

The Coronation Capital Plus Fund returned 8.0% for the quarter, bringing the return for the year to date to 16.8%, and for the one year to 30 September to 27.6%. This return is well in excess of the funds return objective of inflation plus 4%, but importantly has been achieved without taking undue risk in the fund. In line with our philosophy, this return was achieved within strict risk parameters, in line with our objective of capital protection over a one year period.

Equity exposure averaged around 40% over the quarter, with 20% of this exposure being hedged through the derivative market for the whole period, implying that a further 8% of the total portfolio was protected from any significant declines in the equity market.

Equity selection continued to be very good, with continued strong contributions from the larger holdings such as Sasol, Naspers, Implats, Woolworths and Primedia. Some of the smaller holdings also contributed significantly to performance, with strong contributions from Spar, Sun International and BJM. BJM increased by more than 40% over the quarter, on the back of improved JSE trading volumes, the unwinding of onerous investment structures and the settlement of the ITI dispute. These and other factors contributed to better visibility on the underlying NAV of the business, and thus limited downside in the business going forward.

In line with our long-term focus, there were no significant transactions over the quarter, apart from increasing our exposure to core holdings such as Implats, Remgro and Woolworths. The one holding we sold out of, on the back of a strong performance, was Consol. While we continue to believe that it is an attractive business with excellent management, we believe the valuation is quite full at current levels, and no longer provides the required downside protection to the fund.

We continue to believe that bonds are overvalued, and consequently remain positioned with very low exposure to long-term bonds. The All Bond Index returned a disappointing 1.1% over the quarter, less than the return on cash of 1.8%. We retained our exposure to inflation-linked bonds, which benefited from a further decline in real yields, and a positive inflation carry relative to cash.

Listed property continued to do well, and we still prefer this exposure to long bonds going forward. Valuations of listed property have however become more demanding, and we will remain positioned with below-average exposure around 5% of the total portfolio. We are very selective in terms of our picks in the sector at this stage of the cycle, and are positioned in the companies which we believe have superior quality properties with more sustainable rental streams and growth prospects through the cycle. We have reduced exposure to Growthpoint which has performed very well, but we believe is now fully priced at current levels.

The rand strengthened by a further 5% against the dollar over the quarter, providing a headwind to the international component of the portfolio. We will continue to run as close to the maximum 15% global exposure as possible at the current levels of the exchange rate.

Going forward we believe the fund is well positioned to generate its return objective of inflation plus 4% with a low probability of losing capital over a 12-month period. Cash levels in the fund are currently quite high, and we will remain patient in waiting for better value to emerge in other asset classes before we deploy this cash.

**Edwin Schultz & Gavin Joubert**  
Portfolio Managers

Fund category	Domestic Asset Allocation Targeted Absolute and Real Return
Launch date	2 July 2001
Portfolio manager	Edwin Schultz & Gavin Joubert
Fund size	R1.25 billion
NAV	1784.11 cents
Annual management fee	1.25% (ex VAT)
Performance fee	10% (above hurdle, capped at 1.5% p.a.)

Benchmark	CPIX
Performance fee hurdle	CPIX + 4%
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	30 Sep 2005	30 Jun 2005
<b>Domestic Assets</b>	<b>86.25%</b>	<b>85.30%</b>
<b>Equity</b>	<b>41.18%</b>	<b>42.71%</b>
Resources	6.92%	6.24%
Basic Industries	1.23%	1.52%
General Industrials	0.38%	0.54%
Cyclical Consumer Goods	1.12%	1.39%
Non Cyclical Consumer Goods	3.42%	3.88%
Cyclical Services	12.74%	12.60%
Non Cyclical Services	3.03%	3.82%
Financials	11.30%	12.50%
Information Technology	0.35%	0.42%
Specialist Securities	1.81%	2.04%
Futures	(1.12%)	(2.24%)
<b>Listed Property</b>	<b>4.32%</b>	<b>5.10%</b>
<b>Fixed Interest</b>	<b>7.16%</b>	<b>7.74%</b>
<b>Cash</b>	<b>33.59%</b>	<b>29.75%</b>
<b>International Assets</b>	<b>13.75%</b>	<b>14.70%</b>
<b>Equity</b>	<b>3.49%</b>	<b>0.37%</b>
<b>Cash</b>	<b>10.26%</b>	<b>14.33%</b>

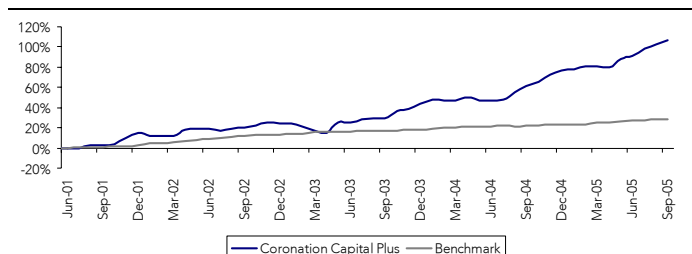
### PERFORMANCE & RISK STATISTICS

	Fund	Benchmark
Latest 12 months	27.62%	4.87%
Latest 36 months (annualised)	19.78%	4.66%
Since inception (annualised)	18.56%	5.95%
Annual deviation since inception	8.42%	1.52%
Downside deviation	4.10%	0.38%
Sharpe ratio	1.04	N/A
Maximum gain	23.67%	N/A
Maximum drawdown	-8.20%	N/A
Positive months	66.67%	N/A

### TOP 10 SHARE HOLDINGS

As at 30 September 2005	% of Fund
Sasol Ltd	3.56%
Naspers Ltd – N Ordinary Shares	3.51%
Remgro Ltd	3.37%
Impala Platinum Holdings Ltd	3.22%
Venfin Ltd	3.10%
Telkom SA Ltd	2.63%
CF Morant Wright Japan Fund	2.28%
Woolworths Ltd	2.13%
Primedia Ltd – N Ordinary Shares	2.09%
Bidbee Ltd	1.62%
<b>Total</b>	<b>27.51%</b>

### CUMULATIVE PERFORMANCE SINCE INCEPTION



### INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30/09/2005	01/10/2005	16.07	5.83	10.24
30/06/2005	01/07/2005	19.74	7.97	11.77
31/03/2005	01/04/2005	6.67	1.20	5.29
31/12/2004	02/01/2005	0.94	0.21	0.71

### 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

### PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Fund 2005	0.77%	1.87%	-0.18%	-0.46%	4.50%	1.45%	3.85%	1.87%	2.08%				16.78%
B'mark 2005	0.46%	0.08%	1.06%	0.52%	0.22%	-0.22%	1.04%	0.37%	0.40%				3.99%
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%	22.49%
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%	4.29%