

The final quarter of 2008 was marked by panic selling globally as the fears of global recession were realised and owners of risky assets entered into a selling frenzy. Global equity markets were hard hit and SA fortunately less so, due to a better domestic economic outlook. However, resources were hit hard and the resource counters listed on the JSE suffered accordingly. The fund had a poor quarter, down 4.62% against its benchmark return of -2.74%. This was predominantly due to two factors, our overweight position in equities and our underweight position in bonds.

Perhaps the most absurd outcome of this unwinding of the credit bubble has been the performance of government bonds, especially those of the various large developed nations. In the desperate flight to perceived quality assets the yields on government bonds have reduced to ridiculously low levels. At one point for 3-month money the US could borrow at zero cost! The fact that these countries will need to issue trillions of dollars of debt to finance the various bailout plans and fiscal stimulus plans seems to be going unnoticed. This is the next bubble that will be popped.

Our own government bonds have also rallied sharply on the back of some sympathy trade with global bonds but also, rightfully so, because of declining inflation expectations. But even here they have overshot our estimation of fair value and we can't get excited about holding any government bonds. Corporate bonds, on the other hand, look very attractive. As the risk aversion grew the yields that corporate bonds have been marked to have, reached historic highs and the fund continues to hold positions in good name corporate credit. As was mentioned before, we still prefer holding preference shares at these levels given the tax-free nature of the income and the very high yields currently on offer.

On the equity front, our views expressed at the end of September still hold true. Equity valuation, both at home and abroad, reflects more than likely the outcome of the current recession. It is in times like these that great opportunities arise and it would be remiss for the fund not to be taking advantage of some of the great value on offer in the market. We have added to the cyclicity of the portfolio by increasing our resource position, but specifically by targeting those that have good demand from the SA economy. The portfolio overall, however, still reflects a fairly defensive exposure via businesses which are less cyclical than average.

2009 is likely to bring its own new challenges but the companies that we own, and the current asset allocation in place, we believe, is correct for the challenging period ahead.

Neville Chester
Portfolio Manager

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.

Launch date

2 July 2001

Portfolio manager

Neville Chester

Fund size

R1.0 billion

NAV

3138.26 cents

Benchmark/performance fee hurdle

Composite Benchmark
(63% equity, 22% bonds, 10% International, 5% cash) + 2% p.a.

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 December 2008
Domestic Assets	84.04%
Equity	63.63%
Oil & Gas	3.24%
Basic Materials	12.96%
Industrials	5.95%
Consumer Goods	6.75%
Healthcare	2.17%
Consumer Services	11.26%
Telecommunications	7.05%
Financials	11.10%
Derivatives	3.15%
Preference Shares & Other Securities	9.56%
Real Estate	3.64%
Fixed Interest	2.83%
Cash	4.38%
International Assets	15.96%
Equity	15.78%
Cash	0.18%

TOP 10 HOLDINGS

As at 31 December 2008	% of Fund
Coronation World Wide Equity Fund	11.41%
MTN Group Ltd	5.98%
Naspers Ltd	5.36%
Standard Bank Group Ltd	4.69%
BHP Billiton Plc	3.88%
Sasol Ltd	3.24%
ABSA Preference Shares	2.99%
FirstRand/RMB Holdings Ltd	2.47%
Impala Platinum Holdings Ltd	2.39%
Anglo American Plc	2.30%
Total	44.71%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30/09/2008	01/10/2008	65.22	52.89	12.33
31/03/2008	01/04/2008	28.76	22.59	6.17
30/09/2007	01/10/2007	30.31	24.24	6.07
31/03/2007	01/04/2007	27.70	15.49	12.21

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2008	-5.74%	6.41%	-2.35%	1.05%	0.71%	-4.97%	-0.26%	4.31%	-5.22%	-7.56%	1.33%	1.83%
Fund 2007	5.07%	0.53%	3.43%	3.79%	0.05%	-1.28%	-0.01%	1.02%	1.80%	5.15%	-3.81%	-1.96%
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%

FEES (excl. VAT)

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

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

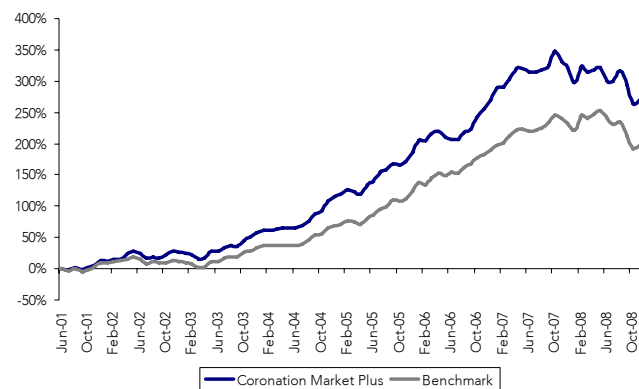
** A portion of Coronation's annual management fee may be paid to administration platforms like LISP's as a payment for administrative and distribution services.

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 + 2%	Benchmark
Year to date	-10.91%	-7.16%	-9.16%
Latest 12 months	-10.91%	-7.16%	-9.16%
Latest 36 months (annualised)	9.53%	12.42%	10.42%
Latest 60 months (annualised)	18.89%	19.66%	17.66%
Since inception (annualised)	19.33%	17.24%	15.24%
2007	14.20%	14.84%	14.00%
2006	29.15%	31.99%	29.99%
2005	33.05%	34.52%	32.52%
2004	35.91%	28.41%	26.41%

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised deviation	11.96%	11.59%
Sharpe ratio	0.78	0.62
Maximum gain	36.70%	N/A
Maximum drawdown	-18.58%	N/A
Positive months	68.89%	N/A

Total Expense Ratio (TER)²

1.42% per annum, which includes a performance fee of 0.10%

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.