

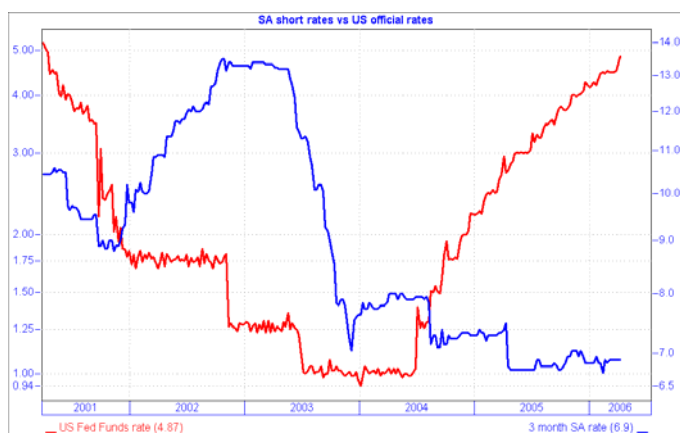
Short-term interest rates in South Africa have been remarkably stable at historically low levels for over a year supported by a stable currency and inflation which has remained well within its target range.

The US Federal Reserve hiked the Fed fund's rate again, by 25 basis points taking it to 4.75%. With prospects for further hikes the US base rate is likely to reach at least 5% sometime soon. Ten-year US treasury bonds have finally responded to the ongoing interest rate hikes in the US by weakening in yield to close to 5% at the time of writing. We note that the differential between SA 10-year and US 10-year bonds is now around 2.6% - with inflation differentials around 2.25% that does not leave much for sovereign risk.

Short-term interest rate differentials of 2.25% are also at unprecedented levels, and are especially remarkable given the difference in credit quality between the two countries.

Twelve-month money market rates yielding 7.30% are pricing in a small probability that the repo rate may be hiked within a year. This is consistent with our view that the South African Reserve Bank may need to do so given the strength in demand of the SA consumer. Inflation has been surprisingly stable even in the face of rising oil prices and should still remain within its target range if the currency remains as strong as it has. Volatility in fixed interest markets is exceptionally low which means that market movement is very subdued making trading opportunities few. As a result returns remain stable but low by historical standards. A portfolio manager would need to take on a lot more risk to increase returns, which in the case of this fund, would be imprudent given its very low risk nature.

The Coronation Money Market Fund has been positioned for a flat interest rate scenario for some time, given the fund's short-term interest rate focus. Even if interest rates were to be hiked sometime in the future, this would only affect the fund closer to that time and fund duration would be adjusted accordingly.



**Tania Miglietta**  
Portfolio Manager

Fund category	Domestic Fixed Interest Money Market
Launch date	1 October 1999
Portfolio manager	Tania Miglietta
Fund size	R1.2 billion
NAV	100.00 cents
Annual management fee	0.30% (ex VAT)
Initial fee	0.00%

<b>Benchmark</b>	Alexander Forbes 3-month (STeFI) Index
<b>Fund description</b>	To outperform fixed deposits and call accounts, while ensuring capital preservation, stability and liquidity.

**ASSET ALLOCATION**

Maturity Band	31 Mar 2006
0 – 3 months	68.54%
4 – 6 months	16.25%
7 – 9 months	3.71%
10 – 12 months	11.50%

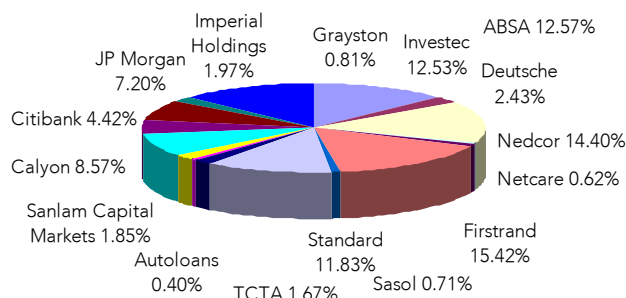
**PERFORMANCE AND RISK STATISTICS**

	Fund	Benchmark
Latest 12 months	6.92%	6.95%
Latest 36 months (annualised)	8.43%	8.42%
Latest 60 months (annualised)	9.52%	9.59%
Since inception (annualised)	9.78%	9.87%
Annual deviation since inception	0.56%	0.61%
Sharpe ratio	-0.81	-0.58
Maximum gain	83.41%	88.01%
Maximum drawdown	0.00%	0.00%
Positive months	100.00%	100.00%

**ANNUAL RETURNS SINCE INCEPTION**

	Fund	Benchmark	Active Return
2005	7.05%	7.04%	0.01%
2004	7.87%	7.78%	0.09%
2003	11.96%	12.27%	-0.31%
2002	11.36%	11.77%	-0.41%
2001	10.36%	10.05%	0.31%
2000	10.58%	10.55%	0.03%
1999	2.68%	2.98%	-0.30%

**CREDIT EXPOSURE**



**YIELDS FOR THE LAST FOUR PERIODS**

Declaration	Payment	Yield
31/03/2006	01/04/2006	6.76
28/02/2006	01/03/2006	6.86
31/01/2006	01/02/2006	6.86
31/12/2005	01/01/2006	6.89

**PERFORMANCE RETURNS**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Fund 2006	0.58%	0.51%	0.56%										1.66%
B'mark 2006	0.58%	0.52%	0.57%										1.68%
Fund 2005	0.61%	0.56%	0.60%	0.55%	0.60%	0.56%	0.53%	0.62%	0.55%	0.58%	0.53%	0.54%	7.05%
B'mark 2005	0.61%	0.55%	0.61%	0.59%	0.58%	0.55%	0.56%	0.57%	0.55%	0.57%	0.55%	0.56%	7.04%