

CORONATION PRESERVATION PENSION FUND
CORONATION PRESERVATION PROVIDENT FUND
CORONATION RETIREMENT ANNUITY FUND
(the Retirement Funds or Retirement Fund)

Investment Policy Statement

1 Introduction

- 1.1 This Investment Policy Statement records the investment philosophy adopted by the Trustees of the Retirement Funds on 05 February 2008 and in terms of which various investment options are made available to members.
- 1.2 It is acknowledged that members of the public may choose to join any of these Retirement Funds which have been set up and sponsored by Coronation Investment Services (the Sponsor) and that these are retirement savings vehicles which are voluntary allowing the members to move their savings in or out of the Retirement Funds whenever they choose with no charge from the Retirement Funds or the Sponsor.

The members of the Retirement Funds exercise their investment choice with or without the assistance of their chosen financial advisor.

- 1.3 The requirement for an Investment Policy Statement is not yet a legal requirement for the Retirement Funds although it is recommended in terms of PF 130 issued by the registrar of pension funds. It is the intention of the Trustees to exercise THEIR fiduciary responsibility in this regard by adopting a written statement which defines the manner in which the investment options of the Retirement Funds shall be offered to members.
- 1.4 The administrator of the retirement funds shall ensure that the member's retirement capital is invested according to the member's written instruction to the Retirement Fund.
- 1.5 *The key principles of the investment options available to members are that*
- *All investment options are to have clearly defined benchmarks and published performance tables*
 - *All investment options are to be clearly described by documentation that is readily available in the public domain*
 - *All investment options are to be regulated in terms of the provisions of the Collective Investment Schemes Control Act*
 - *All information that pertains to the management and performance fees of each investment option that would be required for a member to make appropriate investment choices must be readily available to members and potential members*
 - *Members will be permitted to switch at their discretion (there may be a charge for this option at some future time)*
 - *The Sponsor to the Retirement Funds will strive to provide continuous member information opportunities*

2 Sponsor's Opening Statement

The Sponsor's intention in launching these Retirement Funds is to provide investors with a range of retirement products which provide affordable and transparent access to the Sponsor's range of Collective Investment Scheme Portfolio/s (the portfolio/s).

3 Available Range of Investment Options

- 3.1 The Retirement Funds do not invest in policies of insurance but in collective investment scheme portfolios.
- 3.2 The available range of investment options is the Coronation Unit Trust Scheme range of portfolios, a South African registered collective investment scheme regulated under the Collective Investment Schemes Control Act, 2002 (Act No. 45 of 2002) with ABSA Bank Limited as the independent trustees of the Scheme.
- 3.3 The investment options that members have therefore are limited to the Coronation portfolios and are listed in the **Fees Schedule below**. This product design has been incorporated for clarity within the rules of the Retirement Funds (see rule 6.2) and is permitted in terms of paragraph 53 of PF 130
- 3.4 There is no default investment option. Each member must make an investment choice.
- 3.5 Socially responsible investment options will only be offered in the future should the Sponsor decide to launch such a product as part of its range of portfolios.

4 Changes to Members' Investment Choices

- 4.1 Changes to members' investment choices may be made at any time by way of a valid switch instruction supplied to the Retirement Fund on any business day.

5 Regulation 28 compliance

- 5.1 The Retirement Funds will be managed to comply with the prudential investment guidelines incorporated within regulation 28 of the Pension Funds Act. It is accepted that market movement may from time to time result in any one or more of the Retirement Funds' composition being beyond the limitations of regulation 28 at a specific date; however all investor activity will be governed by the principles of regulation 28.
- 5.2 Specifically, all members' investments will be tested for compliance with the Equity, Property and International asset allocation limits of regulation 28 at the time of investment (be this a lump sum investment or a regular investment) and a 'compliance tool' has been designed by the Sponsor to assist investors and intermediaries in testing their desired portfolio allocation against these limits prior to processing their investment application. Whenever subsequent transactions are submitted, a similar asset allocation check will be conducted on the resultant asset configuration and the transaction will only be processed in the event that the configuration is found to be regulation 28 compliant. The objective is at all times that each Retirement Fund should remain in compliance and there will therefore be no limitations on future members and their own investment choice other than compliance with these regulation 28 asset allocation limits. The compliance, where applicable, within the individual portfolios is managed within Coronation Management Company and is audited.

6 Foreign Exchange compliance

- 6.1 Compliance with offshore exposure limits are also controlled on each member's investments in the same manner as the regulation 28 checks detailed above and using the same 'compliance' tool.
- 6.2 Should a Retirement Fund be found to be over the prescribed level of offshore assets through causes other than market and currency exchange rate moves, then the Trustees will restrict access to those portfolios containing foreign exposure higher than the applicable Retirement Fund limit until such time as the Retirement Fund(s) are no longer over the prescribed levels.

7 Regulation 28 and Forex Escalation of non-compliance

- 7.1 In instances where, despite the implementation of the above measures, market and currency movement has caused the extent of the excessive allocation to become significant and that consequently the Retirement Fund has received explicit instruction from the regulator to address the issue because the prescribed method has not been effective, then the Trustees will need to implement the following process around a possible re-balancing exercise. The Trustees will advise all affected members of the situation, and the legal imperative on the Retirement Fund to resolve it. This consultation program will include a detailed analysis of the member's asset allocation, the extent to which changes need to be made with the assistance of the proprietary regulation 28 online tool, and a reasonable time frame for the member to effect a switch to address the concern. Should the member not comply with the request in the required time, then the trustees will instruct the administrator to redeem the necessary units and to neutralize them within the Coronation Money Market Fund.
- 7.2 The Trustees may build in a margin-of-safety into the assessment of the Retirement Fund's allocation and restrict access to specific portfolios prior to the prescribed levels being breached. This margin-of-safety will be determined by the Trustees from time to time and recorded in the minutes of meetings of the board of trustees. Rule 6.5 empowers the trustees in this regard.

8 Investment Strategy for unclaimed benefits

- 8.1 The Trustees have decided that where benefits are not claimed by members of the retirement annuity fund on their reaching the maximum retirement age of 70 (as laid down in the definition of "retirement annuity fund" in the Income Tax Act) and by members of the preservation funds, who are not employed, on their reaching the age of 70, the member's investments in the Retirement Fund will be switched to the Coronation Money Market Fund on the member reaching age 70. This is permitted in terms of the rules (rule 8.1)

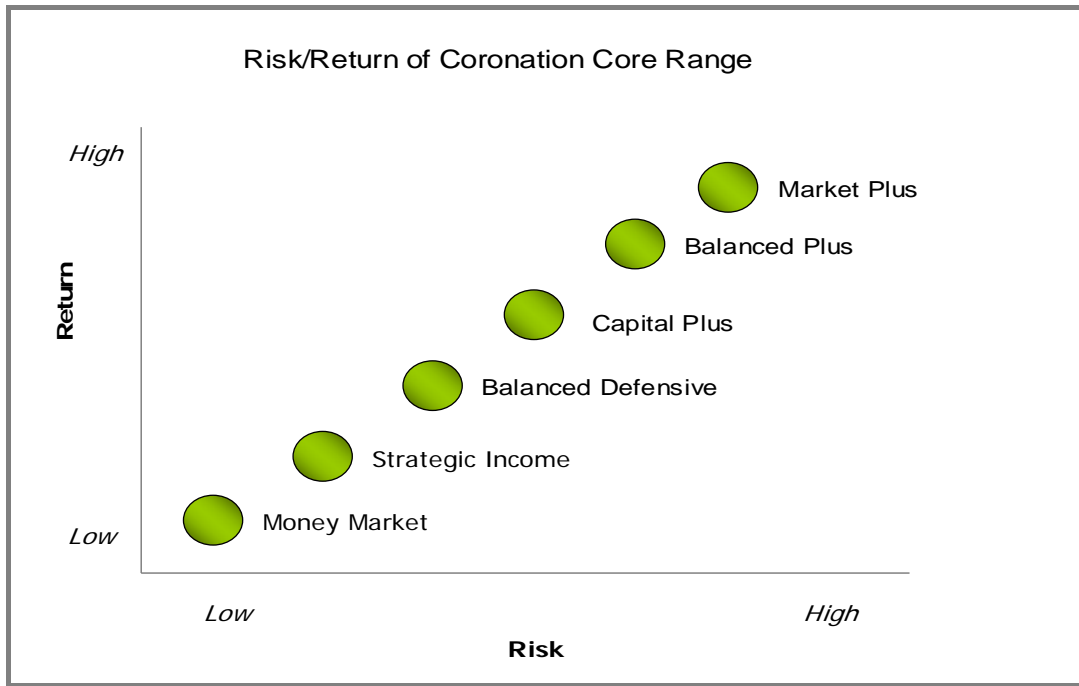
9 Investment Strategy for death benefits

- 9.1 The Trustees have decided that where the RETIREMENT fund has been notified of a valid death claim and pending the decision as to whom payment of the benefit is to be made, the member's investments in the fund will be switched to the Coronation Money Market Fund. This is in terms of rule 10.1.2.

10 Management of investment risk within the range of underlying portfolios

- 10.1 The actual range of portfolios that are available for member choice are identified in the product application forms in terms of the risk profile of the portfolio.
- 10.2 The Trustees of the Retirement Funds believe that the variety of portfolios offered to members provides sufficient scope for appropriate diversification to manage the investment risk for members of the Retirement Funds regardless of individual members' ages or risk tolerance.
- 10.3 The Trustees have not categorised the available portfolios in terms of appropriateness with reference to investment term or levels of risk.
- 10.4 The choice of the specific investment option/s is solely up to the specific member. The member retains the risk of and remains responsible for the selection between the various portfolios at all times whether she/he invests with or without assistance from an advisor. As such, members are responsible for deciding whether they require advice and for taking such advice where they consider themselves requiring it.

- 10.5 The Sponsor recommended managed portfolios that are presented to members of the Retirement Funds are presented by the Sponsor as a range of risk-profiled portfolios that have specific capital preservation timeframes as well as investment return benchmarks within specific timeframes.
- 10.6 The following is the Sponsor's graphic representation of its core range of risk profiled portfolios available to members:



11 Fees

- 11.1 Fees are fully disclosed to the member prior to investment on the application form and are also clearly disclosed in all printed and electronic member statements throughout the term of the investment. The fees that are charged to members can be categorised as follows:

11.2 Investment Management fees

11.2.1 Annual Management fees:

These are quoted on an annual basis and are accrued daily within the underlying portfolios and are "included" in the net asset value (NAV) of each portfolio. The applicable fee is included on the fact sheet of each portfolio. All performance representations are presented net of all fees.

11.2.2 Performance fees

Certain of the underlying portfolios that are mandated to achieve specific investment returns or benchmarks levy a performance fee in excess of the annual management fee. Such fees are variable asset management fees and not administrative fees, and are calculated as a percentage of the returns achieved in a specified period over the benchmark. All quoted portfolio returns are quoted net of all management and performance fees. The applicable performance fee is detailed on the fact sheet of the portfolio..

11.3 Product Administration fees

Where administration fees are charged, these are charged to administer the member's investments in the retirement fund, are quoted as an annual fee and are charged to the member by means of a reduction in the member's units in the underlying portfolios on a

monthly basis. This unit reduction procedure is affected proportionately across the range of portfolios that the member owns through the product wrapper. These fees may not be charged against specific portfolios at the exclusion of others, i.e. a member may not elect to have all of the products fees levied against one or more specific portfolios within their investment.

11.4 Rebates and platform fees

As Coronation is the sole provider of the investment options to the Retirement Funds, no rebates or platform fees apply.

12 Monitoring the range of portfolios on offer

12.1 The Sponsor will on a regular annual basis monitor the portfolios with reference to the Retirement Fund members' use of the portfolios (i.e. membership and assets of the Retirement Fund invested in the different portfolios).

12.2 The Sponsor will present the results of this review together with a portfolio performance reportback to the trustees at least once a year at the second normal Trustees meeting of each calendar year.

12.3 The Sponsor will automatically include additional portfolios managed by Coronation Funds Managers to the available range where there is a clear differentiation between the new portfolio and the existing range of portfolios. Such automatic inclusion will be accepted by the Trustees provided that the information provided by the Sponsor is complete in terms of the new portfolio's mandate, its performance objectives and the risks of capital loss associated with an investment in the new portfolio and the trustees are of the view that adequate member communication is available.

12.4 The Sponsor may remove portfolios from the available range in the event that a portfolio remains very small in assets under management due to slow inflow of investments thereby hindering the ability of the portfolio manager to take appropriate positions within the portfolio. Such removal shall be advised to the Trustees. Similarly, and consequently, the Sponsor may elect to merge two or more portfolios into a single portfolio. Such merger shall be advised to the Trustees.

13 Balloting

13.1 Where required by the Registrar of Collective Investment Schemes in terms of ruling legislation, the Sponsor will seek approval from unit holders for portfolio mergers and other material changes to portfolios. It is noted that the Retirement Fund is required to vote as the owner of the investments and not the members. Furthermore, the Trustees will generally follow an active voting policy and will exercise their vote by submitting their ballots within the time provided for submission. In the event of such ballots, the Trustees may elect to communicate with the Retirement Fund members who have exposure to the portfolio(s) in question to inform them of the proposed changes prior to the effective date of such proposed changes. The result of the ballot will be communicated to members by way of a text addition to the normal quarterly statements made available to members.

14 Website

14.1 The Sponsor commits to provide comprehensive, current information to members of the Retirement Fund via its website in language that is reasonably understandable to the man-in-the-street, avoiding technical terminology and explaining such terms fully in the event that its usage is unavoidable.

14.2 The Sponsor will provide on the website monthly and quarterly fact sheets of all of the underlying portfolios. Monthly fact sheets will include quantitative performance reporting and quarterly fact sheets will be inclusive of both quantitative performance reporting and qualitative manager commentary. A full glossary of terms will be available on the website.

14.3 The website address is www.coronation.com

15 Investment Consultants

15.1 Because these Retirement Funds provide for investment member-choice from the sponsor's range, the trustees note that the services of an external investment consultant to the Retirement Funds will not be required. The available investment options are defined as being a selection of collective investment scheme portfolios (unit trusts) offered by the Sponsor, and therefore there is no need for the Retirement Funds to engage with an independent consultant. The Sponsor's client service team will provide any information (but not advice) that the Trustees, members and prospective members require about the investment choices.

16 Default Retirement Fund choice

16.1 No default investment choice is offered when investing in these Retirement Funds. Although no investment advice is provided by the Sponsor, a tool is provided on the Sponsor's website to ensure that a member's individual investment choices are consistent with the intent of the prudential investment guidelines of Regulation 28 of the Pension Funds Act.

17 Communication of the Investment Policy Statement

17.1 The Investment Policy Statement will be disclosed to Retirement Fund members as follows:

17.1.1 The Investment Policy Statement will be included in the Retirement Fund application form/s.

17.1.2 The Investment Policy Statement will be available on the Sponsor's website.

17.1.3 A copy of the full Investment Policy Statement will be made available to members of the Retirement Funds on request.

17.2 A copy of the Investment Policy Statement will be made available to the regulatory authorities and the Funds' actuary on request.

17.3 There will be no regular reporting to members on portfolio performance and risk/return matters due to

- the nature of the Retirement Funds as investor choice funds offering access to the Sponsor's portfolios as underlying investment options,
- the fact that the Trustees will not perform ongoing monitoring of the specific portfolios with reference to performance and risk/return matters.
- the fact that members retain the risk of and remain responsible for the selection between the various portfolios at all times,
- the fact that members have the freedom to opt in or opt out of the Funds without incurring penalties and subject only to regulatory requirements.

18 Review of this Investment Policy Statement

18.1 This statement will be reviewed annually by the Trustees of the Retirement Funds. If changes are required, the Trustees will make the necessary amendments in consultation with the sponsor.

Fees

Fund Name	Fund Category	Investment Objectives	Maximum allocation as % of total fund (PIGs*)			Minimum fee % (excl. VAT)		Maximum fee % (excl. VAT)	Sharing rate	Benchmark / Fee Hurdle	TER%**		Income Dis-tributions
			Equity	International	Property	Discounted	Standard				Total	Performance Fee Compo-nent****	
CORONATION CORE FUNDS													
Coronation Strategic Income	Domestic Fixed Interest Varied	The fund aims to provide high income with greater diversification than a pure income fund as well as to seek opportunities to maximise capital gains whilst retaining a focus on capital preservation. The fund is a highly diversified, actively managed fund investing in quality income generating instruments.	0	0	20	1.00			0.00	BEASSA ALBI (1 - 3 year) TR Index	1.12	0.00	Mar/Jun/Sept/Dec
Coronation Balanced Defensive	Domestic Asset Allocation Prudential Low Equity	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. The fund's return objective is to outperform cash plus 3% and it is not a guaranteed fund.	40	15	25	0.00	1.50		0.00	Alexander Forbes Short-Term Fixed Interest Index + 3%	N/A****	N/A****	Mar/Jun/Sept/Dec
Coronation Capital Plus	Domestic Asset Allocation Targeted Absolute & Real Return	The fund aims to maintain a real growth rate in excess of 4% p.a. and never lose money over a 12 month rolling period. The fund's key focus is preservation of capital.	65	15	10	0.75	1.25	2.75	10%	CPIX + 4%	2.65	1.11	Mar/Jun/Sept/Dec
Coronation Balanced Plus	Domestic Asset Allocation Prudential Medium Equity	The fund aims to maximise capital by outperforming a composite benchmark and never losing money over rolling 3 year periods. It offers a fully managed investment solution which is diversified across the various asset classes and sectors.	75	15	25	1.25			0.00	Composite (63% equity, 22% bonds, 10% international, 5% cash)	1.52	0.00	Mar / Sept
Coronation Market Plus	Domestic Asset Allocation Flexible	The fund aims to achieve real returns over the long-term and to maximise income and capital growth over the medium-term by investing across various asset classes and sectors, but with a bias towards equity markets over the cycle.	95	15	0	0.75	1.25	3.75	20%	Composite (63% equity, 22% bonds, 10% international, 5% cash) + 2%	2.03	0.61	Mar / Sept
Coronation Optimum Growth	Worldwide Asset Allocation Flexible	The fund focuses on capital preservation and aims to achieve consistently positive or absolute returns over time. The fund invests in a combination of local and international investments across all asset classes.	85	85	0	1.00		3.50	15%	CPIX + 5%	1.51	0.23	Mar / Sept
CORONATION SPECIALISED FUNDS – FLEXIBLE FUNDS													
Coronation Absolute	Domestic Asset Allocation Flexible	The fund aims to achieve a total real return of 6% p.a. and to never lose money over a rolling 36 month period. The fund employs an aggressive application of the absolute philosophy whereby the equity portion of the fund focuses on high conviction ideas and comprises a maximum of 35 shares.	95	15	0	0.75	1.25	3.75	20%	CPIX + 6%	3.88	2.36	Mar / Sept
Coronation Dynamic Protector	Domestic Asset Allocation Targeted Absolute & Real Return	The fund aims to provide increasing participation in market returns, consisting of both income and capital growth, while aiming to provide some capital protection in declining market conditions.	75	15	25	0.00	1.50		0.00	CPIX + 6%	N/A****	N/A****	Mar/Jun/Sept/Dec
Coronation SA Capital Plus	Domestic Asset Allocation Targeted Absolute & Real Return	The fund aims to maintain a real growth rate in excess of 3.5% p.a. and to never lose money over a 12 month rolling period. The fund only invests in South African assets.	65	0	10	0.75	1.25	2.75	10%	CPIX + 3.5%	2.68	1.23	Mar/Jun/Sept/Dec

CORONATION SPECIALISED FUNDS - EQUITY FUNDS													
Coronation Equity A	Domestic Equity General	The fund seeks to generate long-term capital growth by investing in selected growth and undervalued shares. The fund's emphasis is on active stock selection and endeavours to be fully invested in equities at all times.	100	0	0		1.25	0.00	FTSE/JSE Shareholders Weighted All Share Index (SWIX)	1.16	0.00	Mar / Sept	
Coronation Financial	Domestic Equity Financial	The fund aims to achieve long-term steady capital growth by investing in a broad range of financial shares, insurance and investment companies.	100	0	0		1.25	0.00	FTSE/JSE Africa Financial Index	1.44	0.00	Mar / Sept	
Coronation Industrial	Domestic Equity Industrial	The fund aims to achieve superior capital growth by investing in a broad range of industrial shares over the medium-term.	100	0	0		1.00	0.00	FTSE/JSE Africa Industrial Index	1.24	0.00	Mar / Sept	
Coronation Resources	Domestic Equity Resources & Basic Industries	The fund aims to achieve long-term capital growth by investing in a broad range of resource counters affected by changes in the commodity cycle.	100	15	0		1.00	0.00	Resources & Basic Industries Sector Mean	1.22	0.00	Mar / Sept	
Coronation Smaller Companies	Domestic Equity Smaller Companies	The fund aims to achieve superior long-term capital growth by investing in small and mid-capitalisation companies in high growth and developing industries and in recovery shares.	100	0	0		1.00	0.00	Composite (FTSE/JSE Africa Mid & Small Cap Indices)	1.19	0.00	Mar / Sept	
Coronation Top 20	Domestic Equity Large Cap	The fund is aggressively managed and will typically hold no more than 20 large cap stocks at a time. The fund aims to significantly outperform the FTSE/JSE Top 40 Index market and achieve long-term capital appreciation.	100	0	0	0.50	1.00	3.50	20%	FTSE/JSE Africa Top 40 Index	1.33	0.40	Mar / Sept
CORONATION SPECIALISED FUNDS - FIXED INTEREST & REAL ESTATE FUNDS													
Coronation Money Market	Domestic Fixed Interest Money Market	The fund aims to produce high levels of current income and outperform fixed deposits and call accounts over the long term while ensuring capital preservation, stability and liquidity.	0	0	0		0.30	0.00	Alexander Forbes Short-Term Fixed Interest Index	0.35	0.00	Monthly	
Coronation Bond	Domestic Fixed Interest Bond	The fund seeks to provide investors with a well diversified exposure to the SA bond market and aims to offer a balance between capital growth and income for a maximum overall return.	0	0	0		0.75	0.00	BEASSA ALBI Index	0.87	0.00	Mar / Sept	
Coronation Cash Plus	Domestic Fixed Interest Income	The fund aims to outperform money market funds over time, maximising the interest yield and minimising both credit and interest rate risk.	0	0	0		0.55	0.00	Alexander Forbes Short-Term Fixed Interest Index	0.76	0.00	Monthly	
Coronation Income	Domestic Fixed Interest Income	The fund aims to produce a reasonable to high level of current income with moderate levels of capital growth. Stability of the capital invested is a prime focus.	0	0	0		0.75	0.00	BEASSA ALBI (1 - 3 year) TR Index	0.91	0.00	Mar/Jun/Sept/Dec	
Coronation Property Equity	Domestic Asset Allocation Flexible Property	The fund aims to produce high income yields and long-term capital growth by investing in quality listed property assets in the real estate sector of FTSE/JSE Securities Exchange.	0	0	100		1.25	0.00	Flexible Property Funds Mean	1.42	0.00	Mar/Jun/Sept/Dec	

CORONATION SPECIALISED FUNDS - INTERNATIONAL & WORLD WIDE FUNDS												
Coronation International Active FoF	Foreign Equity General	The fund aims to achieve strong capital appreciation, with below market volatility. The return focus is more directed to "absolute" rather than "relative" returns. This is achieved by selecting a small number of highly talented equity managers who cover differing geographic regions; selecting managers with sufficiently flexible investment mandates so as to allow them to pursue non-market correlated returns. This flexibility includes asset allocation, as well as a disregard for the underlying index.	100	100	0	1.50		0.00	MSCI World Index (Rands)	2.83	0.00	Mar / Sept
Coronation Global Emerging Markets Flexible Fund	Foreign Asset Allocation Flexible	The fund aims to provide long-term capital appreciation by investing in global emerging markets, and achieve these returns with lower volatility than available from investing in relevant equity indices.	100	100	0	1.50	3.50	15%	USD 3 month LIBOR + 5%	N/A****	N/A****	Mar / Sept

* These Prudential Investment Guidelines apply to all retirement funds. To ensure compliance and protect all present and future investments within the Fund, when verifying your investment, the Fund will refer to the maximum exposure allowed within the mandate limit for the selected unit trusts at the date of each transaction to ensure that your investment does not exceed the set limits.

** The Total Expense Ratio (TER) is calculated as an annualised percentage of the average NAV of the portfolio incurred as charges, levies and fees (including VAT) in the management of the portfolio for the period 1 January 2007 to 31 December 2007, as well as the actual performance fee incurred over the 12 months to end of December 2007, where applicable. A higher TER ratio does not 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.

*** The total TER includes a performance fee component as detailed.

**** The Total Expense Ratio (TER) for this portfolio cannot be accurately determined. The TER of this portfolio will be higher than the quoted service charge of the manager.

An explanation and example of the performance fees is available at www.coronation.com/personalinvestments/CoronationPerformanceFees.pdf or from Client Services on 0800 22 11 77. Additional information on the specific details of each fund together with recent performance information is also available.

Changes to fees

Written notification of any increases in fees or initial fees will be distributed to all investors at least three months before the new fees will be implemented.