

The Coronation Optimum Growth Fund produced a return of 24.7% for the one-year period ended 31 March 2006, which is well ahead of the fund's return objective of CPIX plus 5%. The annualised return over the past three years is now 24.3%. The year has started off relatively well and the fund's return year to date is 5.2%.

The most significant change to the portfolio over the past few months has been the asset allocation decision to increase the international exposure of the fund. In December the fund had 50% of its assets offshore and 50% in South Africa. As a result of continued rand strength and outperformance of South African equities in relation to international equities, a further 10% was taken offshore which means that the fund now has 60% of its assets offshore and 40% in South Africa. The valuation differential between South African equities and international equities has narrowed considerably over the past few years and in particular over the past year, to the point where the South African equity market is now more expensive than the European equity market, on a forward P/E basis. Under this scenario we believe it makes sense to invest more in international equities, in particular European shares, and less in South African equities.

The cash from the sale of VenFin (around 5% of total fund) was taken offshore and, in addition to this, we reduced some of the fund's SA equity positions and took this cash offshore. The only new SA share that was bought was a small position in AVI, which declined after disappointing results. We believe that AVI owns some great brands and we have high regard for the management team and their ability to turn around the underperforming assets in their stable. As a result of the net selling of SA equities, they now make up 38% of the fund, down from 46% in December. The international equity exposure in turn is now 35% of the fund, up from 31% in December. The total equity exposure is therefore just above 70% with the rest of the portfolio in cash, mainly euro's and British pounds, as a result of unattractive bond valuations, both locally and internationally.

Over the past few months the fund increased its exposure to a few of the existing international equity holdings and also purchased several new international shares. France Telecom, China Telecom and Vodafone were all added to as a result of price weakness without any significant change in the underlying fundamentals. France Telecom, which trades on a free cash flow multiple of 8 and dividend yield of 5%, is a hybrid mobile/fixed-line business that is being valued as a fixed-line business only; China Telecom offers exposure to the emerging Chinese consumer on a single-digit multiple and Vodafone, which one is able to buy on a free cash flow multiple not far north of 10, has the potential to return significant amounts of cash to shareholders over the next few years. We believe that telecommunications stocks are one of the most attractive areas globally from a valuation point of view and the fund now has 6% of its capital invested in these three shares.

The fund also established new positions in Samsung (Korea), Deutsche Post (Germany) and Lagardere (France). Samsung has interests in several industries, the biggest being semi-conductors and mobile handsets, where it continues to take market share. We believe that 10x earnings is too cheap for this emerging brand. Deutsche Post, and its management team, have disappointed investors over the past few years, with poor operational performance and expensive acquisitions. The share now trades on a price/free cash flow multiple of 10 and at this level we believe the market is pricing in a continuation of the past, yet shareholder pressure has been building and management have started to respond to this. The stock also provides good exposure to the German domestic economy, which is showing some signs of recovery. Lagardere is a French media company with its primary business being magazine and book publishing, where it is the second largest book publisher in France. The company also owns a stake in EADS, a listed aeronautical company. Stripping out this stake, the media assets trade on a forward free cash flow multiple of around 9, which we believe is very attractive.

The US market, after another year of flat share price performance, at the same time that corporate earnings have continued to grow, is now also starting to present some reasonable buying opportunities and the fund bought positions in Harley Davidson and Nike over the past quarter. Both companies own great brands, with high barriers to entry and good free cash flow generation and both are the cheapest they have been in several years, with Harley Davidson trading on a forward P/E multiple of around 13 and Nike a 15 multiple, both at what we believe are unwarranted discounts to the S&P 500 multiple.

Given the current portfolio composition, particularly the SA industrial stocks as well as the increased 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	R740.1million
NAV	2965.87 cents
Annual management fee	1.00% (ex VAT)
Performance fee	15% ex VAT (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	31 Mar 2006
Domestic Assets	41.94%
Equity	35.42%
Industrials	0.96%
Consumer Goods	0.46%
Consumer Services	22.45%
Telecommunications	2.04%
Financials	9.51%
Preference Shares & Other Securities	1.46%
Real Estate	0.72%
Cash	4.34%
International Assets	58.06%
Equity	35.89%
Cash	22.17%

TOP 10 SHARE HOLDINGS

As at 31 March 2006	% of Fund
Naspers Ltd – N ordinary shares	8.86%
Remgro Ltd	7.98%
Sasol Ltd – ADR	5.45%
Woolworths Ltd	3.17%
France Telecom SA	2.92%
Peermont Global Ltd	2.84%
Comgest Nouvelle Asie	2.34%
China Telecom Corp Ltd	2.34%
Odey Continental Euro Fund	2.33%
Orbis Japan Yen Fund	2.20%
Total	40.23%

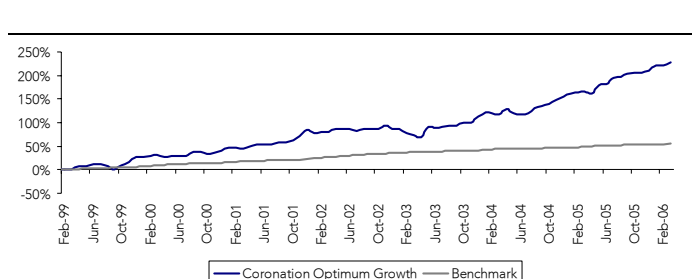
INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31/03/2006	01/04/2006	38.44	36.19	2.25
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

PERFORMANCE AND RISK STATISTICS

	Fund	Benchmark
Latest 12 months	24.77%	3.77%
Latest 36 months (annualised)	24.33%	3.98%
Latest 60 months (annualised)	18.03%	5.72%
Since inception (annualised)	18.90%	6.35%
Annual deviation since inception	10.95%	1.46%
Downside deviation	5.60%	0.39%
Sharpe ratio	0.74	N/A
Maximum gain	28.71%	N/A
Maximum drawdown	-11.72%	N/A
Positive months	70.24%	N/A

CUMULATIVE PERFORMANCE SINCE INCEPTION



ANNUAL RETURNS SINCE INCEPTION

	Fund	Benchmark	Active Return
2005	23.91%	4.07%	19.84%
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 2006	3.19%	-0.07%	2.05%										5.23%
B'mark 2006	0.73%	0.14%	0.40%										1.28%
Fund 2005	2.48%	1.20%	0.77%	-1.62%	6.58%	1.02%	4.34%	1.14%	1.84%	0.80%	0.15%	3.17%	23.91%
B'mark 2005	0.38%	0.08%	1.21%	0.52%	0.30%	-0.15%	0.96%	0.44%	0.29%	0.22%	-0.15%	-0.10%	4.07%