

2005 will be remembered as the year that the rand remained relatively stable, with a lower than expected inflation rate and the year in which interest rates ground even lower. Lower interest rate volatility set the tone, with bonds trading for long periods of time in very narrow ranges. Higher levels of uncertainty leading to less trading activity and neutral positioning by fund managers tended to dampen the market. Foreign investors were evident in our market. They favoured local currency as opposed to foreign listed bonds showing their willingness to take on emerging market currency risk in their ongoing search for yield. As it turns out, emerging markets' bonds and equities were by far the best performing asset classes globally.

Money market yields remained stable all year with minor fluctuations at times mostly based on currency movement. The 12-month NCD ranged between 7.10% – 7.50% all year. The money market yield curve remains flat, indicating that short-term interest rates are likely to remain unchanged for the next year - a rare occurrence in the SA market. Should the currency remain where it is, this could be the case however.

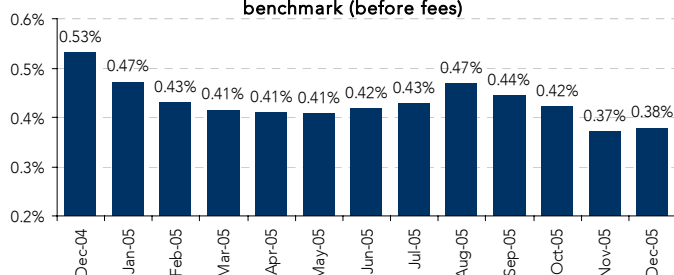
The Coronation Money Market Fund returned 7.0% net of fees during 2005 and 1.6% for the last quarter of the year. This compares with 7.0% and 1.6% from the 3-month STeFI benchmark respectively. This is a healthy outperformance from a very conservative fund. The portfolio duration was increased in November when it became apparent that interest rates would not rise aggressively as inflation was likely to remain contained for longer.

The market has become cash flush which has put additional pressure on interest rates to fall. This is backed up by the FX forward curve which shows that SA short-term rates could still fall further this year if the rand/US dollar exchange rate remains this strong.

Looking forward, both global and domestic backdrops are likely to remain benign for SA interest rates. Our strategy for the year includes identifying the remaining well-priced yield opportunities, being cognisant of the risks, and noting where South African interest rates have come from and how expensive many of these assets have become.

**Tania Miglietta**  
Portfolio Manager

Coronation Money Market Fund excess returns over benchmark (before fees)



Fund category	Domestic Fixed Interest Money Market
Launch date	1 October 1999
Portfolio manager	Tania Miglietta
Fund size	R1.2 billion
NAV	100.00 cents
Annual management fee	0.30% (ex VAT)
Initial fee	0.00%

Benchmark	Alexander Forbes Short Term Fixed Interest (STeFI) Index
Fund description	To outperform fixed deposits and call accounts, while ensuring capital preservation, stability and liquidity.

### ASSET ALLOCATION

Maturity Band	31 Dec 2005	30 Sep 2005
0 – 3 months	71.61%	77.58%
4 – 6 months	12.91%	10.91%
7 – 9 months	11.59%	6.75%
10 – 12 months	3.89%	4.76%

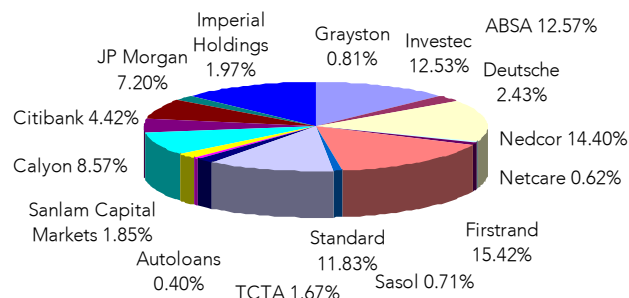
### PERFORMANCE & RISK STATISTICS

	Fund	Benchmark
Latest 12 months	7.05%	7.04%
Latest 36 months (annualised)	8.94%	9.01%
Latest 60 months (annualised)	9.70%	9.76%
Since inception (annualised)	9.90%	9.99%
Annual deviation since inception	0.54%	0.60%
Sharpe ratio	-0.82	-0.58
Maximum gain	80.41%	84.77%
Maximum drawdown	0.00%	0.00%
Positive months	100.00%	100.00%

### ANNUAL RETURNS SINCE INCEPTION

	Fund	Benchmark	Active Return
2005	7.05%	7.04%	0.01%
2004	7.87%	7.78%	0.09%
2003	11.96%	12.27%	-0.31%
2002	11.36%	11.77%	-0.41%
2001	10.36%	10.05%	0.31%
2000	10.58%	10.55%	0.03%
1999	2.68%	2.98%	-0.30%

### CREDIT EXPOSURE



### YIELDS FOR THE LAST FOUR PERIODS

Declaration	Payment	Yield
31/12/2005	01/01/2006	6.89
30/11/2005	01/12/2005	6.20
31/10/2005	01/11/2005	7.08
30/09/2005	01/10/2005	6.94

### PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Fund 2005	0.61%	0.56%	0.60%	0.55%	0.60%	0.56%	0.53%	0.62%	0.55%	0.58%	0.53%	0.54%	7.05%
B'mark 2005	0.61%	0.55%	0.61%	0.59%	0.58%	0.55%	0.56%	0.57%	0.55%	0.57%	0.55%	0.56%	7.04%
Fund 2004	0.67%	0.61%	0.72%	0.64%	0.66%	0.62%	0.61%	0.65%	0.59%	0.59%	0.63%	0.61%	7.87%
B'mark 2004	0.63%	0.59%	0.64%	0.65%	0.65%	0.63%	0.63%	0.67%	0.61%	0.61%	0.58%	0.60%	7.78%