

For the first quarter of 2005 the Coronation Capital Plus Fund appreciated by 2.47%, and for the one year ended 31 March 2005, the fund has returned 22.4%, which is some 15% ahead of its return objective of inflation plus 4% (which has been 7.7% for the period, with CPIX running at 3.7%).

A significant contributor to the fund's performance has been the equity selection, with several of the fund's holdings producing total returns over the past 12 months of more than 50%. These include Metropolitan Holdings (+67%), Absa (+67%), Naspers (+63%), Standard Bank (+55%), Sasol (+54%) and Primedia (+50%). The fund has slowly been reducing equity exposure as a result of continued appreciation of the equity market. Although equities remain to be the most attractive asset class in our view, the risks have undoubtedly increased as valuation multiples have expanded. Equity exposure is currently at around 40% and we are comfortable with this level, particularly given that 20% of the equity exposure is hedged. Over the past few months, we bought additional FINDI (Financial & Industrial Index) put options and the fund is now in the situation where half of the hedge position is in FINDI put options and the other half in ALSI put options. As the fund's long equity exposure is predominantly in financial and industrial stocks, the FINDI instruments provide a more appropriate hedge to the fund's long position. Over and above this protection, we feel that all of the stocks that are held by the fund are still undervalued and offer good downside protection.

Very few changes were made to the portfolio over the past few months. On the equity side, we sold the fund's entire holding in Aspen after enjoying close to a doubling in the share price since the fund bought its stake. Aspen is a good business and its superior earnings growth may well continue some time into the future. However, as always, valuation is as important to us as the nature of the business and, in the case of Aspen, the share is now valued on a one-year forward P/E multiple of around 14 and we feel that this valuation more than captures future growth prospects. When a share is trading on a multiple at these levels any disappointment will result in a significant de-rating and corresponding loss of capital.

We also continued to reduce the fund's life assurance holdings in the form of African Life, Metropolitan and Sanlam. The life assurance sector has enjoyed a significant re-rating since we started buying these stocks over two years ago and whilst we believe that the sector is still undervalued, they are getting closer to our estimation of fair value.

On the buying side, we added slightly to three of the fund's core holdings: Naspers, Remgro and Sasol, all of which we believe are still significantly undervalued. The only new purchases were relatively small positions in Johnnic Communications, Johnnic Holdings and Mvelaphanda Group. We continue to believe that media assets are great assets and that the sector offers some of the most undervalued opportunities in the domestic equity market and the Johnnic Communications (JCM) purchase reflects this view. JCM holds stakes in M-Net SuperSport and Caxton and also owns several other smaller media assets including The Sunday Times and Exclusive Books. We hold the view that this basket of media assets is of above-average quality and are worth around R50, yet the fund was able to buy these shares at around R35. Media holdings now make up 6% of the total fund in the form of positions in Naspers, Primedia, Kagiso Media and Johnnic Communications.

The fund's property weighting was maintained at around 6% of the total fund. We still have a preference for listed property stocks over bonds, but hold the view that it has become very important to be selective with regards to individual property stocks given that several stocks are now trading on yields of less than 9.5%. We added slightly to our bond position, purchasing some R157's as the domestic bond market experienced a de-rating in the month of March. We still hold the view that government bonds are overvalued and, as such, will wait patiently for the opportunity to increase this exposure rather than put capital at risk. Given our view that the rand is overvalued and will depreciate over time, we also took additional cash offshore and the fund's international weighting is now at the maximum level of 15% of the total fund.

Given the current structure of the fund, we believe that it is well positioned to generate its target return of inflation plus 4%, whilst at the same time having a very low probability of losing capital over any rolling 12-month period.

Edwin Schultz & Gavin Joubert
Portfolio Managers

Fund category	Domestic Asset Allocation Targeted Absolute and Real Return
Benchmark	CPIX
Performance fee hurdle	CPIX + 4%
Launch date	2 July 2001
Portfolio manager	Edwin Schultz & Gavin Joubert
Fund size	R727.8 million
NAV	1590.91 cents
Annual management fee	1.25% (ex VAT)
Performance fee	10% (above hurdle, capped at 1.5% p.a.)

Fund description

Focused on the preservation of capital over all rolling 12-month periods. Over the medium term, the objective is to produce real growth of at least 4% per annum.

ASSET AND SECTOR ALLOCATION

Sector	31 Mar 2005	31 Dec 2004
Domestic Assets	84.63%	86.59%
Equity	40.40%	39.65%
Resources	5.67%	5.20%
Basic Industries	1.82%	2.52%
General Industrials	0.54%	0.58%
Cyclical Consumer Goods	0.74%	0.68%
Non Cyclical Consumer Goods	2.80%	4.19%
Cyclical Services	11.83%	10.48%
Non Cyclical Services	3.75%	3.92%
Financials	13.03%	14.68%
Information Technology	0.46%	0.60%
Specialist Securities	1.21%	0.27%
Futures	(1.45%)	(3.47%)
Listed Property	5.89%	6.72%
Fixed Interest	11.23%	10.24%
Cash	27.11%	29.98%
International Assets	15.37%	13.41%
Equity (hedged)	7.58%	7.74%
Cash	7.79%	5.67%

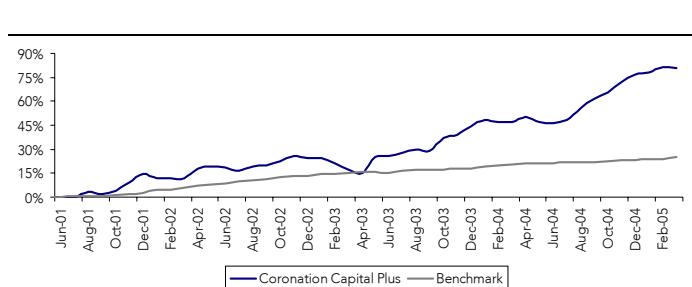
TOP 10 SHARE HOLDINGS

	% of Portfolio
Naspers Ltd – N ordinary shares	3.30%
Telkom SA Ltd	3.21%
Remgro Ltd	3.19%
Sasol Ltd	3.16%
VenFin Ltd	3.08%
Growthpoint Properties Ltd	2.03%
Impala Platinum Holdings Ltd	1.96%
Primedia Ltd – N ordinary shares	1.88%
Metropolitan Holdings Ltd	1.39%
Woolworths Holdings Ltd	1.35%

RISK STATISTICS

	Fund	Benchmark
March 2005	-0.18%	1.20%
YTD	2.47%	1.74%
Annual return since inception	17.15%	6.15%
Annual deviation since inception	8.67%	1.56%
Downside deviation	4.18%	0.42%
Sharpe ratio	0.81	N/A
Maximum gain	23.67%	45.17%
Maximum drawdown	-8.20%	N/A
Positive months	64.44%	86.67%

PERFORMANCE SINCE INCEPTION



ANNUAL RETURNS SINCE INCEPTION

	Fund	Benchmark	Active Return
2004	22.49%	4.29%	18.20%
2003	15.93%	4.05%	11.89%
2002	8.30%	10.50%	-2.20%
2001	14.81%	2.53%	12.29%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31/03/2005	01/04/2005	6.67	1.20	5.29
31/12/2004	02/01/2005	0.94	0.21	0.71
30/09/2004	01/10/2004	10.35	4.66	5.69
30/06/2004	01/07/2004	7.11	2.07	5.02

MONTHLY PERFORMANCE RETURNS FOR THE LAST THREE YEARS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Fund 2005	0.77%	1.87%	-0.18%									
B'mark 2005	0.46%	0.08%	1.20%									
Fund 2004	2.72%	-0.82%	0.25%	2.05%	-2.04%	-0.42%	1.08%	4.87%	4.00%	2.35%	4.24%	2.43%
B'mark 2004	1.11%	0.55%	0.62%	0.31%	0.08%	0.23%	0.31%	-0.15%	0.31%	0.46%	0.61%	0.23%
Fund 2003	-0.03%	-2.55%	-3.47%	-1.25%	8.28%	0.51%	1.95%	1.17%	-0.24%	6.03%	1.38%	3.71%
B'mark 2003	0.99%	-0.08%	1.06%	0.32%	0.00%	-0.32%	1.05%	0.40%	0.24%	0.00%	0.24%	0.08%