CORONATION CAPITAL PLUS

Class A
as at 31 December 2008

CORONATION FUND MANAGERS

2008 saw the worst year for global equity markets since the market crash of 1929, with most major global indices declining by 40% (in dollars), or more. The depreciation of the rand shielded the South African market somewhat and the All Share index ended the year down 23%. Against this backdrop, the fund ended the year marginally positive (+0.71%) and has generated compounded annualised returns of 10.50% over the past 3 years and 15.30% over the past 5 years, with single-digit volatility.

The primary reason for the fund's reasonably good performance over the past year was the avoidance of the three key bubble areas; commodities, construction and small caps. The fund suffered early in the year by having almost zero exposure to these three momentum areas and, instead, holding and buying local industrial and financial shares that were being thrown out by go-go 'investors' as they gobbled up the good news commodity and construction shares. After having a torrid first half in 2008, the fund actually increased by 6.7% in the second half of the year; a period in which the All Share index declined by almost 30%. Truworths (+33%), Mr Price (+21%), Tiger Brands (+15%) and AVI (+11%) were the fund's 4 best holdings in 2008 and were typically the shares that no-one wanted to own earlier in the year (remember, oil was heading towards $200 a barrel, there was no end in sight to interest rate increases and the only companies with bullet-proof earnings were the construction stocks).

Today, of course, the picture is totally different: the commodity bubble has burst, interest rates have started to decline and the construction companies' earnings look quite vulnerable. As a result, investors are now chasing the interest rate sensitive stocks and selling the commodity and construction stocks. As the share prices of the interest rate sensitive shares are pushed up by momentum investors (which is most of the market) many of them are approaching their fair values and we have been reducing these positions. At the same time, we have been slowly and selectively adding to the fund's resource exposure and bought Anglo American for the first time in many years. We still hold no construction stocks as we don't believe that the margin of safety is adequate.

The largest purchase over the past few months has been that of MTN. The fund has held MTN for the past year or so but we substantially increased the position as the share fell below to the level of R75 to R100 over the past few months. We are attracted by the company's dominant position (largest or second largest operator) in several African and Middle East markets where penetration rates are low and, in our view, have many years of growth ahead. After having done extensive research on mobile markets in Emerging Markets across the world, we are of the view that MTN's prospects are amongst the best within its global peer group and that its valuation is by far the most attractive. More importantly, in absolute terms, we also find its valuation very attractive and the company is now trading on a 5 PE on what we believe it will earn 3 years from today.

We are finding decent value in selected equities and as a result the fund's South African equity exposure is around 36%. This exposure is below its maximum limit of 50% but still represents a meaningful position. The fund has also utilised its full foreign exposure of 20% and has just over half of this invested in global equities, which we believe are very cheap. We are still finding selected value in listed property stocks and the fund has a total of around 5% invested in property, with a concentrated focus on the higher quality companies. We also feel that preference shares are very attractive and almost 4% of the fund is invested in this area. In contrast, we feel that bonds are currently expensive and have sold most of our exposure, having been a large buyer earlier in 2008.

The year or two ahead will be very difficult, both in South Africa and globally, from an economic point of view. Additionally, South Africa has the challenge of political uncertainty, particularly as we approach the election. However, with our careful stock selection and considered asset allocation we believe the fund is well positioned to start moving towards achieving double-digit returns again, while at the same time protecting capital during the inevitable periods of volatility.

Edwin Schultz and Gavin Joubert
Portfolio Managers

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CORONATION FUND MANAGERS

Fund category	Domestic Asset Allocation Targeted Absolute and Real Return
Fund description	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	R3.8 billion
NAV	2264.14 cents
Benchmark/performance fee hurdle	CPIX + 4% p.a.

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 December 2008
Domestic Assets	77.83%
Equity	36.74%
Basic Materials	6.39%
Industrials	2.43%
Consumer Goods	10.72%
Healthcare	1.14%
Consumer Services	12.09%
Telecommunications	5.54%
Financials	4.64%
Derivatives	(6.21%)
Preference Shares & Other Securities	3.90%
Real Estate	4.66%
Fixed Interest	6.24%
Cash	26.29%
International Assets	22.17%
Equity	10.91%
Fixed Interest	1.66%
Cash	9.60%

TOP 10 HOLDINGS

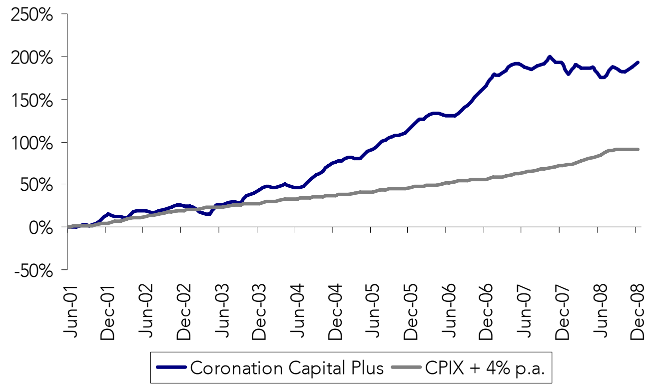
As at 31 December 2008	% of Fund
Coronation World Wide Equity Fund	5.38%
ABSA Preference Shares	3.82%
Naspers Ltd	3.80%
MTN Group Ltd	3.78%
Tiger Brands Ltd	3.14%
SABMiller Plc	2.37%
Edinburgh Partners European Opportunity Fund	2.33%
BHP Billiton Plc	2.08%
AVI Ltd	2.05%
British American Tobacco Plc	2.02%
Total	30.77%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31/12/2008	01/01/2009	21.25	4.44	16.81
30/09/2008	01/10/2008	33.12	17.83	15.29
30/06/2008	01/07/2008	21.97	8.82	12.85
31/03/2008	01/04/2008	22.71	8.60	14.11

PERFORMANCE AND RISK STATISTICS[1]

CUMULATIVE PERFORMANCE SINCE INCEPTION



PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Out-performance
Year to date	0.71%	14.41%	-13.70%
Latest 12 months	0.71%	14.41%	-13.70%
Latest 36 months (annualised)	10.50%	11.96%	-1.46%
Latest 60 months (annualised)	15.28%	10.42%	4.86%
Since inception (annualised)	15.44%	10.55%	4.89%
2007	9.46%	12.57%	-3.11%
2006	22.38%	8.97%	13.41%
2005	23.22%	8.03%	15.19%
2004	22.49%	8.29%	14.20%

RISK STATISTICS SINCE INCEPTION

	Fund	CPIX
Annualised deviation	7.92%	1.76%
Downside deviation	4.49%	N/A
Sharpe ratio	0.68	N/A
Maximum gain	29.49%	N/A
Maximum drawdown	-8.35%	N/A
Positive months	66.67%	N/A

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2008	-3.97%	3.78%	-1.38%	-0.24%	0.33%	-4.06%	0.95%	3.67%	-1.35%	-0.82%	1.90%	2.27%
Fund 2007	4.23%	0.32%	1.63%	2.72%	0.25%	-1.30%	-0.76%	1.09%	1.27%	2.71%	-2.30%	-0.60%
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%

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 (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]

1.32% per annum, which includes a performance fee of 0.12%

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 12-month period, the discounted minimum fee applies.

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

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.

CLIENT SERVICE: 0800 22 11 77 FAX: (021) 680 2500 EMAIL: clientservice@coronation.co.za WEBSITE: www.coronation.com