

Equity markets continued their relentless surge upwards and onwards in 2006, with foreign interest reaching new highs. Anecdotes abound about the volume of new foreign money pouring into local equities, as well as about how naïve some of this money is (an apocryphal story is doing its rounds about a foreign investor sitting down with the CEO of a local listed company and telling him "I am a large shareholder in your business, can you give me an overview of what you do ...").

The All Share Index surged by 12.5% driven mainly by continued interest in resources, although industrials and financials have also had a decent return. The Coronation Equity Fund returned 12.1% which is a great absolute return but has disappointed in the short term relative to some of its peers.

In order to shed some light on this we would like to illustrate the differences in some of the holdings in the fund and what has been driving the index. A company like Harmony has increased in price by 18% over the last quarter (on the back of an equally stellar performance in the previous quarter). Harmony mines gold predominantly in South Africa and, as one would expect, given the recent rises in the gold price, has been the focus of a lot of attention. Imagine yourself as a buyer of the entire business, in order to buy Harmony you would have to pay R37 billion. For this large amount of money you get a business which has not made a profit for the last eight quarters, despite the raging gold bull market. Nine months ago their debt was downgraded due to concerns over whether or not they would be able to repay it. We do not own any Harmony at the current price

Then you get a company like SABMiller. This is a business with a global footprint which has operations in developed and emerging markets around the globe. It has, through organic growth and astute acquisitions combined with superb management, grown to become one of the global leaders in the brewing industry. It has consistently generated profits year after year, most recently with increasing levels of profitability. Its earnings have grown compound by 12% over the past five years and, at the same time, it has returned cash not required for growth by means of dividends to shareholders. Its emerging market businesses all have growth profiles generally superior to that of developed markets, and despite this it trades at a discount to its global peers. This is a great business which we like and we own. It has underperformed the market significantly in the last quarter, but that in the long-term world of investing is irrelevant. It is a great asset trading at a reasonable price.

The Coronation Equity Fund continues to own excellent businesses with strong earnings potential and cash generative characteristics. We are confident that this will continue to generate superior performance in the medium to long term for all unit holders.

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	R1.71 billion
NAV	5075.18 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 and will remain fully invested in domestic equities at all times.

ASSET AND SECTOR ALLOCATION

Sector	31 Mar 2006
Domestic Assets	100.00%
Equity	97.00%
Oil & Gas	5.82%
Basic Materials	13.33%
Industrials	0.46%
Consumer Goods	15.74%
Consumer Services	30.16%
Telecommunications	3.88%
Financials	27.34%
Derivatives	0.27%
Preference Shares & Other Securities	0.49%
Real Estate	1.32%
Cash	1.19%
International Assets	0.00%

TOP 10 SHARE HOLDINGS

As at 31 March 2006	% of Fund
Standard Bank Group Ltd	9.23%
Remgro Ltd	7.43%
SABMiller plc	6.50%
Naspers Ltd – N ordinary shares	6.47%
Sasol Ltd	5.82%
Woolworths Ltd	4.52%
Richemont Securities AG	4.34%
Impala Platinum Holdings Ltd	4.27%
Telkom SA Ltd	3.63%
ABSA Group Ltd	3.57%
Total	55.78%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
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
30/09/2004	01/10/2004	36.48	33.75	2.73

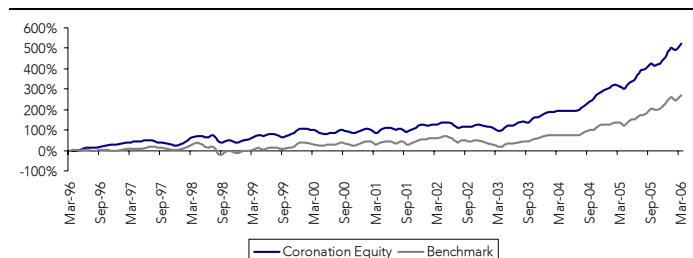
PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Fund 2006	8.44%	-1.14%	4.59%										12.12%
B'mark 2006	9.22%	-3.22%	7.18%										13.30%
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%	42.04%
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%	44.86%

PERFORMANCE AND RISK STATISTICS

	Fund	Benchmark
Latest 12 months	53.24%	57.59%
Latest 36 months (annualised)	47.61%	45.88%
Latest 60 months (annualised)	27.62%	23.70%
Since inception (annualised)	20.34%	13.92%
Annual deviation since inception	16.88%	21.50%
Sharpe ratio	0.47	0.06
Maximum gain	47.40%	37.58%
Maximum drawdown	-20.49%	-31.35%
Positive months	65.55%	59.66%

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%