

"Occasional outbreaks of those two super-contagious diseases fear and greed will forever occur in the investment community. The timing of these epidemics is equally unpredictable, both as to duration and degree. Therefore we never try to anticipate the arrival or departure of either. We simply attempt to be fearful when others are greedy and to be greedy only when others are fearful."

Warren Buffet

As eager readers of our quarterly bulletins you must be tired of hearing how it will all eventually end in tears. The market appears to be proving us wrong and, given our defensive attitude, we are having to work hard to keep pace with a rampant dollar metal price market. This we managed to do in the first quarter of the year and the Coronation Resources Fund returned 12% versus the resources sector return of 11.7%. So, we pipped a rising market by 30 basis points.

During the quarter, Brent oil rose 15%, dollar gold 13% and dollar platinum 9.2%. The Rand strengthened by 3% over the quarter. As a result, the precious metal stocks led the way with Impala returning 25% after distributing a dividend of R65. Eland Platinum listed in the quarter delivering a 44% return on the pre-listing stock we acquired in the previous quarter.

The geared golds also did well. AngloGold lagged due to the overhang of the capital raising currently underway. During the quarter, we sold our Western Areas holding and switched our AngloGold holding entirely into Goldfields at the time of the Norilsk disinvestment. The sale of Western Areas was motivated by a significant downgrade in their reserves and the switch into Goldfields was motivated by the price action as Norilsk disinvested. We continue to believe that AngloGold offers the best value amongst this group of stocks – largely because it is the most defensive.

Mittal Steel and Sasol had a stodgy quarter and the big diversifieds Anglo and Billiton returned 10.8% and 8.3% respectively. We added African Rainbow Investments to the portfolio in the quarter; this was a valuation driven decision. Investors tend to perceive African Rainbow Investments as a proxy for Harmony given the size of Harmony in African Rainbow Investments' NAV. We however were drawn to the investment by their other assets, especially the platinum projects which are yet to deliver. Since purchase, African Rainbow Investments has delivered 5.5%.

We disposed of Afrox entirely as corporate activity involving its parent sparked speculation of similar activity locally which drove the share price well beyond fair value.

Appropriately we end with a quote from Charlie Munger after having started with Warren Buffett. Hopefully we are preaching a consistent message. This current environment will not continue forever and we are reminding ourselves daily to be fearful and to be aware of the level of the pond.

"Bull markets go to people's heads. If you're a duck on a pond, and it's rising due to a downpour, you start going up in the world. But you think it's you, not the pond."

Charlie Munger

Hugo Nelson & Henk Groenewald
Portfolio Managers

Fund category	Domestic Equity Resources & Basic Industries
Launch date	1 October 1999
Portfolio manager	Hugo Nelson & Henk Groenewald
Fund size	R85 million
NAV	4734.73 cents
Annual management fee	1.00% (ex VAT)

Benchmark	Resources & Basic Industries Sector Mean
Fund description	Invests in a broad range of resource and basic industry counters that are affected by changes in the commodity cycle.

ASSET AND SECTOR ALLOCATION

Sector	31 Mar 2006
Domestic Assets	100.00%
Equity	93.66%
Oil & Gas	17.47%
Basic Materials	72.56%
Industrials	2.04%
Consumer Services	1.59%
Cash	6.34%
International Assets	0.00%

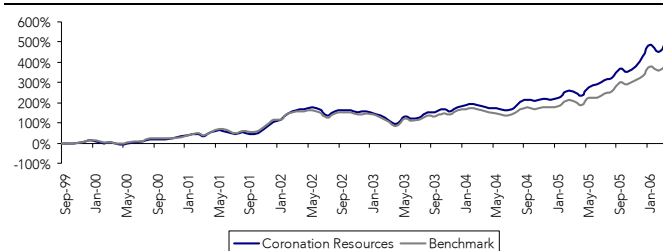
PERFORMANCE AND RISK STATISTICS

	Fund	Benchmark
Latest 12 months	59.56%	58.00%
Latest 36 months (annualised)	39.00%	34.45%
Latest 60 months (annualised)	33.88%	30.15%
Since inception (annualised)	30.59%	29.15%
Annual deviation since inception	23.80%	23.19%
Sharpe ratio	0.86	0.82
Maximum gain	93.37%	75.65%
Maximum drawdown	-23.81%	-23.54%
Positive months	62.82%	60.26%

TOP 10 SHARE HOLDINGS

As at 31 March 2006	% of Fund
Sasol Ltd	17.47%
Anglo American plc	14.88%
BHP Billiton plc	11.60%
Impala Platinum Holdings Ltd	10.62%
Mittal Steel South Africa Ltd	10.42%
Eland Platinum Holdings Ltd	5.55%
Gold Fields Ltd	5.08%
African Rainbow Minerals Ltd	4.69%
Omnia Holdings Ltd	4.65%
AECI Ltd	2.16%
Total	87.12%

CUMULATIVE PERFORMANCE SINCE INCEPTION



INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31/03/2006	01/04/2006	169.56	160.77	8.79
30/09/2005	01/10/2005	43.09	37.01	6.08
31/03/2005	01/04/2005	38.06	30.33	7.73
30/09/2004	01/10/2004	30.39	24.57	5.82

ANNUAL RETURNS SINCE INCEPTION

	Fund	Benchmark	Active Return
2005	60.04%	55.63%	4.40%
2004	13.37%	6.94%	6.42%
2003	9.23%	6.09%	3.14%
2002	23.18%	16.02%	7.16%
2001	55.61%	70.68%	-15.07%
2000	20.09%	17.94%	2.15%
1999	10.92%	12.76%	-1.84%

PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
Fund 2006	10.32%	-5.97%	8.00%										12.03%
B'mark 2006	11.33%	-4.83%	7.03%										13.40%
Fund 2005	3.00%	8.37%	0.67%	-5.79%	12.94%	2.93%	6.16%	1.88%	10.92%	-3.04%	5.56%	5.91%	60.04%
B'mark 2005	2.39%	9.27%	-0.16%	-6.31%	10.93%	0.58%	6.69%	2.37%	13.30%	-2.24%	4.56%	5.37%	55.63%