

The Coronation Balanced Plus Fund generated a return of 7.7% for the second quarter of 2005. Over the 12-month period to 30 June 2005 the fund, with a return of 42.7%, has convincingly outperformed its benchmark return of 35.6%.

The second quarter proved to be another strong quarter, with virtually every asset class achieving strong returns. The primary driver of the stronger equity market was a weaker rand; for the bond market it was a rising US market, accompanied by an increased appetite for risk.

As bottom-up stock-pickers there is nothing we like less than a one-way trending market. We are investors and not economists. We invest significantly in our own research. Over the years this has consistently delivered high conviction ideas, enabling us to construct portfolios and deliver performance that does not rely on a trending market to deliver results. We therefore welcome the reversal of a three-year trend of rand strength. We also consider it to be healthy for our economy, which was at risk of suffering long-term damage from an overvalued currency.

The decision to move 10% of the fund into foreign cash in the first quarter has paid dividends sooner than we expected. If the local equity market continues its strong gains we will reduce our exposure accordingly and invest the offshore cash in international equities.

Resources had another strong quarter, returning 9% (27% year to date). This outperformance was driven by rising commodity prices and a weakening rand. We remain of the view that commodity prices are above mid-cycle levels and we therefore remain light in Anglo and BHP Billiton. We are however significantly invested in Sasol and Impala, companies that we believe trade below their long-term values. We are watching with interest the decline in Mittal Steel. Although the steel cycle is rolling over, the share is starting to look attractive.

Financial shares delivered less spectacular, but still rewarding, returns of 5% for the quarter. Our long-suffering holding in Alexander Forbes performed well. The company has now restructured its underperforming international risk services business and improving business prospects have drawn the attention of investors to its very undemanding rating. Although banks have reported fairly high levels of earnings, ratings are undemanding. We have taken advantage of the market's aggressive rotation into resources to increase our holdings in Absa and FirstRand.

Industrial shares also performed well with a return of 7% for the quarter. Our big holdings in Naspers, Telkom, Tiger Brands and Richemont performed well as did our more contrarian holdings in Delta and Netcare. On the back of the sector rotation into resources we selectively bought domestic shares (in particular Lewis) at prices that we consider to be attractive.

The bond market rallied over the quarter, reversing the decline in the first three months of the year. The rally was kick-started by a surprise rate cut in April and spurred further by the rally in international markets. Despite a bearish positioning, our fund performed well with a large weighting in inflation-linked bonds. We remain bearish on the rand and hold the view that inflation is currently at unsustainably low levels. While US yields remain at such low levels the environment for local bonds will remain benign. But bonds are, in our view, "priced for perfection". They do not offer attractive long-term real returns, US yields are now very low and inflation is at a cyclical low.

Investment returns over the last two years have been exceptional, and we therefore caution investors to bear this in mind when framing their long-term expectations. The level of earnings of South African companies is now high and ratings are no longer undemanding. That said, we remain fully invested in equities, largely because of our view on the rand and its implications for the investment merits of rand cash and bonds.

Louis Stassen & Karl Leinberger
Portfolio Managers

CORONATION BALANCED PLUS FUND

as at 30 June 2005



Fund category	Domestic Asset Allocation Prudential Medium Equity
Launch date	15 April 1996
Portfolio manager	Louis Stassen & Karl Leinberger
Fund size	R671.81 million
NAV	2782.52 cents
Annual management fee	1.25% (ex VAT)

Benchmark	Composite benchmark (63% equity, 22% bonds, 10% international, 5% cash)
Fund description	A fully managed investment solution diversified across the various asset classes and sectors. Its asset allocation is compliant with Regulation 28 of the Pension Funds Act.

ASSET AND SECTOR ALLOCATION

Sector	30 Jun 2005	31 Mar 2005
Domestic Assets	87.70%	89.52%
Equity	69.28%	71.73%
Resources	11.13%	12.89%
Basic Industries	1.79%	1.78%
General Industrials	0.90%	0.73%
Cyclical Consumer Goods	2.73%	2.59%
Non Cyclical Consumer Goods	7.58%	9.68%
Cyclical Services	15.76%	14.06%
Non Cyclical Services	5.20%	5.73%
Financials	22.70%	24.23%
Information Technology	0.49%	0.40%
Futures	1.00%	(0.36%)
Listed Property	0.98%	1.07%
Fixed Interest	10.60%	9.64%
Cash	6.84%	7.08%
International Assets	12.30%	10.48%
Equity	4.09%	0.00%
Cash	8.21%	10.48%

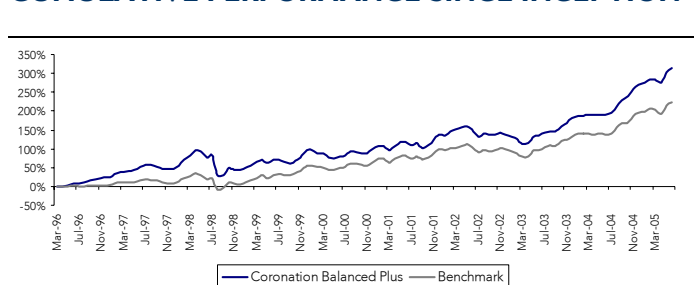
PERFORMANCE & RISK STATISTICS

	Fund	Benchmark
Year to date	11.59%	9.37%
Latest 12 months	42.73%	35.63%
Latest 36 months (annualised)	18.01%	16.22%
Latest 60 months (annualised)	18.19%	16.69%
Since inception (annualised)	16.59%	13.65%
Annual deviation since inception	17.26%	15.39%
Sharpe ratio	0.31	0.13
Maximum gain	57.74%	29.32%
Maximum drawdown	-29.84%	-23.24%
Positive months	66.67%	62.16%

TOP 10 SHARE HOLDINGS

	% of Fund
Naspers Ltd – N ordinary shares	5.41%
Standard Bank Group Ltd	5.09%
Remgro Ltd	4.66%
Impala Platinum Holdings Ltd	4.30%
VenFin Ltd	3.92%
Telkom SA Ltd	3.86%
Sasol Ltd	3.76%
Absa Group Ltd	3.48%
Tiger Brands Ltd	2.84%
Richemont Securities AG	2.73%
Total	40.05%

CUMULATIVE PERFORMANCE SINCE INCEPTION



INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31/03/2005	01/04/2005	25.23	10.35	14.88
30/09/2004	01/10/2004	40.68	23.25	17.43
31/03/2004	01/04/2004	34.65	15.84	18.81
30/09/2003	01/10/2003	45.73	18.21	27.52

ANNUAL RETURNS SINCE INCEPTION

	Fund	Benchmark	Active Return
2004	32.01%	26.41%	5.61%
2003	17.68%	18.15%	-0.47%
2002	0.26%	-0.37%	0.63%
2001	20.28%	21.48%	-1.20%
2000	1.15%	5.30%	-4.15%
1999	36.68%	46.67%	-9.99%
1998	-1.51%	-3.15%	1.64%
1997	17.85%	7.21%	10.64%

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Fund 2005	1.24%	2.58%	-0.24%	-2.07%	7.22%	2.58%						
B'mark 2005	0.93%	3.32%	-1.66%	-3.10%	7.40%	2.48%						
Fund 2004	2.33%	-0.08%	0.79%	0.18%	0.10%	-0.13%	2.03%	5.65%	5.31%	3.21%	5.96%	3.03%
B'mark 2004	2.79%	0.60%	-0.20%	-0.83%	0.31%	-0.70%	1.56%	5.92%	4.32%	1.52%	6.18%	2.52%