

The equity market continued to appreciate in the second quarter, increasing 7.2% driven mainly by the resource sector on the back of continuing rand weakness and high commodity prices. Despite being underweight commodity shares due to their overvaluation, the Coronation Equity Fund delivered a superb 8.3% return for the quarter, outperforming the overall index and being ranked second out of all general equity unit trusts since the start of the year. This was due to our positioning in non-resource rand hedges and excellent stock selection in the domestic market.

Large positions in Sasol, SABMiller, Richemont and Remgro, where we think the underlying valuations are attractive, provided us with protection against the depreciation in the rand. Our view always being that the rand was likely to weaken, but not in large increments, meant that the majority of the commodity companies still look expensive on a normalised basis. We continue to monitor this sector to identify any potential investment opportunities on the back of price movements.

At the end of the last quarter's report I mentioned two local industrial stocks where the fund had large holdings: Telkom and Naspers. Both shares had a phenomenal quarter as the market came to appreciate the earnings potential of these two companies on the back of great results and trading updates. Telkom, including its dividend, increased almost 10% over the quarter and Naspers rose over 16%. This is proof that despite the weakening rand we still believe that there are great opportunities in the local market due to attractive valuations and the buoyant local environment.

During the quarter, the major purchases of domestic shares were:

- AVI which we believe is significantly undervalued and offers some great leverage to the rand through its fishing business. Its core asset of branded food goods is trading at a discount to our intrinsic valuation.
- Woolworths is another favourite where the fund pushed its holding up further. The food retailing business we believe is a premium business and we expect a positive turnaround from the clothing retailing business. In addition, the significant change in mindset of management to increase the gearing on the balance sheet bodes well for strong dividend flow and high return on equity.

In the financial sector we continue to favour the banks over the insurers especially given the difficulties that the industry faces, although we did increase our holding in Metlife which is relatively unaffected by the retirement annuity debacle and continues to grow its premium base.

Overall the fund is positioned to benefit from a slowly depreciating currency and from the strength of the local economy. We believe valuations, while having closed the gap quite a bit over the last few years, do still offer value. We aim to outperform from focussing on those shares we believe will deliver the best returns for unit holders over the long term.

Neville Chester
Portfolio Manager

CORONATION EQUITY FUND

as at 30 June 2005



Fund category	Domestic Equity General
Launch date	15 April 1996
Portfolio manager	Neville Chester
Fund size	R1.07 billion
NAV	3651.07 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 with the aim of being fully invested in domestic equities at all times.

ASSET AND SECTOR ALLOCATION

Sector	30 Jun 2005	31 Mar 2005
Domestic Assets	100.00%	100.00%
Equity	95.78%	99.73%
Resources	14.19%	15.35%
Basic Industries	3.33%	3.93%
General Industrials	1.62%	1.58%
Cyclical Consumer Goods	3.16%	0.00%
Non Cyclical Consumer Goods	11.86%	13.92%
Cyclical Services	25.33%	26.62%
Non Cyclical Services	8.55%	9.71%
Financials	27.74%	28.62%
Cash	4.22%	0.27%
International Assets	0.00%	0.00%

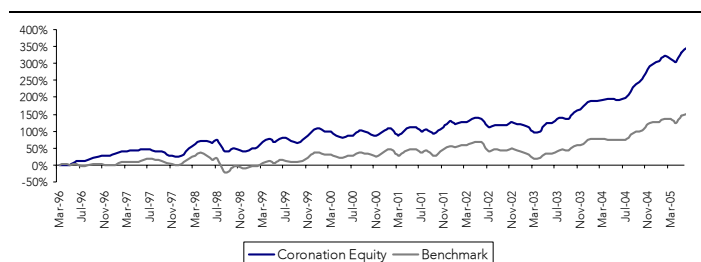
PERFORMANCE & RISK STATISTICS

	Fund	Benchmark
Year to date	12.54%	11.82%
Latest 12 months	52.96%	46.40%
Latest 36 months (annualised)	24.81%	16.40%
Latest 60 months (annualised)	19.26%	14.86%
Since inception (annualised)	17.74%	10.42%
Annual deviation since inception	16.98%	21.63%
Sharpe ratio	0.38	0.00
Maximum gain	47.40%	37.58%
Maximum drawdown	-20.49%	-31.35%
Positive months	64.55%	58.18%

TOP 10 SHARE HOLDINGS

	% of Fund
Remgro Ltd	6.67%
Sasol Ltd	6.07%
Standard Bank Group Ltd	6.01%
FirstRand Ltd	5.74%
Telkom SA Ltd	5.56%
Naspers Ltd – N ordinary shares	5.48%
SABMiller plc	5.18%
Absa Group Ltd	3.80%
Impala Platinum Holdings Ltd	3.50%
Woolworths Holdings Ltd	3.37%
Total	51.38%

CUMULATIVE PERFORMANCE SINCE INCEPTION



INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
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
30/09/2003	01/10/2003	30.89	25.63	5.26

ANNUAL RETURNS SINCE INCEPTION

	Fund	Benchmark	Active Return
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%

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Fund 2005	2.09%	4.21%	-2.31%	-2.36%	7.10%	3.55%						
B'mark 2005	0.78%	4.26%	-0.88%	-4.98%	9.63%	3.06%						
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%
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%