

Don't panic

"The Hitchhiker's Guide is the greatest success of Megadodo Publications. A handy electronic reference book, its chief selling points are the words: 'Don't Panic', written in large friendly letters on the cover, and the fact it is cheaper than its closest competitor." The Hitchhiker's Guide to the Galaxy, Douglas Adams

These are very trying times to be invested in the stock market, especially in the resource sector. Commodity prices declined across the board driven by a global slowdown in demand. Most commodity companies followed suit and many are down 50% or more from their peaks.

In this environment the fund declined by -31.3%, ahead of the benchmark's -33.1%. For the past 12 months the fund and benchmark returned -16.7% and -15.1% respectively, and over the longer term the fund returned a 3-year compound average of 25.4%, outperforming the benchmark's 23.6%. This remains ahead of the All Share Index's 15.3% total return.

The greatest detractors of quarterly performance were Anglo American (-48%), Impala Platinum (-45%) and Exxaro (-40%); while Afrox (+8%), Omnia (-8%) and Mondi (-9%) contributed significantly to outperforming the benchmark.

Over the years, we consistently warned of the high earnings bases for commodity companies given the multiple year bull market. This was coupled with relatively high ratings on these high earnings - a sure recipe for disaster.

Today, share prices are at a much more rational level. While earnings are still high, the rating applied to them is low. In addition, indiscriminate panicked selling has given us the opportunity to buy great companies at low prices.

We have always valued companies based on their long-term business valuations. These valuations are based on cash flows into the far future; the next few years make up a very small part of this. While the earnings prospects and share prices have declined massively over the last few months, long-term values have not.

For the first time in the past few years, we are more confident of the long-term returns available from the resource sector from its current level. We are happy with the position of the fund, with many more opportunities presenting themselves as share prices fall. This makes us all the more confident of continuing to outperform our benchmark.

The fact that share prices have declined should therefore make you as an investor more optimistic about the future returns from the fund; not less. While it is hard to separate emotion from decision making in times like these, these are exactly the times when rational investors can profit.

Our ability to forecast the immediate future remains limited, but all of the companies represented in the fund now offer favourable returns based on our long-term valuations.

In the Hitchhiker's Guide to the Galaxy, Douglas Adams describes the adventures of Arthur Dent, a hapless Englishman, who escaped seconds before the earth was demolished to make way for an intergalactic expressway. While it may feel like that, our situation is not yet that bad. Don't panic.

Henk Groenewald & Duane Cable
Portfolio Managers

Fund category	Domestic Equity Resources & Basic Industries
Fund description	Invests in a broad range of resource and basic industry counters that are affected by changes in the commodity cycle.
Launch date	1 October 1999

Portfolio manager	Henk Groenewald & Duane Cable
Fund size	R179.1 million
NAV	7254.61 cents
Benchmark	Resources & Basic Industries Sector Mean

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 September 2008
Domestic Assets	74.05%
Equity	70.65%
Oil & Gas	10.60%
Basic Materials	59.19%
Industrials	0.86%
Cash	3.40%
International Assets	25.95%
Equity	24.15%
Commodities	1.58%
Cash	0.22%

TOP 10 HOLDINGS

As at 30 September 2008	% of Fund
Mondi Plc	11.18%
Sasol Ltd	10.60%
Anglo American Plc	10.53%
Impala Platinum Holdings Ltd	9.96%
BHP Billiton Plc	9.20%
Anglogold Ashanti Ltd	6.60%
Mvelaphanda Resources Ltd	5.28%
Pallinghurst Resources Ltd	4.92%
Zimplats Holdings Ltd	4.38%
OAO Gazprom Reg	2.81%
Total	75.46%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30/09/2008	01/10/2008	87.32	83.57	3.75
31/03/2008	01/04/2008	39.88	25.30	14.58
30/09/2007	01/10/2007	49.52	37.48	12.04
31/03/2007	01/04/2007	41.93	34.84	7.09

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2008	3.75%	13.32%	0.74%	1.77%	6.22%	-2.94%	-17.77%	-2.10%	-14.63%			
Fund 2007	5.81%	3.21%	9.33%	3.02%	2.87%	1.20%	2.91%	9.82%	9.47%	2.41%	-2.45%	-2.39%
Fund 2006	10.32%	-5.97%	8.00%	6.12%	-0.09%	9.03%	-3.33%	4.25%	1.61%	5.54%	5.38%	1.79%

FEES (excl. VAT)

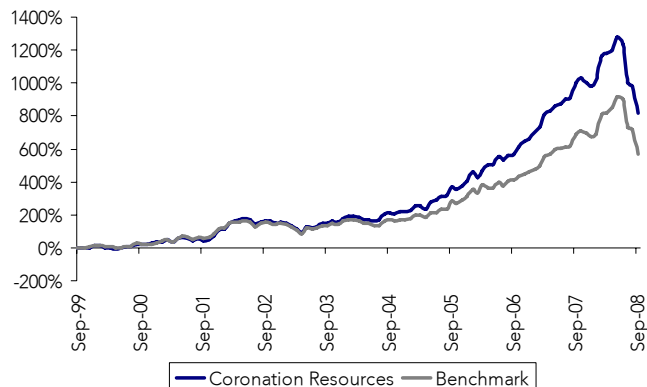
Initial Fee*	Coronation: 0.00% (Direct)
Annual Management Fee**	1.00%
<small>*An initial fee of 0.25% will be charged on all investments placed via administration platforms like Linked Investment Service Providers (LISP's).</small>	
<small>**A portion of Coronation's annual management fee may be paid to administration platforms like LISP's as a payment for administrative and distribution services.</small>	
Total Expense Ratio (TER)²	1.20% 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	-14.60%	-13.82%	-0.78%
Latest 12 months	-16.72%	-15.13%	-1.60%
Latest 36 months (annualised)	25.39%	23.66%	1.73%
Latest 60 months (annualised)	29.69%	26.46%	3.23%
Since inception (annualised)	27.97%	26.28%	1.69%
2007	41.82%	39.49%	2.33%
2006	50.13%	46.05%	4.08%
2005	60.04%	55.63%	4.40%
2004	13.37%	6.94%	6.42%

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised deviation	23.20%	23.16%
Sharpe ratio	0.77	0.69
Maximum gain	93.37%	75.65%
Maximum drawdown	-33.29%	-34.01%
Positive months	65.74%	63.89%