CORONATION OPTIMUM GROWTH FUND

as at 30 June 2005

The Coronation Optimum Growth Fund appreciated by 10.7% in the first half of the year. This return came partly from some of the fund's large positions (in particular Naspers, Sasol and Remgro) and partly from the depreciation of the rand over the past few months. Over the one-year period to 30 June 2005, the fund has returned 29.2%, which is some 20% ahead of its objective of CPIX + 5% (which has been 8.9% for the past 12 months, with inflation running at 3.9%).

The asset allocation of the fund was not significantly altered during the quarter and currently 55% of the fund is invested in international assets and 45% in South African assets. We believe that South African equities remain the most attractive asset class locally (with government bonds being overvalued and decreasing investment opportunities being available in listed property, from a valuation perspective) and, as a result, all of the fund's local cash is deployed in equities, mainly industrials. With 25% of the total fund being invested in international equities (through a combination of direct holdings in international equities and through investments in underlying international fund managers who deploy investment philosophies similar to ours), the total equity exposure of the fund is around 70%, with the balance of the fund being invested in cash and short-duration government bonds.

The fund started buying Naspers earlier in the year and continued to add this investment over recent months to the point where this investment is by far the largest single position in the fund at 8.2% of the total portfolio. The average cost to date has been R74, which means that return of 11% has already been achieved on this investment, which has contributed to the fund's performance. What is more important however is that we believe there is a lot more to come. We believe that Naspers will generate over R8 a share in free cash flow in 18 months time which, at the current share price of R82, results in a price/free cash flow multiple on normalised free cash flows of just over 10 which decreases to 9 if the cash on the balance sheet of R10 a share is excluded. We believe that this is a very attractive valuation given the quality of Naspers' major asset, the South African and Sub Saharan Pay-TV business, MultiChoice (DStv).

The fund's second largest individual position, Remgro (5.5% of total fund) released results during the period and announced a special dividend of R6 a share, in addition to the normal dividend of R3.14 a share. We like all of the underlying investments held by Remgro (British American Tobacco, FirstRand/RMB Holdings, Impala Platinum, Robertsons Spices, etc.), believe they are all undervalued, and particularly like the fact that we are able to buy these assets at a 25% discount to their current market prices. The stake in British American Tobacco, which makes up 40% of Remgro's NAV, also provides rand hedge qualities as it is listed in London, denominated in pound sterling and, as such, provides an uplift to Remgro's NAV in times in rand depreciation. And lastly, we like the cash flow that is generated by these underlying companies and the fact that significant cash resources are building up on the Remgro balance sheet which will either be invested in new value-accretive opportunities or be returned to shareholders.

The third largest individual position in the fund is the holding in Sasol (ADR), which makes up 4.3% of the total fund. This stock was also purchased earlier during the year and has also been a significant contributor to the fund's returns (up 30% on cost price). This unit is exactly the same as the local share listed on the JSE and the only reason why the fund bought the ADR and not the local unit was due to the fact that cash resources were available offshore and not in South Africa, where all of the cash was invested in undervalued equities. Whilst we hold the view that Sasol is no longer cheap, we also believe that, at the current share price, the market is ascribing very little value to Sasol's GTL (Gas-to-Liquid) business. In addition, in line with our investment philosophy which is both conservative and of a very long-term duration, we have valued Sasol using a conservative, long-term oil price of around US$30 which is well below the current oil price of almost US$50. Every day, week and year that passes with an oil price above US$30 adds incrementally to this conservative valuation of Sasol and further strengthens our investment case.

On the international side, the fund made small new investments in SABMiller (1.6% of total fund), General Motors (0.7% of total fund), DirecTV Group (0.7% of total fund) and Barclays (0.7% of total fund). A buying opportunity arose in SABMiller as a result of the general decline in global markets as well as a negative trading statement by Coors (a competitor to SAB's Miller brand in the US). It was our view that this short-term news flow had no impact on our long-term assessment of SABMiller's business value and the resultant widening gap between SABMiller's share price (at 795 pence when we bought the share) and our estimation of its business value (of over 1000 pence a share), presented a buying opportunity. The opportunity to purchase General Motors' shares at a very attractive price arose as a result of classic textbook investor fear and greed (in this case fear), arguably exacerbated by hedge fund shorting. At the lows of US$26.50 when the fund made its investment (share price now US$34.50 partly as a result of a bid by Kirk Kerkorian to buy an additional 5% of the company), the market was pricing in a reasonably high probability of bankruptcy of the entire group. What investors appear to forget, or overlook, is that General Motors not only has a struggling US business, they also have a successful and very profitable international business, which alone is worth far north of US$26.50. DirecTV is a US Pay-TV operator that is starting to generate significant free cash flow after years of investment and resultant losses. Barclays is a share that we got to know quite well as a result of the bid for Absa and that is very attractively valued in our view, on a P/E of below 9 and a dividend yield of 4%.

It is our view that the rand will continue to depreciate against developed market currencies in the years ahead and with 55% of the fund invested internationally in a mix of equities, bonds and cash, the fund will benefit from this depreciation. In addition, it is our view that the fund holds assets in South Africa that are still significantly undervalued, particularly the industrial equity holdings, and the fund will benefit from the growth in these assets. As a result, we expect the fund to continue to generate annual returns well in excess of inflation over the medium to long term.

Gavin Joubert
Portfolio Manager

CAPE TOWN Tel +27 (21) 680 2000 Fax +27 (21) 680 2500 JOHANNESBURG Tel +27 (11) 775 6400 Fax +27 (11) 775 6486 PRETORIA Tel +27 (12) 460 8334 Website www.coronation.com.

CORONATION OPTIMUM GROWTH FUND
as at 30 June 2005

CORONATION FUND MANAGERS

Fund category	Worldwide Asset Allocation Flexible
Launch date	15 March 1999
Portfolio manager	Gavin Joubert
Fund size	R620.96 million
NAV	2517.99 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	30 Jun 2005	31 Mar 2005
Domestic Assets	45.50%	47.85%
Equity	44.85%	47.89%
Basic Industries	1.96%	2.05%
General Industrials	2.48%	1.97%
Cyclical Services	22.18%	22.07%
Non Cyclical Services	3.56%	4.44%
Financials	12.46%	15.62%
Information Technology	0.69%	0.63%
Specialist Securities	1.52%	1.11%
Cash	0.65%	(0.04%)
International Assets	54.50%	52.15%
Equity	25.79%	19.14%
Fixed Interest	16.03%	27.83%
Cash	12.68%	5.18%

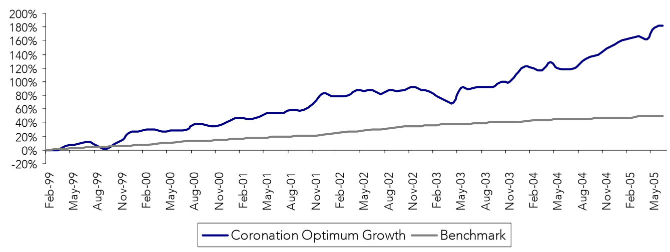
PERFORMANCE & RISK STATISTICS

	Fund	Benchmark
Year to date	10.70%	2.71%
Latest 12 months	29.14%	4.05%
Latest 36 months (annualised)	14.56%	5.17%
Latest 60 months (annualised)	16.90%	6.25%
Since inception (annualised)	18.02%	6.68%
Annual deviation since inception	11.46%	1.46%
Downside deviation	5.62%	0.42%
Sharpe ratio	0.68	N/A
Maximum gain	28.71%	N/A
Maximum drawdown	-11.72%	N/A
Positive months	68.00%	N/A

TOP 10 SHARE HOLDINGS

	% of Fund
Naspers Ltd – N ordinary shares	8.11%
Remgro Ltd	5.61%
Sasol Ltd – ADR	4.26%
VenFin Ltd	4.19%
Telkom SA Ltd	3.56%
Copper Spire Fund	2.80%
Orbis Japan Yen Fund	2.74%
Kagiso Media Ltd	2.68%
Peermont Global Ltd	2.53%
Delta Electrical Industries Ltd	2.48%
Total	38.96%

CUMULATIVE PERFORMANCE SINCE INCEPTION



INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
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
30/09/2003	01/10/2003	12.31	10.60	1.71

ANNUAL RETURNS SINCE INCEPTION

	Fund	Benchmark	Active Return
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%

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Fund 2005	2.48%	1.20%	0.77%	-1.62%	6.58%	1.02%						
B'mark 2005	0.38%	0.08%	1.21%	0.52%	0.30%	0.20%						
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%
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%

CAPE TOWN Tel +27 (21) 680 2000 Fax +27 (21) 680 2500 JOHANNESBURG Tel +27 (11) 775 6400 Fax +27 (11) 775 6486 PRETORIA Tel +27 (12) 460 8334 Website www.coronation.com.