

The Coronation Optimum Growth Fund has appreciated by 18.9% year to date. This return has come largely from some of the fund's bigger SA equity positions (in particular Naspers and Sasol) as well as from international equities, both the individual positions and the holdings in offshore funds. The impact of the rand on performance has been slightly positive. Over the one-year period to 30 September 2005, the fund has returned 28.3%, which is almost 20% ahead of its return objective of CPIX plus 5% (which has been around 9% for the past 12 months, with inflation running at 4%).

The broad asset allocation of the fund was not significantly altered during the quarter and currently 52% of the fund is invested in international assets and 48% in South African assets. We still believe that South African equities remain the most attractive asset class locally (with government bonds being overvalued and decreasing investment opportunities being available in listed property, from a valuation perspective) and, as a result, most of the fund's local cash is deployed in equities, mainly industrials. However, a few of the fund's SA equity holdings are starting to approach fair value and at the same time we are finding very few new investment ideas that provide an appropriate margin of safety. As a result, the fund has been a net seller of SA equities and the SA equity exposure of the fund is now at 42% compared to 45% at the end of June.

The fund sold out of AECI and Paracon and reduced the Telkom position, all on valuation grounds. The only new purchase was an increase in the Woolworths position which now makes up 2.5% of the fund. We believe that the Woolworths food business is an excellent business, with a dominant position in the top end of the food market, a strong brand and resultant pricing power, high barriers to entry through established R&D and store network, a growth profile through continued store roll-out and ROE's north of 70%. The clothing business, on the other hand, is a reasonable business but the current underperformance of this business provides optionality in our view, and we have a high regard for management and their ability to turn this business around. The stock also offers a very attractive dividend yield of over 5% looking out one year.

The fund made a few new purchases on the international equity side with the result that the international equity exposure is now 30%, resulting in overall equity exposure of the fund of just over 70%. Our view throughout the year has been that whilst US equity markets are not attractive from a valuation point of view, the European and Asian equity markets are providing some very attractive buying opportunities and the most recent purchases reflect this view.

In this regard, the fund initiated a 1% position in China Telecom (Hong Kong listing) after returning from a research trip to China with a very positive long-term view of this country, in particular the Chinese consumer. China Telecom provides ideal exposure to the emerging Chinese consumer and, in our view, is very attractively valued, trading not far north of book value, a single digit P/E multiple and dividend yield of around 3%.

The fund also increased its Japanese exposure through buying units in the Morant Wright Japan Fund after meeting with this manager in London a few months ago. The Japanese equity exposure is now 4.5% of the total fund, at this point all held through underlying managers. This exposure is likely to increase over time given the attractiveness of Japanese stocks, several of which have net cash on their balance sheets which represent 30% or more of respective current market capitalisations.

With regards to European equity exposure the fund bought Nestlé (1.2% of fund), the Swiss-based global branded food company, and increased exposure to France Telecom (2.5% of fund), the French telecommunications incumbent. Nestlé, at time of purchase, was bought on a P/E multiple of 12 for the branded food business (excluding the group's listed holdings in L'Oreal and Alcon). We consider this to be a very attractive multiple for a business that owns some of the best global food brands including Nestlé, Nescafé and Maggi, has global market leadership in 10 categories including coffee, chocolate and mineral water and generates 30% of its sales from high growth emerging markets. France Telecom, in our view, is one of the cheapest stocks in Europe, trading on a price/free cash flow multiple of 8 and offering a dividend yield of around 5%. This business does have a declining domestic fixed-line business, but it also has a growing mobile business (in France, UK and Spain predominantly) which contributes over half of the group's free cash flow, yet the stock is being priced as a pure fixed-line business and not a hybrid fixed-line/mobile group.

Given the current portfolio composition, particularly the SA industrial stocks as well as the international equity exposure focused in Europe and Asia, it is our view that the fund is well positioned to continue to achieve returns well in excess of inflation over the long term.

Gavin Joubert
Portfolio Manager

Fund category	Worldwide Asset Allocation Flexible
Launch date	15 March 1999
Portfolio manager	Gavin Joubert
Fund size	R677.2 million
NAV	2706.14 cents
Annual management fee	1.00% (ex VAT)
Performance fee	15% (above hurdle, capped at 2,5% p.a.)

Benchmark	CPIX
Performance fee hurdle	CPIX + 5%
Fund description	Aims to deliver long-term growth by investing in a combination of local and international investments across all asset classes.

ASSET AND SECTOR ALLOCATION

Sector	30 Sep 2005	30 Jun 2005
Domestic Assets	48.43%	45.50%
Equity	42.44%	44.85%
Basic Industries	0.00%	1.96%
General Industrials	2.26%	2.48%
Cyclical Services	24.26%	22.18%
Non Cyclical Services	2.58%	3.56%
Financials	11.82%	12.46%
Information Technology	0.00%	0.69%
Specialist Securities	1.52%	1.52%
Listed Property	0.86%	0.00%
Cash	5.13%	0.65%
International Assets	51.57%	54.50%
Equity	29.37%	25.79%
Fixed Interest	12.84%	16.03%
Cash	9.36%	12.68%

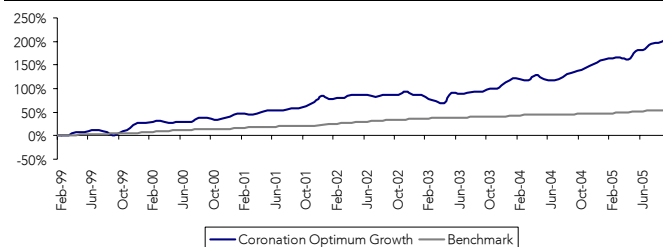
PERFORMANCE & RISK STATISTICS

	Fund	Benchmark
Latest 12 months	28.31%	5.09%
Latest 36 months (annualised)	17.68%	4.84%
Latest 60 months (annualised)	17.04%	6.16%
Since inception (annualised)	18.81%	6.65%
Annual deviation since inception	11.29%	1.46%
Downside deviation	5.62%	0.38%
Sharpe ratio	0.75	N/A
Maximum gain	28.71%	N/A
Maximum drawdown	-11.72%	N/A
Positive months	69.23%	N/A

TOP 10 SHARE HOLDINGS

As at 30 September 2005	% of Fund
Naspers Ltd – N Ordinary Shares	10.03%
Remgro Ltd	6.22%
Sasol Ltd – ADR	5.34%
Venfin Ltd	4.21%
Peermont Global Ltd	2.69%
Woolworths Ltd	2.68%
Kagiso Media Ltd	2.59%
Telkom SA Ltd	2.58%
Primedia Ltd – N Ordinary Shares	2.54%
France Telecom SA	2.53%
Total	41.41%

CUMULATIVE PERFORMANCE SINCE INCEPTION



INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30/09/2005	01/10/2005	0.00	0.00	0.00
31/03/2005	01/04/2005	0.00	0.00	0.00
30/09/2004	01/10/2004	0.00	0.00	0.00
31/03/2004	01/04/2004	10.97	9.61	1.36

ANNUAL RETURNS SINCE INCEPTION

	Fund	Benchmark	Active Return
2004	19.54%	4.44%	15.10%
2003	13.37%	4.21%	9.15%
2002	2.12%	10.50%	-8.38%
2001	30.55%	6.52%	24.03%
2000	11.61%	8.21%	3.40%
1999	26.15%	5.20%	20.94%

PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Fund 2005	2.48%	1.20%	0.77%	-1.62%	6.58%	1.02%	4.34%	1.14%	1.84%				18.97%
B'mark 2005	0.38%	0.08%	1.21%	0.52%	0.30%	-0.15%	0.96%	0.44%	0.40%				4.21%
Fund 2004	4.64%	-1.48%	-1.26%	5.48%	-3.65%	-0.95%	0.74%	4.88%	2.38%	1.70%	3.58%	2.38%	19.54%
B'mark 2004	1.19%	0.55%	0.62%	0.23%	0.08%	0.39%	0.31%	-0.15%	0.31%	0.46%	0.61%	0.23%	4.44%