

CORONATION CAPITAL PLUS

Class A

as at 30 September 2008

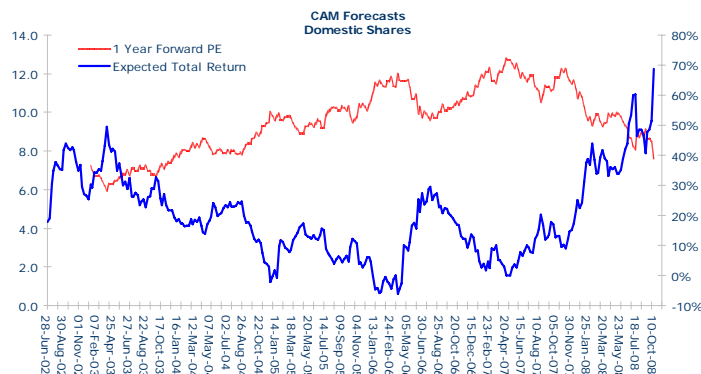
September/October 2008 has seen one of the most severe global stock market declines since 1987 and indeed since the 1929 crash that preceded The Great Depression. Capital Plus has fared reasonably well over this unprecedented period due to relatively low equity exposure and as importantly, careful stock selection with very low resources exposure – the area within equities that has been hardest hit. Importantly, we also believe that the fund is well positioned to weather further turmoil whilst at the same time participate in any recovery in the equity markets.

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%). Capital Plus actually generated a positive return over this period (+3.2%) but is marginally negative over a one-year period (-2.8%). 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 17.1% per annum compounded return, with 50% maximum SA equity exposure at any point.

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 below 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.



Although we are finding incredible value in SA equities today, we have maintained the SA equity exposure of Capital Plus at below 40% (even though the fund has the mandate to go to as high as 50%). The global outlook is just so uncertain that we feel a somewhat prudent approach is warranted. The fund also has 10% 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, and the balance of the 20% international exposure (being 10%) is invested in cash.

We feel that SA government bonds have gone from being very attractive (with yields above 10.5%) when we were buyers, to being overvalued (yields around 9%). We have therefore sold most of the fund's long duration bond exposure. On the other hand we feel that there is still selected value in SA listed property shares and 5% of the fund is invested in this area.

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 100% in cash. Importantly, we have as always been very careful about the fund's stock selection and position sizes and have also kept equity exposure at what we believe are sensible levels at below 40%. We therefore believe that the fund is well positioned to weather further turmoil while at the same time participate in any recovery in the equity markets.

Edwin Schultz and Gavin Joubert
Portfolio Managers

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CORONATION
FUND MANAGERS

Fund category	Domestic Asset Allocation Targeted Absolute and Real Return
Fund description	Focused on the preservation of capital over all rolling 12-month periods. Over the medium term, the objective is to produce real growth of at least 4% per annum.
Launch date	2 July 2001

Portfolio manager/s	Edwin Schultz and Gavin Joubert
Fund size	R3.8 billion
NAV	2223.86 cents
Benchmark/performance fee hurdle	CPIX + 4% p.a.

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 September 2008
Domestic Assets	78.60%
Equity	38.41%
Basic Materials	6.07%
Industrials	3.72%
Consumer Goods	10.37%
Healthcare	1.27%
Consumer Services	10.17%
Telecommunications	3.32%
Financials	7.27%
Derivatives	(3.78%)
Preference Shares & Other Securities	3.75%
Real Estate	5.93%
Fixed Interest	5.85%
Cash	24.66%
International Assets	21.40%
Equity	11.03%
Cash	10.37%

TOP 10 HOLDINGS

As at 30 September 2008	% of Fund
Coronation World Wide Equity Fund	5.69%
ABSA Preference Shares	3.67%
Naspers Ltd	3.17%
Tiger Brands Ltd	2.98%
Standard Bank Group Ltd	2.95%
Richemont Securities AG	2.66%
Remgro Ltd	2.37%
Edinburgh Partners European Opportunity Fund	2.34%
SABMiller Plc	2.21%
BHP Billiton Plc	2.14%
Total	30.18%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30/09/2008	01/10/2008	33.12	17.83	15.29
30/06/2008	01/07/2008	21.97	8.82	12.85
31/03/2008	01/04/2008	22.71	8.60	14.11
31/12/2007	01/01/2008	19.32	3.15	16.17

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2008	-3.97%	3.78%	-1.38%	-0.24%	0.33%	-4.06%	0.95%	3.67%	-1.35%			
Fund 2007	4.23%	0.32%	1.63%	2.72%	0.25%	-1.30%	-0.76%	1.09%	1.27%	2.71%	-2.30%	-0.60%
Fund 2006	3.70%	0.26%	2.55%	0.53%	-0.42%	-0.57%	0.00%	2.90%	2.45%	3.39%	2.83%	2.82%

FEES (excl. VAT)

Initial Fee*	Coronation: 0.00% (Direct)
Annual Management Fee - performance related**	Minimum - standard: 1.25% Minimum - discounted: 0.75% Maximum: 2.75% Sharing rate: 10%

* An initial fee of 0.25% will be charged on all investments placed via administration platforms like Linked Investment Service Providers (LISP's).

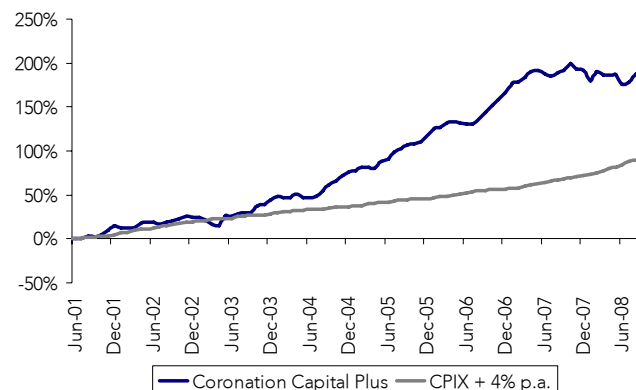
** A portion of Coronation's annual management fee may be paid to administration platforms like LISP's as a payment for administrative and distribution services.

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	-2.56%	14.12%	-16.68%
Latest 12 months	-2.81%	17.22%	-20.03%
Latest 36 months (annualised)	11.26%	12.27%	-1.01%
Latest 60 months (annualised)	17.04%	10.63%	6.41%
Since inception (annualised)	15.49%	10.88%	4.61%
2007	9.46%	10.90%	-1.45%
2006	22.38%	8.97%	13.41%
2005	23.22%	8.03%	15.19%
2004	22.49%	8.29%	14.20%

RISK STATISTICS SINCE INCEPTION

	Fund	CPIX
Annualised deviation	8.01%	1.70%
Downside deviation	4.54%	N/A
Sharpe ratio	0.69	N/A
Maximum gain	29.49%	N/A
Maximum drawdown	-8.35%	N/A
Positive months	66.67%	N/A

Total Expense Ratio (TER)²

1.76% per annum, which includes a performance fee of 0.42%

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 12-month period, the discounted minimum fee applies.

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