CORONATION RESOURCES

Class A
as at 31 December 2008

CORONATION FUND MANAGERS

"The investor with a portfolio of sound stocks should expect their prices to fluctuate and should neither be concerned by sizable declines nor become excited by sizable advances. He should always remember that market quotations are there for his convenience, either to be taken advantage of or to be ignored."

"Market movements are important to him in a practical sense, because they alternately create low price levels at which he would be wise to buy and high price levels at which he certainly should refrain from buying and probably would be wise to sell."

The Intelligent Investor, Benjamin Graham

We started the previous quarter's commentary with the following line: "These are very trying times to be invested in the stock market, especially in the resource sector." In the third quarter, we experienced a severe correction, with a 33.1% decline in the benchmark, and encouraged investors not to panic. This advice proved to be useful for what lay ahead in the fourth quarter. During 2008 we saw the market swing between greed and fear. In the past quarter we saw a further decline in both commodity and companies share prices. *"When you sell in desperation, you always sell cheap."* This is the advice from one of the great investors of our time, Peter Lynch, who managed the Fidelity Magellan Fund between 1977 and 1990. The global liquidity crisis led to forced or panic selling in many instances and we used these opportunities to buy great companies at low prices.

The financial crisis of 2008 will be one for the record books, with many market commentators believing that we are in the worst economic environment since the Great Depression of the 1930s. China's economy, one of the key contributors to the resource bull market, has not been strong enough to withstand the global weakening and we have seen a large decline in the demand for commodities. In the space of a few months, the price of copper, nickel and oil declined between 70% to 75%. When people stop buying cars, and they stop buying houses, it travels all the way back to the mine.

We have not only experienced a decline in commodity prices but also declining volumes, with producers reporting pressure from customers to delay or cancel shipments. The period of super profits that commodity producing companies have enjoyed is over for now. Short-term profit forecasts are abysmal and companies have cut staff, reduced exploration spend and cancelled capital expansion projects in an attempt to reduce costs. As painful as it has been, the market was very quick to price in the bad news. With many commodity prices below the marginal cost of production, we are starting to see the supply response needed to improve the demand/supply balance. Although difficult to predict when global demand will recover, the decision to curtail investment in supply will most likely be the seeds for the next bull market.

The return for the past quarter has been extremely disappointing with the fund declining by 24.2%, worse than the benchmark's decline of 19.5%. Regular readers of our quarterly commentaries and those familiar with our investment process will be aware of our emphasis on long-term valuations over short-term market movements, and the past quarter has not changed that focus. We are, however, disappointed with the poor returns for 2008, underperforming the benchmark by 4.6%. The past quarter's returns meant that for the first time since 2001, and only the third time since inception, the fund has not been able to outperform the benchmark for the calendar year.

The greatest detractors of quarterly performance were Mvelaphanda Resources, Mondi, Metorex, Zimplats and Pallinghurst Resources. Our holdings in AngloGold and Harmony helped to offset some of this underperformance, as did our underweight positions in Anglo Platinum and ArcelorMittal.

During the quarter, we took advantage of market declines and low price levels to add to some of our existing holdings. Some of the larger purchases included Sasol and Impala Platinum. We also took profits by reducing (*e.g. AngloGold and Harmony*) or selling (*e.g. Keaton Energy*) holdings which have performed well. Those proceeds were used to fund better opportunities with a larger margin of safety.

During the quarter, we initiated a position in Sappi, a global coated fine paper and chemical cellulose producer. The paper industry is cyclical and one wants to buy a cyclical business when earnings are low, the newsflow is bad and expectations for a recovery in earnings are low. Unlike many resource companies, Sappi has not benefited from the resource boom and earnings are depressed. The market has been focusing on the extremely negative short-term demand outlook for the sector. The newsflow is indeed bad, with the global financial crisis having a negative impact on advertising spend; one of the primary uses for coated fine paper. After many years of poor returns for the sector, a number of Sappi's peers are currently not profitable and have weak balance sheets. This situation is not sustainable and industry profitability will need to improve, or many companies will go bankrupt. After years of irrational behavior, we are seeing signs of consolidation and more rational behavior from suppliers. While current prices are reflecting a very poor short-term outlook, the balance of probabilities for long-term rewards is in favour of a patient investor.

As we start a new year, we are bombarded with predictions from numerous financial experts about what lies ahead in 2009. History has taught us that our ability to forecast the immediate future is limited. We will remain focused on long-term valuations and will seek to take advantage of whatever attractive opportunities 'Mr. Market' will present us in 2009 to generate long-term rewards for our investors.

Henk Groenewald & Duane Cable
Portfolio Managers

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Fund category	Domestic Equity Resources & Basic Industries	Portfolio manager	Henk Groenewald & Duane Cable
Fund description	Invests in a broad range of resource and basic industry counters that are affected by changes in the commodity cycle.	Fund size	R127.2 million
		NAV	5434.69 cents
		Benchmark	Resources & Basic Industries Sector Mean
Launch date	1 October 1999		

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 December 2008
Domestic Assets	78.68%
Equity	76.99%
Oil & Gas	12.08%
Basic Materials	64.19%
Industrials	0.72%
Cash	1.69%
International Assets	21.32%
Equity	19.53%
Commodities	1.75%
Cash	0.04%

TOP 10 HOLDINGS

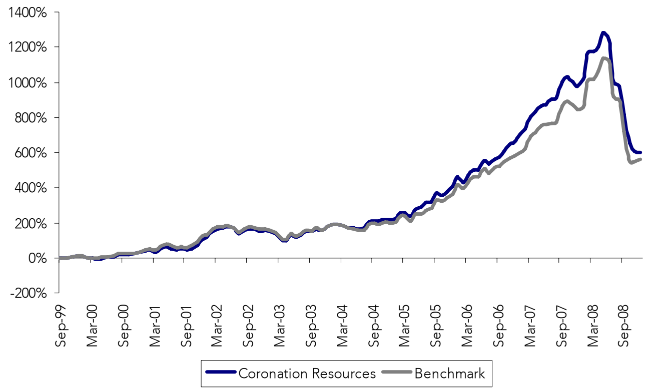
As at 31 December 2008	% of Fund
Impala Platinum Holdings Ltd	12.38%
Sasol Ltd	12.08%
Anglo American Plc	11.54%
Mondi Plc	11.07%
BHP Billiton Plc	11.00%
Anglogold Ashanti Ltd	7.98%
Pallinghurst Resources Ltd	5.15%
Mvelaphanda Resources Ltd	4.82%
OAO Gazprom Reg	3.32%
Sappi Ltd	3.01%
Total	82.35%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30/09/2008	01/10/2008	87.32	83.57	3.75
31/03/2008	01/04/2008	39.88	25.30	14.58
30/09/2007	01/10/2007	49.52	37.48	12.04
31/03/2007	01/04/2007	41.93	34.84	7.09

PERFORMANCE AND RISK STATISTICS[1]

CUMULATIVE PERFORMANCE SINCE INCEPTION



PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Out-performance
Year to date	-35.24%	-30.65%	-4.60%
Latest 12 months	-35.24%	-30.65%	-4.60%
Latest 36 months (annualised)	11.30%	12.21%	-0.91%
Latest 60 months (annualised)	20.13%	18.65%	1.48%
Since inception (annualised)	23.37%	22.57%	0.80%
2007	41.82%	39.49%	2.33%
2006	50.13%	46.05%	4.08%
2005	60.04%	55.63%	4.40%
2004	13.37%	6.94%	6.42%

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised deviation	24.02%	24.03%
Sharpe ratio	0.55	0.51
Maximum gain	93.37%	75.65%
Maximum drawdown	-49.42%	-47.58%
Positive months	63.96%	63.06%

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2008	3.75%	13.32%	0.74%	1.77%	6.22%	-2.94%	-17.77%	-2.10%	-14.63%	-17.99%	-6.28%	-1.35%
Fund 2007	5.81%	3.21%	9.33%	3.02%	2.87%	1.20%	2.91%	0.82%	9.47%	2.41%	-2.45%	-2.39%
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%

FEES (excl. VAT)

Initial Fee*	Coronation: 0.00% (Direct)
Annual Management Fee**	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.

Total Expense Ratio (TER)[2]	1.17% 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.

Unit trusts should be considered a medium- to long-term investment. The value of units may go down as well as up. Past performance is not necessarily an indication of future performance. Unit trusts are traded at ruling prices and can engage in scrip lending and borrowing. Fluctuations or movements in exchange rates may cause the value of underlying investments to go up or down. Instructions must reach the Management Company before 2pm (12pm for the Money Market Fund) to ensure same day value. Forward pricing is used. A member of the Association of Collective Investments, South Africa. [1]Performance is quoted from Morningstar as at 31 December 2008 for a lump sum investment using Class A NAV prices with income distributions reinvested. [2]The TER is calculated as a percentage of the average NAV of the portfolio incurred as charges, levies and fees in the management of the portfolio for a rolling 12-month period to end September 2008. A higher TER ratio does not necessarily imply a poor return nor does a low TER imply a good return. The current disclosed TER cannot be regarded as an indication of future TER's.