

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. We have, however, been very well positioned for this outcome. Despite the market and our benchmark being down 9.2% and 10% respectively, the fund managed a return of -2.7%, capping a year of phenomenal performance for the fund – achieving a return 13.7% ahead of the benchmark. This was predominantly due to our large underweight position in resources and overweight position in defensive shares, which we have reported on for a number of quarters.

The rate at which the global commodity bulls have turned into commodity bears has been astounding. All the stories used to justify the continuous increase in world commodity prices (China/India growth, global power shortages, lack of new resource finds, etc.) seem to have disappeared and now a hundred reasons for why commodity prices will remain low are surfacing. Just as we never believed the former stories, we are sceptical about the latter too. As a result, we are now selectively adding to our resource holdings where valuations have priced in a worst case outcome. In the short term, markets are generally inefficient and create opportunities for investors to profit from these mispricings.

The outlook for 2009 is certainly not clear currently. And we would be loathe to make any kind of short-term forecast given the huge battle taking place globally between what appears to be an unprecedented recession and, at the same time, an unprecedented combined assault by governments and central banks around the world using fiscal and monetary policy to stave it off. Given the extent to which interest rates have been cut and deficit spending is being ramped up, in the long term we definitely believe the stimulus packages will ultimately work. The time it will take to start working is unclear. What is clear is that when it does gain traction the levels of inflationary pressure will once again arise and the attractiveness of real assets will once again become more popular.

As a result, the fund still has large positions in what are arguably more defensive equities but these are now being offset by higher exposures to the more cyclical companies, like the resource shares we have mentioned earlier. Our largest holding now is MTN, the EMEA mobile phone operator. It is both a reasonably defensive play due to the low levels of cyclicality in established phone call minutes of use, and also a growth story due to the low levels of penetration in most of its markets outside of South Africa. In the past six months there have been great buying opportunities and we have managed to build up a position at a price which offers little downside risk and great upside potential.

Looking ahead for 2009, we remain confident that the balanced approach of increasing the cyclical element, yet not wholesale reducing the more defensive stock holdings, is the appropriate way of growing unit holders' capital into the new year.

Neville Chester
Portfolio Manager

CORONATION TOP 20

Class A
as at 31 December 2008

Fund category
Fund description

Domestic Equity Large Cap
Aims to outperform the FTSE/JSE Top 40 Index, is actively managed and will typically hold no more than 20 large cap stocks at any point in time.

Launch date

1 October 2000

Portfolio manager

Neville Chester

Fund size

R1.4 billion

NAV

4873.02 cents

Benchmark/performance fee hurdle

FTSE/JSE Africa Top 40 Index

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 December 2008
Domestic Assets	100.00%
Equity	98.58%
Oil & Gas	5.09%
Basic Materials	25.65%
Industrials	8.49%
Consumer Goods	7.50%
Healthcare	3.68%
Consumer Services	14.30%
Telecommunications	15.94%
Financials	17.93%
Cash	1.42%
International Assets	0.00%

TOP 10 HOLDINGS

As at 31 December 2008	% of Fund
MTN Group Ltd	11.15%
Naspers Ltd	8.85%
BHP Billiton Plc	8.04%
Standard Bank Group Ltd	7.54%
Compagnie Financiere Richmont SA	5.46%
Anglo American Plc	5.12%
Sasol Ltd	5.09%
Telkom SA Ltd	4.79%
Tiger Brands Ltd	4.67%
Remgro Ltd	4.62%
Total	65.33%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30/09/2008	01/10/2008	93.07	91.71	1.36
31/03/2008	01/04/2008	33.40	29.59	3.81
30/09/2007	01/10/2007	57.68	55.34	2.34
31/03/2007	01/04/2007	39.11	33.62	5.49

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2008	-7.62%	8.29%	-4.06%	4.97%	3.54%	-6.67%	0.76%	3.50%	-8.80%	-6.94%	2.08%	2.44%
Fund 2007	6.38%	-1.17%	4.99%	4.01%	-0.68%	-1.29%	-1.18%	1.67%	1.85%	7.65%	-5.82%	-2.76%
Fund 2006	7.32%	-1.85%	4.99%	2.85%	-3.46%	1.27%	-0.31%	3.44%	2.61%	6.84%	3.65%	6.38%

FEES (excl. VAT)

Initial Fee*	Coronation: 0.00% (Direct)
Annual Management Fee - performance related**	Minimum - standard: 1.00% Minimum - discounted: 0.50% Maximum: 3.50% 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).

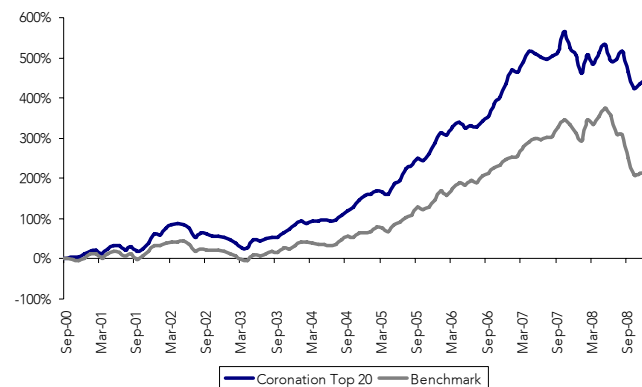
** A portion of Coronation's annual management fee may be paid to administration platforms like LISP's as a payment for administrative and distribution services.

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	Out-performance
Year to date	-9.89%	-23.58%	13.68%
Latest 12 months	-9.89%	-23.58%	13.68%
Latest 36 months (annualised)	12.35%	8.61%	3.74%
Latest 60 months (annualised)	24.35%	18.58%	5.76%
Since inception (annualised)	22.89%	14.93%	7.97%
2007	13.54%	18.97%	-5.43%
2006	38.61%	40.90%	-2.28%
2005	50.87%	48.24%	2.64%
2004	38.94%	23.48%	15.47%

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised deviation	18.36%	20.57%
Sharpe ratio	0.69	0.23
Maximum gain	38.58%	37.42%
Maximum drawdown	-31.72%	-35.16%
Positive months	63.64%	60.61%

Total Expense Ratio (TER)²

0.87% per annum, which includes a performance fee of 0.17%

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 return in line with the benchmark, a standard minimum fee will be levied. If the fund produces a return below the benchmark 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.