0.04%
Latest 36 months (annualised)	7.67%	7.70%	-0.03%
Latest 60 months (annualised)	8.82%	8.91%	-0.09%
Since inception (annualised)	9.49%	9.58%	-0.09%
2006	7.27%	7.45%	-0.18%
2005	7.05%	7.04%	0.01%
2004	7.87%	7.78%	0.09%
2003	11.96%	12.27%	-0.31%

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised deviation	0.54%	0.58%
Sharpe ratio	-0.93	-0.70
Maximum gain	106.54%	107.89%
Maximum drawdown	0.00%	0.00%
Positive months	100.00%	100.00%

INCOME DISTRIBUTIONS

Declaration	Payment	Yield
30/09/2007	01/10/2007	9.96
31/08/2007	01/09/2007	9.76
31/07/2007	01/08/2007	9.40
30/06/2007	01/07/2007	9.21

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2007	0.74%	0.64%	0.70%	0.73%	0.74%	0.70%	0.78%	0.78%	0.72%			
Fund 2006	0.58%	0.51%	0.56%	0.51%	0.60%	0.56%	0.58%	0.61%	0.58%	0.66%	0.65%	0.64%
Fund 2005	0.61%	0.56%	0.60%	0.55%	0.60%	0.56%	0.53%	0.62%	0.55%	0.58%	0.53%	0.54%

FEES (excl. VAT)

Initial Fee	Coronation: 0.00%
Annual Management Fee*	0.30%
* 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	0.35% per annum

Advice Costs (excluding VAT)

- An ongoing advice fee may be facilitated on agreement between the Client and Financial Advisor.
- Ongoing advice fees may be negotiated to a maximum of 0.25% per annum 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.