

The Coronation Top 20 Fund appreciated by 12% for the second quarter of 2005. The FTSE/JSE Top 40 Index returned 7% over the same period. Over the 12-month period to 30 June 2005, the fund outperformed the index by more than 11% returning 52.54% against the index return of 41.18%.

The biggest single contribution in the quarter came from Sasol which returned 24% for the quarter. Sasol is currently the largest holding in the fund at 11.5%. The strong share price performance was driven by a strong oil price which recently reached US\$60. While no longer as attractive as it was a year ago, the current share price still reflects no value for Sasol's GTL (Gas-to-Liquids) business. In addition, Sasol has invested R27 billion in capex in the last few years; R10 billion of which is still not contributing to profit. Finally, Sasol does not have a problem with reserve life. Most of the global oil majors have a 10-year reserve life which they are struggling to maintain or extend. By contrast, Sasol's reserve life is 35 years. At a normal oil price of US\$32.50 and a fair value of R7 to the dollar, Sasol is on an 11 PE to June 2006. This is still undemanding for a company of this quality.

Old stalwarts Impala, Tiger Brands and Naspers contributed returns in the mid-teens. Richemont, which we added in the first quarter, similarly rewarded with 15% in the quarter. Netcare was sold as the price appreciated to levels at which we were not prepared to continue buying up to a meaningful holding.

We have started buying Mittal Steel as it has fallen back to more attractive levels due to investor fears about the global steel cycle rolling over.

At our normal steel price assumption of US\$350 per ton and a currency of R7 to the dollar, Mittal Steel is currently on a PE multiple of 6.5 times normal earnings. Over the next two years, a fair amount of cash will be returned to minorities before earnings decline to our normal earnings level; this implies that we are actually paying somewhat less than a 6.5 times PE on normal earnings. Currently Mittal Steel has R13.50 per share on the balance sheet. Assuming this is paid out to investors leaves the business on a 4.8 PE on normal earnings. Furthermore, Mittal Steel is an integrated steel producer as it pays Kumba cost plus 3% for the bulk of its iron ore requirements. Being integrated is a key sustainable competitive advantage in a deeply cyclical business. Finally, Mittal Steel has a de facto monopoly in the South African market. All of this makes for a very compelling buy case as Mr Market gives this valuable company away on fears of near-term earnings momentum.

Although the local market is up around 40% over the last year (Resources – 37.34%, Industrials – 46.28%, Financials – 41.74%) we remain convinced that the 14 shares we are invested in offer significant upside over cash, bonds and international equity markets. We continue to trawl the universe for new opportunities and are happy to wait for them to arise.

**Hugo Nelson & Gavin Joubert**  
Portfolio Managers

# CORONATION TOP 20 FUND

as at 30 June 2005



Fund category	Domestic Equity Large Cap
Launch date	1 October 2000
Portfolio manager	Hugo Nelson & Gavin Joubert
Fund size	R684.97 million
NAV	2901.34 cents
Annual management fee	1.00% (ex VAT)
Performance fee	20% (above benchmark, capped at 2.5% p.a.)

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

## ASSET AND SECTOR ALLOCATION

Sector	30 Jun 2005	31 Mar 2005
<b>Domestic Assets</b>	<b>100.00%</b>	<b>100.00%</b>
<b>Equity</b>	<b>90.01%</b>	<b>93.86%</b>
Resources	18.57%	20.92%
Basic Industries	2.05%	0.00%
Cyclical Consumer Goods	6.97%	3.04%
Non Cyclical Consumer Goods	9.18%	8.68%
Cyclical Services	16.28%	15.68%
Non Cyclical Services	8.97%	10.86%
Financials	27.99%	34.68%
<b>Cash</b>	<b>9.99%</b>	<b>6.14%</b>
<b>International Assets</b>	<b>0.00%</b>	<b>0.00%</b>

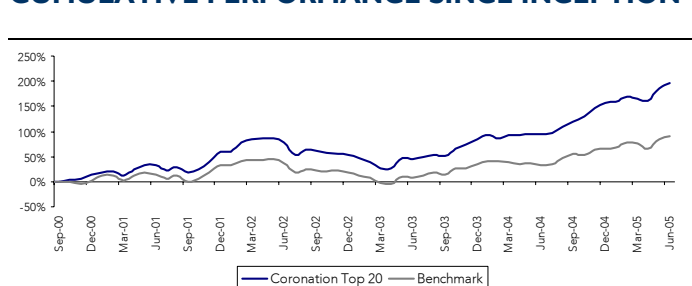
## PERFORMANCE & RISK STATISTICS

	Fund	Benchmark
Year to date	15.61%	14.50%
Latest 12 months	52.71%	43.84%
Latest 36 months (annualised)	18.54%	11.44%
Since inception (annualised)	25.67%	14.47%
Annual deviation since inception	20.02%	21.52%
Sharpe ratio	0.88	0.31
Maximum gain	38.58%	33.26%
Maximum drawdown	-22.28%	-21.54%
Positive months	63.16%	56.14%

## TOP 10 SHARE HOLDINGS

	% of Fund
Sasol Ltd	11.41%
Naspers Ltd – N ordinary shares	10.37%
Remgro Ltd	9.33%
Telkom SA Ltd	8.97%
VenFin Ltd	7.19%
Impala Platinum Holdings Ltd	7.16%
Richemont Securities AG	6.97%
Woolworths Holdings Ltd	5.91%
SABMiller Plc	5.55%
Absa Group Ltd	5.17%
<b>Total</b>	<b>78.03%</b>

## 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	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
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%

## MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Fund 2005	1.15%	3.72%	-1.43%	-1.74%	10.08%	3.36%						
B'mark 2005	1.33%	5.86%	-0.44%	-5.83%	10.55%	2.99%						
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%
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%