

Equity markets in the third quarter delivered a phenomenal return with nearly all stocks in the top 150 delivering positive returns. The clear winning sector was the resource sector where renewed excitement about commodity prices saw local and foreign investors buying commodity shares aggressively. Concerns around the oil price, the impact of the various hurricane disasters in the US and both of these external shocks on the global economy also saw a surge in the gold price and exponential movements in the gold shares. Despite this, domestic-oriented shares still delivered decent returns for the quarter, driven mainly by strong earnings growth.

The Coronation Equity Fund delivered a phenomenal 17.6% in the quarter driven by strong returns from our stock picks. This was however behind the 19.2% return from the All Share Index for the quarter. Our large underweight in Anglo American (up 18% in September alone!) and underweight in Billiton counted against us during this quarter as they were both up in excess of 21% for the quarter. In addition, gold shares also had a strong run, up on average 22% for the quarter, and once again we have a significant underweight here. It bears repeating that we are long-term investors who identify businesses that represent value in the medium to long term. Our view, which remains consistent, is that the resource shares are pricing in very optimistic forecasts of metal prices which are well above their long-term means. We continue to be underweight most of these companies. We did however benefit handsomely from our positions in Impala and Sasol which also did well during the quarter.

During the quarter we took advantage of price movements to add to our holdings in Remgro and SABMiller. These are two excellent businesses which are great investments on their own merits and also add an element of currency protection. We also added further to our holding in Woolworths which has since continued to perform superbly as the quality of the underlying businesses becomes evident. Finally we took up a position in the Liberty Group using weakness surrounding some adverse publicity to buy into a business geared to the equity markets, yet not reflecting the strong run that has recently taken place in equities.

The fund has had an excellent year to date and remains comfortably in the top quartile of general equity funds. This longer term performance is generated by taking large positions in companies which we believe are fundamentally undervalued. Such a strategy does not deliver smooth returns from month to month, but typically over a cycle delivers significant outperformance. We believe the fund continues to be well positioned to deliver such returns over the medium to long term. Equity as an asset class remains our preferred asset class and we expect to continue to deliver real returns over our investment horizon.

Neville Chester & Charles de Kock
Portfolio Managers

Fund category	Domestic Equity General
Launch date	15 April 1996
Portfolio manager	Neville Chester & Charles de Kock
Fund size	R1.4 billion
NAV	4289.75 cents
Annual management fee	1.25% (ex VAT)

Benchmark	FTSE/JSE Capped All Share Index Capped at 10%
Fund description	An emphasis on active stock selection with the aim of being fully invested in domestic equities at all times.

ASSET AND SECTOR ALLOCATION

Sector	30 Sep 2005	30 Jun 2005
Domestic Assets	100.00%	100.00%
Equity	96.43%	95.78%
Resources	14.13%	14.19%
Basic Industries	3.02%	3.33%
General Industrials	1.24%	1.62%
Cyclical Consumer Goods	3.99%	3.16%
Non Cyclical Consumer Goods	11.58%	11.86%
Cyclical Services	25.71%	25.33%
Non Cyclical Services	8.28%	8.55%
Financials	27.36%	27.74%
Information Technology	0.16%	0.00%
Futures	0.96%	0.00%
Listed Property	1.95%	0.00%
Cash	1.62%	4.22%
International Assets	0.00%	0.00%

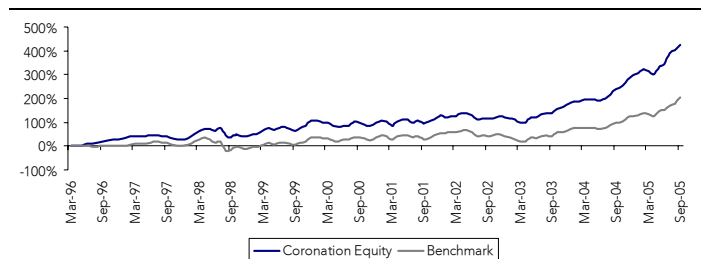
PERFORMANCE & RISK STATISTICS

	Fund	Benchmark
Latest 12 months	55.32%	51.80%
Latest 36 months (annualised)	34.46%	28.79%
Latest 60 months (annualised)	21.57%	17.68%
Since inception (annualised)	19.17%	12.31%
Annual deviation since inception	17.00%	21.63%
Sharpe ratio	0.48	0.10
Maximum gain	47.40%	37.58%
Maximum drawdown	-20.49%	-31.35%
Positive months	65.49%	59.29%

TOP 10 SHARE HOLDINGS

As at 30 September 2005	% of Fund
Standard Bank Group	6.49%
Remgro Ltd	6.38%
Naspers Ltd – N Ordinary Shares	6.22%
Sasol Ltd	5.91%
SABMiller Plc	5.49%
Telkom SA Ltd	5.27%
Firstrand Ltd	4.56%
Woolworths Ltd	4.11%
Richemont Securities AG	3.99%
Impala Platinum Holdings Ltd	3.14%
Total	51.56%

CUMULATIVE PERFORMANCE SINCE INCEPTION



INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30/09/2005	01/10/2005	72.44	69.72	2.72
31/03/2005	01/04/2005	26.89	24.59	2.30
30/09/2004	01/10/2004	36.48	33.75	2.73
31/03/2004	01/04/2004	37.36	34.03	3.30

ANNUAL RETURNS SINCE INCEPTION

	Fund	Benchmark	Active Return
2004	42.87%	33.90%	8.98%
2003	25.33%	18.24%	7.08%
2002	-2.90%	-8.55%	5.65%
2001	16.41%	15.91%	0.50%
2000	-4.76%	-1.99%	-2.77%
1999	45.92%	53.25%	-7.33%
1998	12.24%	-11.32%	23.59%
1997	-1.91%	1.39%	-3.31%

PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Fund 2005	2.09%	4.21%	-2.31%	-2.36%	7.10%	3.55%	9.62%	2.17%	4.98%				32.32%
B'mark 2005	0.78%	4.26%	-0.88%	-4.98%	9.63%	3.06%	7.19%	2.11%	9.82%				34.41%
Fund 2004	3.71%	0.00%	1.72%	0.47%	-0.29%	-0.53%	2.14%	6.54%	6.40%	4.83%	7.41%	4.25%	42.87%
B'mark 2004	4.58%	0.46%	-0.32%	-1.07%	0.32%	-1.61%	1.54%	7.65%	6.06%	1.41%	8.55%	2.60%	33.90%