

The Coronation Balanced Plus Fund generated a return of 3.59% for the first quarter of 2005. Over the 12-month period to 31 March 2005 the fund, with a return of 32.7%, has convincingly outperformed its benchmark return of 25.6%.

For the first time in more than a year, we introduced international assets to the fund's portfolio. This is largely for diversification reasons and is based on our view that the rand will weaken over the longer term. The fund has a limit of 15% foreign exposure in terms of its mandate and is currently 10.5% exposed to foreign cash.

For the quarter, the All Share Index returned 6%, Financials 1%, Industrials 0% and Resources an impressive 17%. This strong resource outperformance was achieved on the back of a 10% depreciation of the rand/US dollar exchange rate over the quarter, an acceleration in the commodity price cycle, strong operational results from BHP Billiton and iron ore contract settlements that significantly exceeded market expectations. Despite this sudden rotation into resources, it is our view that the commodity cycle is over-extended and bound to pull back in the medium term. Our favoured holdings continue to be Impala Platinum and Sasol and we remain underweight gold shares such as Harmony and Gold Fields.

Financial shares performed well over the quarter and we increased our weightings in Absa and Standard Bank on the back of improved results and a slight de-rating in these share prices. While the level of earnings in these companies is now becoming quite high, medium-term prospects remain good. Amongst the insurers, Metropolitan remains our pick because it trades at a discount to embedded value, despite the fact that it is growing its underlying business very strongly.

The current low level of interest rates, combined with high real wage increases, will continue to drive consumption expenditure. This will provide a strong tailwind for consumer stocks, which have delivered very strong earnings growth for several years now. We believe however that, as good as their prospects are over the next few years, the level of earnings in these companies is now very high. Despite this observation, we continue to find value in Naspers, Woolworths and Pick 'n Pay.

Our favoured industrial stock picks include Tencor, VenFin, Telkom and Tiger Brands. Rand hedge stocks which are fairly priced for the current rand are a great investment opportunity. Examples include Remgro and AECI. We believe that these counters will be big winners should our view that the rand is overvalued, and in overshoot territory, prove correct.

Although the domestic bond market started the year off by extending the rally seen in the second half of 2004, and even reaching record low yields in February, March saw a change in sentiment. The extent of the sell-off in bonds saw the All Bond Index lose 3.7% in that month alone, dragging the overall first quarter performance to -0.3%. The correct duration and curve positioning of the fund's bond exposure resulted in the fund handsomely outperforming the market benchmark by over 1.5% for the first quarter of the year.

The outlook for bonds is still risky given a backdrop of rising South African inflation as well as uncertainty regarding the pace of increase in US interest rates (which will leave higher risk assets such as emerging markets vulnerable). Our investment stance is thus still conservative with an emphasis on low capital risk until bond valuations are more attractive.

The past year has seen exceptional returns from the equity market. Investors should however be cautioned that there is unlikely to be a repeat of previous years' performances. We believe that the value in the market is now less obvious, with the price differential between average and quality companies having narrowed. This has made stock selection and portfolio diversification key.

Louis Stassen & Karl Leinberger
Portfolio Managers

CORONATION BALANCED PLUS FUND

as at 31 March 2005



Fund category	Domestic Asset Allocation Prudential Medium Equity
Benchmark	Composite benchmark (63% equity, 22% bonds, 10% international, 5% cash)
Launch date	15 April 1996
Portfolio manager	Louis Stassen & Karl Leinberger
Fund size	R717.2 million
NAV	2608.37 cents
Annual management fee	1.25% (ex VAT)

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	31 Mar 2005	31 Dec 2004
Domestic Assets	89.52%	100.00%
Equity	71.73%	72.28%
Resources	12.89%	12.99%
Basic Industries	1.78%	1.84%
General Industrials	0.73%	0.79%
Cyclical Consumer Goods	2.59%	2.57%
Non Cyclical Consumer Goods	9.68%	9.03%
Cyclical Services	14.06%	14.23%
Non Cyclical Services	5.73%	5.47%
Financials	24.23%	24.34%
Information Technology	0.40%	0.49%
Futures	(0.36%)	0.53%
Listed Property	1.07%	1.17%
Fixed Interest	9.64%	9.82%
Cash	7.08%	16.73%
International Assets	10.48%	0.00%
Equity	0.00%	0.00%
Cash	10.48%	0.00%

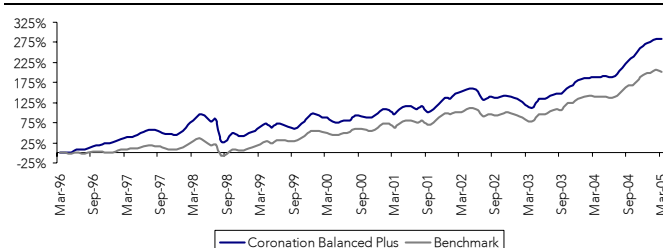
TOP 10 SHARE HOLDINGS

	% of Portfolio
Standard Bank Group Ltd	5.55%
Naspers Ltd – N ordinary shares	5.20%
Remgro Ltd	4.96%
Impala Platinum Holdings Ltd	4.48%
VenFin Ltd	4.41%
SABMiller plc	4.32%
Telkom SA Ltd	4.26%
Sasol Ltd	3.37%
Absa Group Ltd	2.80%
Tiger Brands Ltd	2.76%

RISK STATISTICS

	Fund	Benchmark
March 2005	-0.24%	-1.66%
YTD	3.60%	2.55%
Annual return since inception	16.19%	13.24%
Annual deviation since inception	17.35%	15.39%
Sharpe ratio	0.28	0.09
Maximum gain	57.74%	29.32%
Maximum drawdown	-29.84%	-23.24%
Positive months	66.67%	62.04%

PERFORMANCE SINCE INCEPTION



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%

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

MONTHLY PERFORMANCE RETURNS FOR THE LAST THREE YEARS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Fund 2005	1.24%	2.58%	-0.24%									
B'mark 2005	0.93%	3.32%	-1.66%									
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%
Fund 2003	-2.21%	-2.66%	-6.11%	0.53%	8.89%	0.70%	3.59%	1.50%	-0.32%	5.85%	3.23%	4.30%
B'mark 2003	-2.17%	-2.61%	-4.92%	0.70%	8.96%	0.05%	3.73%	2.47%	-0.68%	6.73%	1.10%	4.30%

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.

Unit trusts should be considered a medium- to long-term investment. The value of units may go down as well as up. Past performance is not necessarily an indication of future performance. Unit trusts are traded at ruling prices and can engage in scrip lending and borrowing. Fluctuations or movements in exchange rates may cause the value of underlying investments to go up or down. Instructions must reach the Management Company before 2pm (12pm for the Money Market Fund) to ensure same day value. Commission and incentives may be paid, and if so, are included in the overall costs. Forward pricing is used. Figures quoted are from Micropal as at 31 March 2005 for a lump sum investment using NAV prices with income distributions reinvested. This is for internal use only as this does not comply with the Code of Practice for Advertising of Unit Trusts.