

The final quarter of the calendar year had plenty of surprises for investors. After a sudden fall off in October the market was spurred on by some corporate activity in November with the Vodacom acquisition and then produced an absolute cracker in December, initially led by resources and then local stocks as the rand strengthened. Overall for the quarter the All Share Index (ALSI) returned 7.7% with the Coronation Equity Fund delivering a similar return of 7.4% despite our large underweight position in the resource sector.

This has been another exceptional year for the SA equity market. A combination of a benign local market with strong underlying consumer demand, allied to a raging bull market in commodities resulted in an exceptional return of 47% for the year for the ALSI (with resources as a sector returning 71%!). These kinds of returns are truly exceptional and one would be foolish to expect them to be repeated at similar levels. We do however remain reasonably bullish on SA equities due to the strong potential earnings growth for the period ahead.

Towards the end of 2005 markets were getting cautious given the bearish stance of the South African Reserve Bank and the expectation for interest rate hikes in early December or by latest February seemed to be weighing heavily on the investor mindset. However the spate of benign inflation data and the rampant strong rand has put paid to any interest rate hike fears and given the current trajectory of the rand I imagine most economists are now pencilling in interest rate cuts for 2006!

The equity fund remains fully invested and positioned to favour the local economy with large weightings in domestic financial and industrial stocks. While being underweight resources in 2005 clearly detracted from what would have otherwise been a truly phenomenal performance, the strength in the resource share prices has just made our argument for being underweight these shares even stronger as they look even more expensive.

We tend to favour companies with very strong brands and entrenched market positions with good cash flows and shareholder friendly management. Our top holdings such as Standard Bank, Remgro, Naspers and SABMiller reflect these virtues.

To conclude we believe the favourable domestic economic outlook should provide the impetus for strong earnings growth for domestic companies which will result in good returns for local equities over our investment horizon.

Neville Chester & Charles de Kock
Portfolio Managers

Fund category	Domestic Equity General
Launch date	15 April 1996
Portfolio manager	Neville Chester & Charles de Kock
Fund size	R1.5 billion
NAV	4529.60 cents
Annual management fee	1.25% (ex VAT)

Benchmark	FTSE/JSE Capped All Share Index Capped at 10%
Fund description	An emphasis on active stock selection and will remain fully invested in domestic equities at all times.

ASSET AND SECTOR ALLOCATION

Sector	31 Dec 2005	30 Sep 2005
Domestic Assets	100.00%	100.00%
Equity	96.41%	96.43%
Resources	13.73%	14.13%
Basic Industries	3.30%	3.02%
General Industrials	0.87%	1.24%
Cyclical Consumer Goods	4.09%	3.99%
Non Cyclical Consumer Goods	10.16%	11.58%
Cyclical Services	26.67%	25.71%
Non Cyclical Services	7.29%	8.28%
Financials	29.91%	27.36%
Information Technology	0.00%	0.16%
Specialist Securities	0.45%	0.00%
Futures	(0.06%)	0.96%
Listed Property	1.58%	1.95%
Cash	2.01%	1.62%
International Assets	0.00%	0.00%

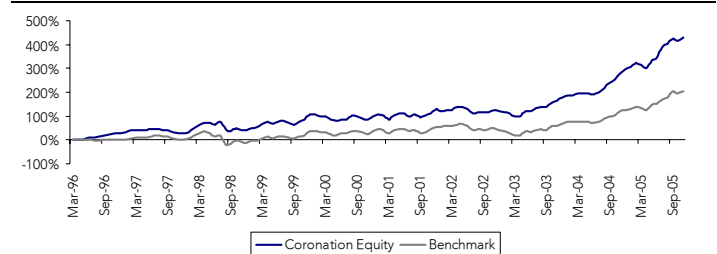
PERFORMANCE & RISK STATISTICS

	Fund	Benchmark
Latest 12 months	42.04%	44.86%
Latest 36 months (annualised)	36.50%	31.88%
Latest 60 months (annualised)	23.52%	19.44%
Since inception (annualised)	19.50%	12.84%
Annual deviation since inception	16.91%	21.49%
Sharpe ratio	0.51	0.13
Maximum gain	47.40%	37.58%
Maximum drawdown	-20.49%	-31.35%
Positive months	65.52%	59.48%

TOP 10 SHARE HOLDINGS

As at 31 December 2005	% of Fund
Standard Bank Group Ltd	9.46%
Remgro Ltd	6.88%
Naspers Ltd – N ordinary shares	6.15%
SABMiller plc	5.64%
Sasol Ltd	4.70%
Telkom SA Ltd	4.57%
Woolworths Ltd	4.44%
Richemont Securities AG	4.09%
Impala Platinum Holdings Ltd	3.43%
ABSA Group Ltd	3.17%
Total	52.53%

CUMULATIVE PERFORMANCE SINCE INCEPTION



INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30/09/2005	01/10/2005	72.44	69.72	2.72
31/03/2005	01/04/2005	26.89	24.59	2.30
30/09/2004	01/10/2004	36.48	33.75	2.73
31/03/2004	01/04/2004	37.36	34.03	3.30

ANNUAL RETURNS SINCE INCEPTION

	Fund	Benchmark	Active Return
2005	42.04%	44.86%	-2.82%
2004	42.87%	33.90%	8.98%
2003	25.33%	18.24%	7.08%
2002	-2.90%	-8.55%	5.65%
2001	16.41%	15.91%	0.50%
2000	-4.76%	-1.99%	-2.77%
1999	45.92%	53.25%	-7.33%
1998	12.24%	-11.32%	23.59%
1997	-1.91%	1.39%	-3.31%

PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Fund 2005	2.09%	4.21%	-2.31%	-2.36%	7.10%	3.55%	9.62%	2.17%	4.98%	-1.82%	2.07%	7.12%	42.04%
B'mark 2005	0.78%	4.26%	-0.88%	-4.98%	9.63%	3.06%	7.19%	2.11%	9.82%	-2.46%	2.18%	8.13%	44.86%
Fund 2004	3.71%	0.00%	1.72%	0.47%	-0.29%	-0.53%	2.14%	6.54%	6.40%	4.83%	7.41%	4.25%	42.87%
B'mark 2004	4.58%	0.46%	-0.32%	-1.07%	0.32%	-1.61%	1.54%	7.65%	6.06%	1.41%	8.55%	2.60%	33.90%