

CORONATION MONEY MARKET

Class A

as at 31 December 2008

Cash returned 11.7% during 2008. Bonds, returning an impressive 16.97%, were the best performing asset class during the year despite a very bearish start brought about by a surge in inflation and sharply rising interest rates. The inflation outlook improved significantly during the quarter as the oil price started to fall and Statistics SA indicated that the CPIX index would be reweighted and rebased in January 2009. Calculations showed that inflation was indeed going to fall sharply.

However, this has taken some time to materialise and only in November 2008 did we see the first convincing decline in inflation. By December, CPIX was at 12.1% - still high, but moving lower. Bond yields peaked in the 3rd quarter, falling sharply thereafter in anticipation of an imminent downward turn in the interest rate cycle. Bond market returns improved dramatically during the 4th quarter, supported by domestic investors piling in after months of being short duration. On the 11th of December SA Reserve Bank Governor Tito Mboweni announced the first 0.5% cut in the interest rate cycle, taking the repo rate to 11.5% after 10 consecutive hikes starting in June 2006. The market is pricing in a very bullish outcome for short-term interest rates over the next year and is expecting as much as a 1% repo rate cut in February, with further cuts thereafter.

The fund held around 36% in floating rate notes, which reset quarterly, allowing the yield to rise with rising interest rates. These have served the fund well acting as an interest rate hedge, during the upward move in the interest rate cycle.

This quarter saw a tremendous increase in commercial paper issuance as banks tightened their credit criteria, which included increasing the cost of borrowing even to top-rated companies. In turn, they responded by borrowing billions directly from the money market via large commercial paper programmes. Due to this increase in demand for cash from all corners, yield spreads widened significantly, benefitting money market investors. The fund held around 30% in commercial paper with an average yield of approximately 12%, to names such as Anglo American, Eskom, Transnet, SAB and Toyota Financial Services.

We continue to manage the fund ultra-conservatively, steering clear of risky securitisation, especially those with high exposure to home and vehicle finance; sectors which we have always said would be hit hard as interest rates rise. Indeed they have been hit hard and repossessions have been severe. Securitisation as an asset class has ground to a halt and we do not expect it to revive any time soon.

The fund returned 3% for the quarter and 12% for 2008, thereby outperforming the STeFI index, after fees.

Tania Miglietta
Portfolio Manager

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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 R1.6 billion
NAV 100.00 cents
Benchmark Alexander Forbes 3-month (STeFI) Index

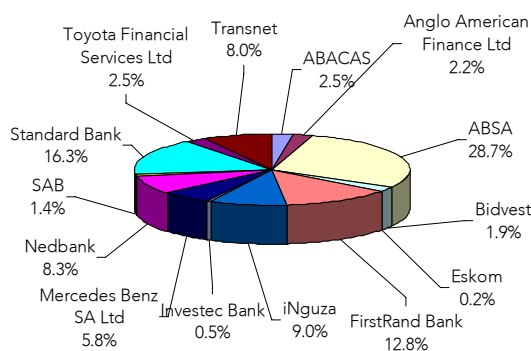
PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Maturity Band	31 December 2008
0 – 3 months	70.82%
4 – 6 months	18.92%
7 – 9 months	2.21%
10 – 12 months	8.05%

CREDIT EXPOSURE

As at 31 December 2008



PERFORMANCE AND RISK STATISTICS¹

PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Out-performance
Year to date	11.97%	11.71%	0.26%
Latest 12 months	11.97%	11.71%	0.26%
Latest 36 months (annualised)	9.55%	9.51%	0.04%
Latest 60 months (annualised)	8.71%	8.67%	0.04%
Since inception (annualised)	9.79%	9.84%	-0.05%
2007	9.44%	9.41%	0.03%
2006	7.27%	7.45%	-0.18%
2005	7.05%	7.06%	-0.02%
2004	7.87%	7.78%	0.09%

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised deviation	0.55%	0.57%
Sharpe ratio	-0.90	-0.76
Maximum gain	137.16%	138.22%
Maximum drawdown	0.00%	0.00%
Positive months	100.00%	100.00%

INCOME DISTRIBUTIONS

Declaration	Payment	Yield
31/12/2008	01/01/2009	12.53
30/11/2008	01/12/2008	12.63
31/10/2008	01/11/2008	12.53
30/09/2008	01/10/2008	12.53

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2008	0.87%	0.85%	0.91%	0.89%	0.91%	0.97%	0.99%	0.94%	1.04%	1.01%	0.91%	1.07%
Fund 2007	0.74%	0.64%	0.70%	0.73%	0.74%	0.70%	0.78%	0.78%	0.72%	0.87%	0.81%	0.85%
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%

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	0.36% 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.