

CORONATION ABSOLUTE

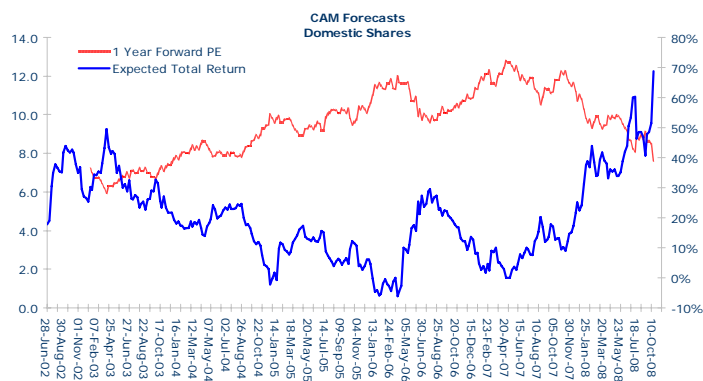
Class A

as at 30 September 2008

September/October 2008 has seen one of the most severe global stock market declines since 1987 and indeed since the 1929 crash that preceded The Great Depression. Over the one-year period to September 2008 the SA All Share equity index has now declined by 18%, with resources leading this decline - down 24%. Over the past quarter alone, the resources index declined by 38% (and the All Share declined by 21%). The Coronation Absolute Fund held up reasonably well over the past quarter, declining by only 1.5%. This was largely due to having very low resources exposure. We are disappointed at being negative over the one year period, and in retrospect we should have lowered equity exposure late last year. At the same time, the sheer magnitude and timing of the global financial crisis and decline in equity values is an extremely unusual event, and the timing by nature unpredictable. Importantly, over 5 years the fund has generated a 20.7% per annum compounded return, with close to single digit volatility.

The last few months finally saw a significant decline in commodities and commodity shares. The fund held very little commodity stocks over the past year or so, as we viewed commodity prices to be well above normal levels, partly driven by financial speculation. The period January to June saw the frenzy for commodities reach extreme levels. The oil price rose from US\$80 to US\$147 in the space of a few months (it is now back to US\$80) and Anglo American reached a peak of R550 in July (it is now R240). Such behaviour was starting to show similarities to the TMT bubble and we faced criticism for having low commodity exposure and high industrial and financial exposure (where the outlook was grim, unlike commodities where the outlook was fantastic). Money flowed out of unit trusts where the fund manager refused to buy commodity shares, preferring to hold more boring industrial and financial shares. At the same time the money flowed into unit trusts with high commodities exposure (and therefore had very good short-term performance). Those investors have not done well and are most likely the same investors who are today selling all of their resource shares and unit trusts with high resource exposure. We would again urge all investors to focus on long-term (5 and 10 year) track records and not one-year performance numbers.

Today, after the huge decline in commodities, we are for the first time in many years finding some decent value in commodity shares. The pendulum has just about swung the full circle, moving from greed (Jan-June) to fear (Sep-Oct). As a result we have started adding to the fund's resource exposure and bought Anglo American for the first time in many years. There is very good value in equities today (in our view) and the valuation differential between industrials and financials on the one hand, and resources on the other, has narrowed considerably. Our preference is still for the former as we have higher conviction in the earnings streams of Naspers, Tiger Brands and SABMiller over the next 5 years than we do in the case of Anglo American, Billiton or Impala. We believe domestic industrial and financial shares are in fact at their cheapest in 6 years. The graph shows the forward P/E (based on Coronation's in-house earnings estimates) of all local financial and industrial shares (a basket of 100 shares that we analyse in detail) as well as the upside to fair value from current share price levels for those same shares. The forward P/E is now just about at a 6-year low (P/E of below 8) and the upside to fair value (70%) is at a multi-year high. Besides the local industrial and financial shares we believe that the two large global industrials, Richemont and SABMiller, offer exceptional value and the fund has positions in both shares.



We are finding incredible value in SA equities today and we have maintained the SA equity exposure of the fund at the 60% - 65% level. The fund also has just under 20% invested in international equities which we feel are extremely attractive given the indiscriminate selling. We also increased the fund's overall international exposure to 20% (from 15%) as soon as legislation permitted.

While the outlook is as uncertain as it has ever been, we feel that there is some great value within equities, both in SA and globally, and now is not the time to be sitting in cash. The fund's equity exposure is now at relatively high levels and is therefore positioned to participate in any recovery in the equity markets.

Edwin Schultz and Gavin Joubert
Portfolio Managers

CORONATION ABSOLUTE

Class A
as at 30 September 2008

Fund category Domestic Asset Allocation Flexible
Fund description Aims to maintain a real growth rate of 6% per annum, and preserve capital over any rolling 36-month period.
Launch date 2 December 2002

Portfolio manager/s Edwin Schultz and Gavin Joubert
Fund size R1.4 billion
NAV 2567.89 cents
Benchmark/performance fee hurdle CPIX + 6% p.a.

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 September 2008
Domestic Assets	79.37%
Equity	64.43%
Basic Materials	11.26%
Industrials	5.89%
Consumer Goods	15.54%
Healthcare	1.87%
Consumer Services	16.69%
Telecommunications	6.61%
Financials	11.44%
Derivatives	(4.87%)
Real Estate	4.47%
Cash	10.47%
International Assets	20.63%
Equity	19.59%
Cash	1.04%

TOP 10 HOLDINGS

As at 30 September 2008	% of Fund
Naspers Ltd	6.08%
Coronation World Wide Equity Fund	4.86%
Standard Bank Group Ltd	4.45%
MTN Group Ltd	4.35%
Richemont Securities AG	4.31%
Tiger Brands Ltd	4.26%
SAB Miller Plc	3.96%
JSE Ltd	3.80%
BHP Billiton Plc	3.40%
Woolworths Holdings Ltd	3.17%
Total	42.64%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30/09/2008	01/10/2008	43.93	34.71	9.22
31/03/2008	01/04/2008	17.62	11.30	6.32
30/09/2007	01/10/2007	28.56	19.38	9.18
31/03/2007	01/04/2007	15.85	9.15	6.70

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2008	-7.07%	4.12%	-2.33%	1.17%	1.82%	-6.22%	-0.05%	3.14%	-4.45%			
Fund 2007	5.31%	-0.61%	3.00%	3.57%	0.43%	-1.97%	-1.43%	1.09%	1.65%	4.12%	-2.90%	-1.33%
Fund 2006	4.95%	-0.12%	2.28%	1.00%	-0.84%	-0.11%	0.26%	3.10%	3.11%	4.55%	4.04%	3.88%

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).

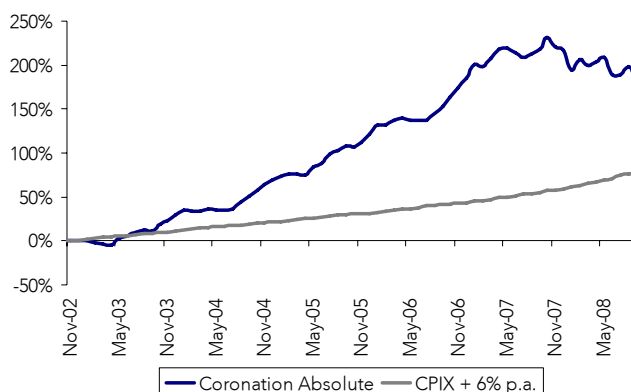
** A portion of Coronation's annual management fee may be paid to administration platforms like LISP's as a payment for administrative and distribution services.

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	Out-performance
Year to date	-10.07%	15.62%	-25.69%
Latest 12 months	-10.29%	19.22%	-29.51%
Latest 36 months (annualised)	11.11%	14.27%	-3.16%
Latest 60 months (annualised)	20.65%	12.63%	8.02%
Since inception (annualised)	19.67%	12.35%	7.32%
2007	11.07%	12.07%	-1.00%
2006	29.17%	10.97%	18.20%
2005	30.13%	10.03%	20.09%
2004	30.91%	10.29%	20.62%

RISK STATISTICS SINCE INCEPTION

	Fund	CPIX
Annualised deviation	10.20%	1.74%
Downside deviation	6.92%	N/A
Sharpe ratio	0.97	N/A
Maximum gain	31.34%	N/A
Maximum drawdown	-13.84%	N/A
Positive months	65.71%	N/A

Total Expense Ratio (TER)²

2.51% per annum, which includes a performance fee of 1.14%

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, the standard minimum fee will be levied. If the fund produces a negative return over a rolling 36-month period, the discounted minimum fee applies.

For further information regarding our fee structure please contact us or visit our website.