

The past quarter was one of the most dramatic for investment markets in memory. The global credit crisis escalated into a real panic resulting in the US government proposing a massive rescue package to try and restore confidence in the US banking system. Other central banks have subsequently followed.

Household names of Lehman Brothers, Merrill Lynch, AIG, Washington Mutual in the US and several large banks in Europe have either filed for bankruptcy or have been taken over or nationalized.

As a result of the problems in the financial sector it is inevitable that global economic activity will decline. In Europe, Japan and the US recession now seems likely for 2009. Even China has been slowing down and with it commodity prices, including oil, have weakened sharply.

The South African financial markets also had a remarkable quarter. A key change was the rapid turnaround in expectations regarding interest rates. As soon as the market believed that interest rates had peaked, the bond market and interest rate-sensitive domestic stocks rallied sharply. At the same time commodity prices started falling as expectations of slower global growth took hold. The result was a massive swing in performance away from the hot mining sector in favour of stocks tied to the domestic market.

The Balanced Defensive Fund managed to eek out a positive return of 2.7% for the quarter by maintaining a very conservative stance. Exposure to equities was kept at below 25% for most of the period. The addition of preference shares to the portfolio helped a lot as this category held up very well in the face of rapidly falling share prices. Within equities we also held little of the more volatile resources shares, while concentrating our holdings in stocks where we feel we have a more predictable earnings stream.

Returns are 2.7% for the quarter, 5.6% for the year-to-date and 6.2% for the past 12 months. In all of these periods we are behind the cash benchmark, but significantly ahead of the average for the low equity asset allocation funds of -0.54% (quarter), -0.45% (year-to-date) and 0.11% (one year).

Looking forward it is difficult to see light at the end of the tunnel amidst this global crisis. Panic selling of shares has pushed valuations to extremely attractive levels and we are of the view that accumulating stocks at current prices will be rewarding.

Charles de Kock and Mark le Roux
Portfolio Managers

CORONATION BALANCED DEFENSIVE

Class A
as at 30 September 2008

CORONATION
FUND MANAGERS

Fund category	Domestic Asset Allocation Prudential Low Equity
Fund description	The fund aims to provide a reasonable level of current income and seeks to preserve capital in real terms, with lower volatility over the medium to long-term.
Launch date	1 February 2007

Portfolio manager/s	Charles de Kock and Mark le Roux
Fund size	R262.2 million
NAV	104.95 cents
Benchmark	Alexander Forbes 3-month (STeFI) Index plus 3% p.a.

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 September 2008
Domestic Assets	88.47%
Equity	21.29%
Oil & Gas	1.23%
Basic Materials	2.75%
Industrials	3.24%
Consumer Goods	2.66%
Healthcare	0.49%
Consumer Services	3.59%
Telecommunications	1.64%
Financials	3.83%
Derivatives	1.86%
Preference Shares & Other Securities	7.69%
Real Estate	2.56%
Fixed Interest	3.47%
Cash	53.46%
International Assets	11.53%
Equity	7.28%
Cash	4.25%

TOP 10 HOLDINGS

As at 30 September 2008	% of Fund
Coronation World Wide Equity Fund	6.88%
Standard Bank Group Ltd	1.81%
MTN Group Ltd	1.52%
Remgro Ltd	1.28%
Sasol Ltd	1.23%
Naspers Ltd	1.01%
SAB Miller Plc	0.99%
Richemont Securities AG	0.93%
Anglo American Plc	0.87%
BHP Billiton Plc	0.81%
Total	17.33%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30/09/2008	01/10/2008	1.87	0.32	1.55
30/06/2008	01/07/2008	1.52	0.12	1.40
31/03/2008	01/04/2008	1.36	0.22	1.14
31/12/2007	01/01/2008	1.13	0.04	1.09

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2008	-0.16%	2.91%	0.08%	0.02%	0.85%	-0.92%	0.70%	2.55%	-0.52%			
Fund 2007			1.25%	1.66%	0.40%	-0.60%	0.29%	0.81%	1.17%	1.71%	-0.93%	-0.17%

FEES (excl. VAT)

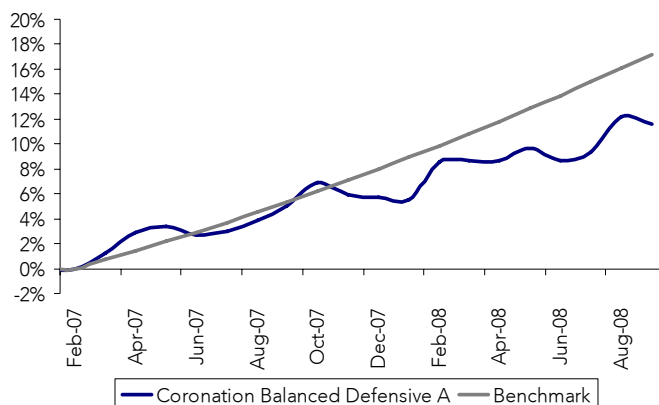
Initial Fee	Coronation: 0.00%
Annual Management Fee*	1.50%
* A portion of Coronation's annual management fee may be paid to administration platforms like LISP's as a payment for administrative and distribution services.	
Total Expense Ratio (TER)²	1.96%

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	5.57%	10.80%	-5.23%
Latest 12 months	6.20%	14.27%	-8.07%
Since inception (Feb – Dec) 2007	7.17%	13.54%	-6.37%
2007	5.69%	9.72%	-4.02%

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised deviation	3.80%	N/A
Sharpe ratio	-1.06	N/A
Maximum gain	4.03%	N/A
Maximum drawdown	-1.26%	N/A
Positive months	68.42%	N/A