

*"There will have been three great inventions since the beginning of time: fire, the wheel and central banking."*  
(Will Rogers)

A rollercoaster of a quarter! The resources index was down by 8% in August, but staged a strong recovery to end 12% up from last quarter. The market clearly believes in the curative powers of the world's central bankers, but it remains to be seen whether the fallout from the debt market crisis will have wider ranging effects.

For the quarter, the fund returned 13.6%. The best performing companies in the portfolio were Exxaro (31%), BHP Billiton (25%) and AngloGold (22%). AngloGold was the best performing gold share, driven by an 11% increase in the rand gold price. Platinum shares lagged, but Impala (11%) significantly outperformed Amplats (-10%) and Northam (-12%).

International shares contributed significantly to performance. In US dollars, CVRD increased 52%, Petrobras 25% and Norilsk Nickel 22%.

For the 12 months to end September, the fund returned 64.7% relative to the 54.8% of the benchmark. The yearly compounded return over the last three years was 52.4% and 48% respectively. These are truly exceptional numbers and these levels of returns are unlikely to continue.

We ended last quarter's commentary with the following line: "We have started the third quarter with more new investment ideas than we have had in a while, and look forward to reporting back in 3 months." This has indeed proved to be the case. A number of new companies are represented in the fund for the first time.

We bought a significant position (8% of fund) in Mondi Limited. This company, spun out of Anglo American in July, produces paper and packaging and is one of the most unloved commodities around. Mondi has low cost assets and large shares of the markets in which they operate. Earnings are low after 3 years of declining earnings, and paper and packaging markets are improving. The market values Mondi significantly below the replacement value of their assets and we expect good returns from our investment.

Internationally, 4.5% of the fund was invested in Bermudan-listed Pallinghurst Resources. Due to a timing issue, this was unfortunately still reflected as international cash at the end of the quarter. Pallinghurst is a private equity vehicle investing in the natural resource sector. It is led by Brian Gilbertson who should need no introduction. True value creators are rare in this world, but in the South African market we've had more than our fair share. Surnames like Joffe, Lynch, Saad and Rupert spring to mind - I do not hesitate to add Mr Gilbertson to this list. All these individuals' track records stem from a visionary approach and astute decision making which has been achieved over many years and in a variety of different market conditions. When offered the opportunity to co-invest with any of these gentlemen at cost; it is one of the easiest investment decisions to make. A decision made even easier by the fact that two years of prior work by the Pallinghurst team has led to three very exciting opportunities having already added value to your investment.

The last new investment was slightly smaller - 1% of the fund in Russian gas giant Gazprom. While investing in Russia is not for the faint-hearted, Gazprom's investment case is very compelling. The current assets will deliver very strong earnings growth as the loss-making domestic gas sales (70% of total) are decreased in favour of high margin exports and Russian domestic gas prices increase. With the largest gas reserves in the world, investments in oil and power generation and the backing of the Russian government, Gazprom has incredible opportunities to add value to their current asset base which investors are getting for free.

Whether central banking turns out to be an invention akin to the wheel or not, we believe the companies represented in the fund will ensure continued good performance relative to our benchmark.

**Henk Groenewald**  
**Portfolio Manager**

<b>Fund category</b>	Domestic Equity Resources & Basic Industries
<b>Fund description</b>	Invests in a broad range of resource and basic industry counters that are affected by changes in the commodity cycle.
<b>Launch date</b>	1 October 1999

<b>Portfolio manager</b>	Henk Groenewald
<b>Fund size</b>	R205.7 million
<b>NAV</b>	8796.39 cents
<b>Benchmark/performance fee hurdle</b>	Resources & Basic Industries Sector Mean

**PORTFOLIO DETAIL**

**EFFECTIVE ASSET ALLOCATION EXPOSURE**

Sector	30 Sep 2007
<b>Domestic Assets</b>	<b>84.50%</b>
<b>Equity</b>	<b>81.04%</b>
Oil & Gas	7.46%
Basic Materials	66.20%
Derivatives	7.38%
<b>Cash</b>	<b>3.46%</b>
<b>International Assets</b>	<b>15.50%</b>
<b>Equity</b>	<b>9.08%</b>
<b>Cash</b>	<b>6.42%</b>

**TOP 10 HOLDINGS**

As at 30 September 2007	% of Fund
BHP Billiton Plc	10.76%
Impala Platinum Holdings Ltd	9.87%
Anglo American Plc	8.61%
Sasol Ltd	7.56%
Mondi Ltd	7.11%
Exxaro Resources Ltd	6.15%
Mvelaphanda Resources	4.34%
African Oxygen Ltd	3.40%
Anglogold Ltd	3.34%
Mittal Steel SA	2.69%
<b>Total</b>	<b>63.83%</b>

**INCOME DISTRIBUTIONS**

Declaration	Payment	Amount	Dividend	Interest
30/09/2007	01/10/2007	49.52	37.48	12.04
31/03/2007	01/04/2007	41.93	34.84	7.09
30/09/2006	01/10/2006	34.32	30.33	3.99
31/03/2006	01/04/2006	169.56	160.77	8.79

**MONTHLY PERFORMANCE RETURNS**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2007	5.81%	3.21%	9.33%	3.02%	2.87%	1.20%	2.91%	0.82%	9.47%			
Fund 2006	10.32%	-5.97%	8.00%	6.12%	-0.09%	9.03%	-3.33%	4.25%	1.61%	5.54%	5.38%	1.79%
Fund 2005	3.00%	8.37%	0.67%	-5.79%	12.94%	2.93%	6.16%	1.88%	10.92%	-3.04%	5.56%	5.91%

**FEES (excl. VAT)**

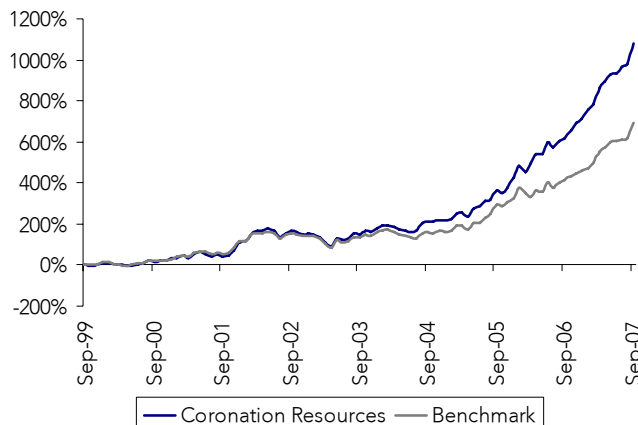
<b>Initial Fee*</b>	Coronation: 0.00% (Direct)
<b>Annual Management Fee**</b>	1.00%
*An initial fee of 0.25% will be charged on all investments placed via administration platforms like Linked Investment Service Providers (LISP's).	
**A portion of Coronation's annual management fee may be paid to administration platforms like LISP's as a payment for administrative and distribution services.	
<b>Total Expense Ratio (TER)<sup>2</sup></b>	1.23% 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 STATISTICS<sup>1</sup>**

**CUMULATIVE PERFORMANCE SINCE INCEPTION**



**PERFORMANCE FOR VARIOUS PERIODS**

	Fund	Benchmark	Out-performance
Year to date	45.44%	41.64%	3.79%
Latest 12 months (annualised)	64.65%	54.78%	9.87%
Latest 36 months (annualised)	52.40%	47.95%	4.45%
Latest 60 months (annualised)	33.10%	28.58%	4.52%
Since inception (annualised)	35.03%	32.81%	2.22%
2006	50.13%	46.05%	4.08%
2005	60.04%	55.63%	4.40%
2004	13.37%	6.94%	6.42%
2003	9.23%	6.09%	3.14%

**RISK STATISTICS SINCE INCEPTION**

	Fund	Benchmark
Annualised deviation	22.08%	21.62%
Sharpe ratio	1.13	1.05
Maximum gain	93.37%	75.65%
Maximum drawdown	-29.89%	-28.63%
Positive months	67.71%	65.63%