

CORONATION BALANCED PLUS

Class A

as at 30 June 2008

The Coronation Balanced Plus Fund had a fair quarter, with the fund returning 20.7% for the rolling three year period compared to 22.1% from the benchmark. Over a rolling 5-year period the fund outperformed its benchmark by 0.8% p.a. (25.3% p.a. vs 24.5% p.a.) The fund remains one of the best performing funds in its sector over all longer time periods.

The global environment deteriorated significantly over the last quarter. Growth is slowing, inflation is on the rise and central banks are reluctantly responding with interest rate hikes (particularly in emerging markets where monetary policy has been too expansionary). Debt levels are high and the deleveraging process will constrain growth for some years to come.

The local environment is just as challenging. The consumer is on the brink of recession after having to absorb 10 interest rate hikes over the last 2 years. Inflation, principally food and energy, is crippling the low end of the market. Finally, to add salt to the wounds, sentiment and confidence has been damaged by the political uncertainty we are experiencing as the ANC transitions itself to a new leadership.

We live in an uncertain world in which forecasts have less value than we often like to acknowledge. In Richard Oldfield's book, "Simple but not easy", he notes that:

- Western Union believed in 1876 that the telephone had too many shortcomings to be seriously considered as a means of mass communication.
- HM Warner of Warner Brothers asked an audience in 1927 'who the hell wanted to hear actors talk?'
- In 1943 IBM forecasted a world market of no more than 5 computers.

Market sentiment has swung from euphoria to despair. The optimistic forecasts of just over a year ago have evaporated as the economic environment has soured. In times like this it is important to remind ourselves of what we do know:

- After 5 asset-friendly years (low inflation and strong growth) the environment has deteriorated.
- Markets have ruthlessly discounted this information as they have endured wave after wave of selling pressure (Chinese Shanghai Exchange down 54% from its peak, JSE Financial Index 40%, India 37%, Nikkei 29%, Dax 21%, FTSE 20%, S&P 20%).

Managing retirement capital in this environment is not easy. We need to preserve the real value of hard-earned savings. But we believe that we also need to take advantage of the long term opportunity that markets are currently presenting. Buying quality assets at low prices is the route to wealth creation. The pendulum has swung from greed to fear. Investors have capitulated – they are now giving equities away with little regard for valuation. We do not expect the macro environment to improve in the near term. We also do not know when markets will turn.

What we do know is that equities are cheap. It has been 20 years since global equities traded at such low ratings and the margin of safety is now large. While it is tempting to turn to cash, our highest conviction view is to stay invested in equities – whether it be European, US, Japanese or Emerging Markets.

Local equities returned 3.4% for the quarter. This benign number (once again!) masks strongly divergent sector moves.

Resources performed strongly, returning 13%. Anglo American, BHP Billiton, Sasol and ArcelorMittal performed strongly as commodities surprised with their resilience in a deteriorating economic environment. Gold shares once again performed poorly and we have started to build a position in this sector for the first time in many years.

Financials (-15%) and Industrials (-3%) had a torrid quarter. Ratings have now declined to levels last seen in early 2003. The selling pressure has been indiscriminate, with many high-quality, defensive companies coming under as much pressure as interest rate-sensitive companies with high levels of operational gearing. We continue to find great quality companies with excellent management teams at very attractive prices (examples include Discovery, AVI, Spar and Reunert).

Bonds continued their losing streak, underperforming cash by 7.8% in the quarter. We remain underweight bonds, although we are a lot closer to buying levels. Property has become attractive, in our view. The sell-off has been severe and we benefited from avoiding the sector in the late stages of the bull market. At current levels they offer attractive yields with good prospects of real distribution growth over the medium term.

In summary, while it is tempting to 'sit on the sidelines' until markets stabilise and the outlook improves, we believe that current prices are compelling. The cycle will turn. Buy low, sell high.

Louis Stassen and Karl Leinberger
Portfolio Managers

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CORONATION
FUND MANAGERS

Fund category	Domestic Asset Allocation Prudential Variable Equity	Portfolio manager/s	Louis Stassen and Karl Leinberger
Fund description	A fully managed investment solution diversified across the various asset classes and sectors. Its asset allocation is compliant with Regulation 28 of the Pension Funds Act.	Fund size	R3.2 billion
Launch date	15 April 1996	NAV	4554.67 cents
		Benchmark	Composite benchmark (63% equity, 22% bonds, 10% international, 5% cash)

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 June 2008
Domestic Assets	83.52%
Equity	58.70%
Oil & Gas	2.56%
Basic Materials	14.68%
Industrials	8.56%
Consumer Goods	8.91%
Healthcare	2.27%
Consumer Services	9.27%
Telecommunications	2.53%
Financials	8.40%
Derivatives	1.52%
Preference Shares & Other Securities	0.11%
Real Estate	6.62%
Fixed Interest	6.84%
Cash	11.25%
International Assets	16.48%
Equity	15.52%
Cash	0.96%

TOP 10 HOLDINGS

As at 30 June 2008	% of Fund
Coronation Global Equity Fund of Funds	12.32%
Naspers Ltd	5.06%
Standard Bank Group	4.28%
BHP Billiton Plc	3.50%
Impala Platinum Holdings Ltd	3.38%
Richemont Securities AG	3.18%
Remgro Ltd	2.88%
Sasol Ltd	2.56%
MTN Group Ltd	2.53%
SAB Miller Plc	2.26%
Total	41.95%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31/03/2008	01/04/2008	49.12	17.54	31.58
30/09/2007	01/10/2007	58.49	23.34	35.15
31/03/2007	01/04/2007	30.87	15.45	15.42
30/09/2006	01/10/2006	52.00	36.21	15.79

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2008	-4.99%	6.80%	-1.49%	1.91%	1.49%	-4.84%						
Fund 2007	4.51%	0.57%	2.83%	3.22%	0.20%	-1.38%	-0.07%	1.22%	2.13%	4.74%	-3.43%	-1.82%
Fund 2006	6.22%	-1.10%	4.06%	2.13%	-2.12%	1.13%	-1.02%	3.61%	2.60%	4.83%	2.98%	3.93%

FEES (excl. VAT)

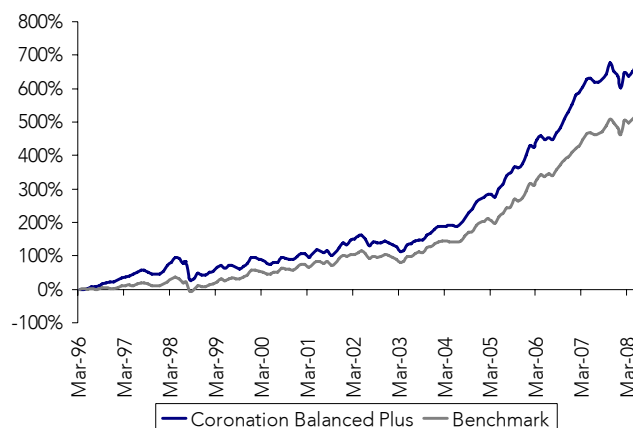
Initial Fee	Coronation: 0.00%
Annual Management Fee*	1.25%
* A portion of Coronation's annual management fee may be paid to administration platforms like LISP's as a payment for administrative and distribution services.	
Total Expense Ratio (TER)²	1.52% per annum

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.

PERFORMANCE AND RISK STATISTICS¹

CUMULATIVE PERFORMANCE SINCE INCEPTION



PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Out-performance
Year to date	-1.62%	2.18%	-3.80%
Latest 12 months	0.93%	5.94%	-5.01%
Latest 36 months (annualised)	20.65%	22.11%	-1.46%
Latest 60 months (annualised)	25.31%	24.49%	0.82%
Since inception (annualised)	17.68%	15.67%	2.01%
2007	13.10%	14.00%	-0.90%
2006	30.46%	29.90%	0.56%
2005	35.00%	31.59%	3.41%
2004	32.01%	26.41%	5.61%

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised deviation	15.91%	14.25%
Sharpe ratio	0.35	0.25
Maximum gain	57.40%	29.32%
Maximum drawdown	-34.29%	-31.86%
Positive months	67.12%	64.38%

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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. ¹Performance is quoted from Morningstar as at 30 June 2008 for a lump sum investment using Class A NAV prices with income distributions reinvested. ²The 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 March 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.