

The Coronation Capital Plus Fund produced a return of 28.1% for the one-year period ended 31 March 2006. This is well ahead of its return objective of inflation plus 4% (which has been 8% for the period, with CPIX running at around 4%), but importantly has been achieved without taking undue risk in the fund and with an average equity exposure of around 40%. In line with our philosophy, this return was achieved within strict risk parameters and our objective of capital protection over a one-year period. The three-year annualised return of the fund is now 25.6% per annum.

South African equity markets continued to perform very strongly in the first few months of 2006 and the All Share Index is up 13.3% year to date, driven largely by a commodity boom and the resultant impact on resource shares. We hold the view that most of the resource shares are pricing in current commodity prices, which are well above what we would consider to be a normal level, and as a result these shares are overvalued. Consequently only 8% of the fund is invested in commodity shares, all of this in the Sasol and Impala Platinum positions which we believe are still undervalued, notwithstanding the fact that both of these shares have doubled over the past year.

During the past few months we increased the fund's position in Sasol when a buying opportunity was presented after the announcement of a potential windfall tax. We believe that our valuation of Sasol is relatively conservative, using a long-term oil price of US\$32 and ZAR/US\$ rate of 7. These inputs provide a fair value of R250 compared to the current share price of around R220. The windfall, or superprofits, tax is by definition intended to become payable when the company is making superprofits, as a result of high oil prices. If the normal oil price is closer to US\$40 than US\$30, bearing in mind that the current oil price is US\$60, then our valuation would increase to a level closer to R300 a share and this would, in all probability, comfortably offset the negative impact of any windfall tax. If the long-term oil price is indeed US\$32, then it is very unlikely that a windfall tax would be triggered, and our valuation of R250 would be intact.

We continue to believe that in general terms the industrial and financial areas of the market are offering more value than resources and, as a result, the equity portion of the portfolio is concentrated in these areas. Naspers continues to be one of the fund's largest holdings and is the cheapest Pay-TV stock globally, trading at half the valuation level of most Pay-TV stocks whilst at the same time having a much stronger competitive position in the markets in which it operates when compared with its global peers. The South African, African and Greek Pay-TV businesses of Naspers provide over 70% of the group's free cash flow. Naspers currently trades on a price/free cash flow multiple of around 12 using normalised free cash flows, whereas DirectTV and BSkyB, the US and UK equivalents to MultiChoice (Naspers' SA and Africa Pay-TV business) trade on multiples of 17 and 20 respectively.

We believe that the large equity market moves, in particular over the past few months, have been driven largely by momentum as a result of aggressive buying by foreigners. The construction shares for example now trade on forward P/E's of between 12 and 15 which we consider to be far too expensive given the relatively lower quality of these companies and their earnings streams. This is just one example of overvaluation, but there are others. Whilst we are comfortable with the fund's existing equity positions and believe that all of these are undervalued, we are finding it very difficult to identify new undervalued stocks for the portfolio. We therefore remain cautious on the SA equity market and continue to have 20% of the equity portion of the portfolio hedged through put options.

There has been very little other activity in the portfolio over the past few months and our negative view on bonds in particular, and listed property to a lesser extent, are still reflected in relatively small positions of 3% and 4% respectively. US long bond yields have continued to increase and are now approaching the 5% level, from around 4.3% a few months ago. Yet South African bonds have not moved in response to this and we believe that the extent of overvaluation of SA bonds has increased even further. With continued rand strength we have taken additional cash offshore and the fund has close to 15% international exposure, 3% of this invested in equities, predominantly in Japan, with the balance in cash. Our intention is to invest more of the international cash in offshore equities as we believe that international equity markets are offering reasonable value. The forward P/E multiple on the European markets for example is just above 12 which we believe is very attractive.

Whilst we are becoming even more cautious on equities and are finding it difficult to identify other asset classes with adequate return potential, we continue to hold the view that the fund is well positioned to generate its return objective 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
Launch date	2 July 2001
Portfolio manager	Edwin Schultz & Gavin Joubert
Fund size	R1.96 billion
NAV	1975.10 cents
Annual management fee	1.25% (ex VAT)
Performance fee	10% ex VAT (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	31 Mar 2006
Domestic Assets	85.32%
Equity	40.37%
Oil & Gas	4.33%
Basic Materials	4.72%
Industrials	0.72%
Consumer Goods	6.71%
Healthcare	0.53%
Consumer Services	13.18%
Telecommunications	2.43%
Financials	9.78%
Technology	0.27%
Derivatives	(2.30%)
Preference Shares & Other Securities	1.38%
Real Estate	4.65%
Fixed Interest	4.63%
Cash	34.29%
International Assets	14.68%
Equity	2.50%
Cash	12.18%

TOP 10 SHARE HOLDINGS

As at 31 March 2006	% of Fund
Sasol Ltd	4.33%
Remgro Ltd	4.18%
Naspers Ltd – N ordinary shares	3.86%
Impala Platinum Holdings Ltd	3.57%
SABMiller Plc	2.56%
Telkom SA Ltd	2.43%
Primedia Ltd – N ordinary shares	2.15%
Woolworths Ltd	1.88%
Standard Bank Group Ltd	1.87%
Metropolitan Holdings Ltd	1.67%
Total	28.50%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31/03/2006	01/04/2006	20.71	10.92	9.79
31/12/2005	01/01/2006	13.10	3.89	9.21
30/09/2005	01/10/2005	16.07	5.83	10.24
30/06/2005	01/07/2005	19.74	7.97	11.77

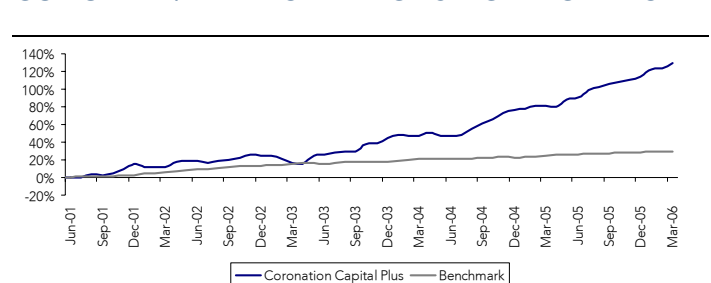
PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Fund 2006	3.70%	0.26%	2.55%										6.62%
B'mark 2006	0.73%	0.22%	0.40%										1.35%
Fund 2005	0.77%	1.87%	-0.18%	-0.46%	4.50%	1.45%	3.85%	1.87%	2.08%	0.71%	1.25%	3.48%	23.22%
B'mark 2005	0.46%	0.08%	1.06%	0.52%	0.22%	-0.22%	1.04%	0.37%	0.22%	0.22%	-0.07%	0.07%	4.03%

PERFORMANCE AND RISK STATISTICS

	Fund	Benchmark
Latest 12 months	28.21%	3.78%
Latest 36 months (annualised)	25.65%	3.91%
Since inception (annualised)	19.38%	5.61%
Annual deviation since inception	8.12%	1.49%
Downside deviation	4.10%	0.39%
Sharpe ratio	1.17	N/A
Maximum gain	28.80%	N/A
Maximum drawdown	-8.20%	N/A
Positive months	70.18%	N/A

CUMULATIVE PERFORMANCE SINCE INCEPTION



ANNUAL RETURNS SINCE INCEPTION

	Fund	Benchmark	Active Return
2005	23.22%	4.03%	19.19%
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%