

The Coronation Top 20 Fund produced a return of 50.9% for the one-year period ended 31 December 2005 resulting in 2.6% outperformance of the FTSE/JSE Top 40 Index, which appreciated by 48.2% over the same period. The fund has now outperformed the index for five years in a row, with the average outperformance being over 10% per annum.

On the back of a very strong year from the equity market, driven by resource shares, we were satisfied to have kept up with, and actually exceeded, the market's return. Although the fund held a total resources position that was well below that of the resources component of the FTSE/JSE Top 40 Index, the resource shares that the fund did hold performed particularly well, with Impala Platinum appreciating by 95% over the year and Sasol by 87%. In addition, the fund held a 10% position in VenFin, which appreciated by 90% following the take-out offer from Vodafone Plc.

The fund has held a significant position in VenFin for the past few years because we believed that the largest asset in VenFin, 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 Plc 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 a large position in another stock that trades with this nonsensical 'holding company' discounts, being Remgro, which like VenFin, is controlled by the Rupert family. We are not sure if this investment will be as rewarding as VenFin, but what we do know is that Remgro own some great assets, particularly British American Tobacco, FirstRand and Impala Platinum, and the stock is trading at a large discount to the underlying value of these respective assets.

There were no new purchases over the past few months, however we did add to a few existing positions including SABMiller, Standard Bank and Metropolitan. These positions were all added to for the same reason, being that the share prices of these companies had not increased for some time yet their business values had continued to grow which meant the gap between the share price and business value, being the margin of safety, opened up sufficiently. At the same time we reduced the fund's positions in Tiger Brands and Impala Platinum as these stocks moved closer to our estimation of their respective fair values.

Cash levels in the fund are slowly building up, with 6% in cash at the moment. In addition, the cash from the VenFin transaction should be coming into the fund before the end of January, which means that, given that VenFin is now 12% of the fund, the total cash position will be over 15% by the end of January. We are currently working hard to try and find new potential ideas for this cash, however, if we cannot do so we would rather take a defensive approach and hold a slightly higher than normal cash position until suitable investment opportunities arise.

**Hugo Nelson & Gavin Joubert**  
Portfolio Managers

Fund category	Domestic Equity Large Cap
Launch date	1 October 2000
Portfolio manager	Hugo Nelson & Gavin Joubert
Fund size	R975 million
NAV	3703.46 cents
Annual management fee	1.00% (ex VAT)
Performance fee	20% (above benchmark, capped at 2.5% p.a.)

<b>Benchmark</b>	FTSE/JSE Africa Top 40 Index
<b>Fund description</b>	Aims to outperform the FTSE/JSE Top 40 Index, is actively managed and will typically hold no more than 20 large cap stocks at any point in time.

### ASSET AND SECTOR ALLOCATION

Sector	31 Dec 2005	30 Sep 2005
<b>Domestic Assets</b>	<b>100.00%</b>	<b>100.00%</b>
<b>Equity</b>	<b>93.96%</b>	<b>89.00%</b>
Resources	16.86%	21.24%
Basic Industries	1.87%	1.86%
Cyclical Consumer Goods	6.30%	6.21%
Non Cyclical Consumer Goods	9.48%	8.37%
Cyclical Services	18.26%	17.51%
Non Cyclical Services	5.92%	4.81%
Financials	35.27%	29.00%
<b>Cash</b>	<b>6.04%</b>	<b>11.00%</b>
<b>International Assets</b>	<b>0.00%</b>	<b>0.00%</b>

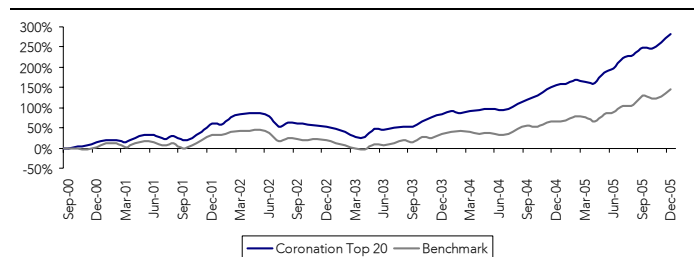
### PERFORMANCE & RISK STATISTICS

	Fund	Benchmark
Latest 12 months	50.87%	48.24%
Latest 36 months (annualised)	36.11%	27.53%
Latest 60 months (annualised)	27.82%	19.23%
Since inception (annualised)	29.36%	18.70%
Annual deviation since inception	19.52%	21.25%
Sharpe ratio	1.10	0.52
Maximum gain	38.58%	37.20%
Maximum drawdown	-22.28%	-21.54%
Positive months	65.08%	58.73%

### TOP 10 SHARE HOLDINGS

As at 31 December 2005	% of Fund
VenFin Ltd	12.31%
Remgro Ltd	10.36%
Naspers Ltd – N ordinary shares	10.26%
Sasol Ltd	10.03%
Woolworths Ltd	8.00%
SABMiller plc	7.56%
Impala Platinum Holdings Ltd	6.83%
Richemont Securites AG	6.30%
Telkom SA Ltd	5.92%
Standard Bank Group	5.65%
<b>Total</b>	<b>83.22%</b>

### CUMULATIVE PERFORMANCE SINCE INCEPTION



### INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30/09/2005	01/10/2005	74.38	67.95	6.43
31/03/2005	01/04/2005	0.00	0.00	0.00
30/09/2004	01/10/2004	2.24	1.98	0.26
31/03/2004	01/04/2004	4.16	3.46	0.70

### ANNUAL RETURNS SINCE INCEPTION

	Fund	Benchmark	Active Return
2005	50.87%	48.24%	2.64%
2004	38.94%	23.48%	15.47%
2003	20.28%	13.31%	6.98%
2002	-4.59%	-10.69%	6.10%
2001	41.80%	30.08%	11.72%
2000	13.23%	2.10%	11.13%

### PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Fund 2005	1.15%	3.72%	-1.43%	-1.74%	10.08%	3.36%	8.98%	2.69%	5.57%	-1.40%	5.00%	6.69%	50.87%
B'mark 2005	1.33%	5.86%	-0.44%	-5.83%	10.55%	2.99%	6.90%	1.90%	10.63%	-2.47%	1.94%	8.06%	48.24%
Fund 2004	4.51%	-2.92%	3.07%	0.47%	1.05%	-0.92%	2.05%	5.81%	4.57%	4.65%	7.70%	3.79%	38.94%
B'mark 2004	5.01%	0.56%	-1.86%	-2.70%	0.75%	-3.25%	2.40%	9.36%	5.57%	-1.80%	6.96%	1.16%	23.48%