CORONATION OPTIMUM GROWTH FUND

as at 31 December 2005

The Coronation Optimum Growth Fund produced a return of 23.9% for the one year period ended 31 December 2005, which is well ahead of the fund's return objective of CPIX plus 5%. This return has come largely from some of the fund's bigger SA equity positions (in particular Naspers, Sasol and VenFin) as well as from international equities, both the individual positions and the holdings in offshore funds, particularly the Japanese and Asian investments. The impact of the rand on performance was slightly negative.

The broad asset allocation of the fund was not significantly altered during the past few months and currently 51% of the fund is invested in South African assets and 49% in international assets. Given the current continued strength of the rand, coupled with the fact that the cash for VenFin (5.7% of total portfolio) will be coming into the fund during the course of January, it is quite likely that the international portion of the fund will be increased over the coming months. The total equity exposure of the fund is currently around 75% with about 45% of this invested in South Africa and the other 30% offshore. With the continued strength of the SA equity market, we are struggling to find new investment ideas in South Africa, but at the same time some interesting opportunities are opening up internationally, particularly in Europe, to a lessor extent Japan and other Asia, and now even in the US market. So whilst we are comfortable with overall equity exposure around the 75% level, we are currently in the process of critically evaluated whether a higher proportion of that equity exposure should not be in international markets.

On the local equity side, one of the highlights of the year was the offer by Vodafone for VenFin at R47.25 per share when it had traded at around R30 a share in the months leading up to the offer. The fund held a large position in VenFin because we believed that the largest asset that it held, being Vodacom, is a great asset that grows its business value year in and year out through significant free cash flow generation. In addition, VenFin always traded at a large discount to its NAV which provided good downside protection. The market's view was that there was no 'catalyst' to unlock this discount and so VenFin would always trade at this discount to NAV. Our view is that valuation is the only catalyst that an investor needs and we were happy to buy an asset that was trading at such a large discount to the underlying value of its investments, and wait patiently for that value to be recognised. Vodafone saw that value and on the day of the announcement of the transaction the discount that had been in place for five years disappeared in the space of a few minutes with the VenFin share price appreciating by over 30% in one day. The fund today holds positions in a few other stocks that trade with these nonsensical 'holding company' discounts, including Remgro, Johnnic Communications and Johnnic Holdings. We are not sure if these investments will be as rewarding as VenFin, but what we do know is that these stocks own some great assets and are trading at a large discount to the underlying value of these respective assets.

The South African equity holdings have remained unchanged over the past few months, and as we have already mentioned, we are struggling to find new investment ideas in South Africa. Internationally however we believe that there are numerous interesting investment opportunities and during the past quarter Newscorp and Vodafone were added to the portfolio. Newscorp owns some of the best media assets globally, including 20th Century Fox Films, Fox Broadcasting and a stake in BSkyB. As is common with good media assets, this group generates large amounts of free cash flow and we feel that the normalised free cash multiple of around 15 is attractive given the quality of the underlying assets. Vodafone is the world's largest mobile telecommunications company, and although growth is now slowing, this group also generates significant free cash flow and the stock, on a free cash flow multiple of around 12, is the cheapest it has been for many years. We also added to the fund's China Telecom position: we have mentioned this company in previous commentaries and the recent share price decline provided us with an opportunity to increase the fund's position at very attractive levels. We like the exposure to the Chinese consumer that China Telecom provides and, as importantly, we like the valuation: a P/E multiple of 10, price/book value just over 1 and dividend yield of 3%.

We continue to find both SA and international bonds unattractive from a valuation point of view and therefore most of the fund's holdings besides equities are in cash, mainly British pounds, with smaller euro, Japanese yen and Swiss franc holdings.

Given the current portfolio composition, particularly the SA industrial stocks as well as the international equity exposure focused in Europe and Asia, it is our view that the fund is well positioned to continue to achieve returns well in excess of inflation over the long term.

Gavin Joubert
Portfolio Manager

CALL CENTRE: 0800 22 11 77 FAX: (021) 680 2500 WEBSITE: www.coronation.com

CORONATION OPTIMUM GROWTH FUND
as at 31 December 2005

CORONATION FUND MANAGERS

Fund category	Worldwide Asset Allocation Flexible
Launch date	15 March 1999
Portfolio manager	Gavin Joubert
Fund size	R701.2 million
NAV	2818.34 cents
Annual management fee	1.00% (ex VAT)
Performance fee	15% (above hurdle, capped at 2,5% p.a.)
Benchmark	CPIX
Performance fee hurdle	CPIX + 5%
Fund description	Aims to deliver long-term growth by investing in a combination of local and international investments across all asset classes.

ASSET AND SECTOR ALLOCATION

Sector	31 Dec 2005	30 Sep 2005
Domestic Assets	50.82%	48.43%
Equity	45.52%	42.44%
General Industrials	1.70%	2.26%
Cyclical Services	25.02%	24.26%
Non Cyclical Services	2.38%	2.58%
Financials	14.89%	11.82%
Specialist Securities	1.53%	1.52%
Listed Property	0.89%	0.86%
Cash	4.41%	5.13%
International Assets	49.18%	51.57%
Equity	31.55%	29.37%
Fixed Interest	0.00%	12.84%
Cash	17.63%	9.36%

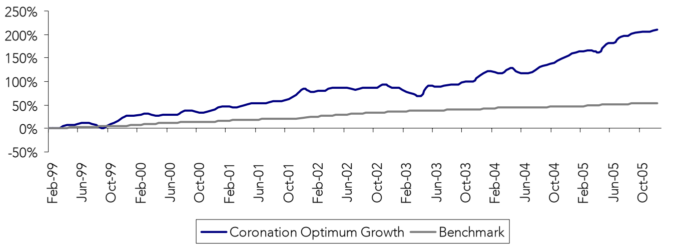
PERFORMANCE & RISK STATISTICS

	Fund	Benchmark
Latest 12 months	23.91%	4.07%
Latest 36 months (annualised)	18.86%	4.24%
Latest 60 months (annualised)	17.49%	5.92%
Since inception (annualised)	18.54%	6.38%
Annual deviation since inception	11.12%	1.48%
Downside deviation	5.62%	0.38%
Sharpe ratio	0.77	N/A
Maximum gain	28.71%	N/A
Maximum drawdown	-11.72%	N/A
Positive months	70.37%	N/A

TOP 10 SHARE HOLDINGS

As at 31 December 2005	% of Fund
Naspers Ltd – N ordinary shares	10.43%
Remgro Ltd	7.70%
VenFin Ltd	5.73%
Sasol Ltd – ADR	5.65%
Woolworths Ltd	2.93%
Peermont Global Ltd	2.78%
Primedia Ltd – N ordinary shares	2.57%
France Telecom SA	2.54%
Telkom SA Ltd	2.38%
Kagiso Media Ltd	2.38%
Total	45.09%

CUMULATIVE PERFORMANCE SINCE INCEPTION



INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30/09/2005	01/10/2005	0.00	0.00	0.00
31/03/2005	01/04/2005	0.00	0.00	0.00
30/09/2004	01/10/2004	0.00	0.00	0.00
31/03/2004	01/04/2004	10.97	9.61	1.36

ANNUAL RETURNS SINCE INCEPTION

	Fund	Benchmark	Active Return
2005	23.91%	4.07%	19.84%
2004	19.54%	4.44%	15.10%
2003	13.37%	4.21%	9.15%
2002	2.12%	10.50%	-8.38%
2001	30.55%	6.52%	24.03%
2000	11.61%	8.21%	3.40%
1999	26.15%	5.20%	20.94%

PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Fund 2005	2.48%	1.20%	0.77%	-1.62%	6.58%	1.02%	4.34%	1.14%	1.84%	0.80%	0.15%	3.17%	23.91%
B'mark 2005	0.38%	0.08%	1.21%	0.52%	0.30%	-0.15%	0.96%	0.44%	0.29%	0.22%	-0.15%	-0.10%	4.07%
Fund 2004	4.64%	-1.48%	-1.26%	5.48%	-3.65%	-0.95%	0.74%	4.88%	2.38%	1.70%	3.58%	2.38%	19.54%
B'mark 2004	1.19%	0.55%	0.62%	0.23%	0.08%	0.39%	0.31%	-0.15%	0.31%	0.46%	0.61%	0.23%	4.44%

CALL CENTRE: 0800 22 11 77 FAX: (021) 680 2500 WEBSITE: www.coronation.com