

The final quarter of 2006 was another impressive quarter for SA equities. Markets around the world shrugged off the volatility experienced in May/June and in South Africa market participants began looking through the tightening rate cycle to what was actually happening in the underlying economy. Domestic stocks which had underperformed up until this point came back strongly vindicating the fund's overweight position in these shares. For the quarter the FTSE/JSE All Share Index delivered 11.8%, rounding off another enormous year of 41.2%. The Coronation Equity Fund delivered 18.45% for the quarter which was a very pleasing way to end off the year.

The domestic sectors where the fund had large exposures and which performed extremely well during the quarter were media, telecommunications and banks. These were all aided by the strengthening rand which retraced from its oversold position to a more normal level. At the same time, towards the end of the year, fears of a vicious interest rate cycle were allayed by improving inflation data implying that interest rates were nearing a peak and that the consumer has not been badly affected. We have also seen the first cracks starting to appear in the resource bull market story. Commodity prices have started coming under pressure as inventories have started building up and speculators realise that without continually rising prices they do not stand to make any returns. Specific commodities, like platinum, where we do believe in the long term fundamentals have held up, but many base metals are looking weak and this has reflected in the share prices of some of the big diversifieds. We expect this to continue in 2007.

The outlook for the year remains fairly benign. The economy is performing well and barring any external shocks we should shortly see the end of the rising interest rate cycle. This should enable growth to continue at fairly high levels which will be positive for all facets of the economy. This had started to be factored into the price of equities in the last quarter of 2006, making the return outlook for equities in 2007 less clear. Relative to other emerging markets South Africa still looks fairly cheap, but this needs to be followed through with earnings growth. All indications are that earnings will come through strongly in key sectors.

Our largest exposures continue to be to domestic stocks, although we have started using some of the weakness in certain commodity shares to add to these holdings where we have seen value starting to emerge. We remain convinced that our approach will continue to deliver outperformance over the medium- to long-term investment horizon.

Neville Chester
Portfolio Manager

Fund category	Domestic Equity General
Launch date	15 April 1996
Portfolio manager	Neville Chester
Fund size	R1.7 billion
NAV	5932.83 cents
Annual management fee	1.25% (ex VAT)

Benchmark	FTSE/JSE Shareholders Weighted All Share Index
Fund description	An emphasis on active stock selection and will remain fully invested in domestic equities at all times.

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Dec 2006
Domestic Assets	100.00%
Equity	97.66%
Oil & Gas	6.51%
Basic Materials	19.48%
Industrials	3.97%
Consumer Goods	8.27%
Healthcare	2.84%
Consumer Services	28.53%
Telecommunications	6.75%
Financials	19.91%
Derivatives	1.40%
Real Estate	0.04%
Cash	2.30%
International Assets	0.00%

TOP 10 HOLDINGS

As at 31 December 2006	% of Fund
Standard Bank Group Ltd	8.53%
Naspers Ltd – N ordinary shares	7.89%
Impala Platinum Holdings Ltd	6.62%
Sasol Ltd	6.51%
Woolworths Ltd	5.02%
BHP Billiton Plc	4.70%
Richemont Securities AG	4.17%
Edgars Consolidated Stores Ltd	4.11%
Tekom SA Ltd	4.03%
Absa Group Ltd	3.64%
Total	55.22%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30/09/2006	01/10/2006	77.65	76.61	1.04
31/03/2006	01/04/2006	59.63	58.09	1.54
30/09/2005	01/10/2005	72.44	69.72	2.72
31/03/2005	01/04/2005	26.89	24.59	2.30

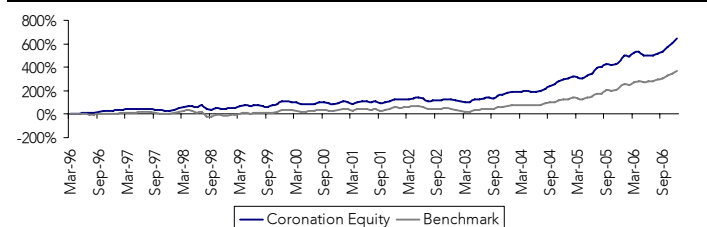
MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2006	8.44%	-1.14%	4.59%	1.97%	-5.11%	-0.38%	-0.10%	3.44%	1.74%	7.21%	4.28%	5.95%
B'mark 2006	9.07%	-2.31%	6.94%	2.64%	-4.46%	1.53%	-0.86%	5.12%	2.09%	5.40%	3.70%	5.57%
Fund 2005	2.09%	4.21%	-2.31%	-2.36%	7.10%	3.55%	9.62%	2.17%	4.98%	-1.82%	2.07%	7.12%
B'mark 2005	0.78%	4.26%	-0.88%	-4.98%	9.63%	3.06%	7.19%	2.11%	9.82%	-2.46%	2.18%	8.13%

PERFORMANCE AND RISK STATISTICS

	Fund	Benchmark
Year to date	34.59%	39.27%
Latest 12 months	34.59%	39.27%
Latest 36 months (annualised)	39.87%	39.27%
Latest 60 months (annualised)	27.19%	23.91%
Since inception (annualised)	20.84%	15.09%
Annual deviation since inception	16.59%	20.91%
Sharpe ratio	0.52	0.13
Maximum gain	47.40%	37.58%
Maximum drawdown	-20.49%	-31.35%
Positive months	65.63%	60.94%

CUMULATIVE PERFORMANCE SINCE INCEPTION



ANNUAL RETURNS SINCE INCEPTION

	Fund	Benchmark	Active Return
2005	42.04%	44.86%	-2.82%
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%