CORONATION FINANCIAL FUND

as at 30 September 2006

The life insurers continued to be the drivers of performance within the financial sector for the quarter. The financial index returned 9.9%, comprised primarily of a 3.8% return from the banks and a 12.2% return from the life insurers. Interestingly, the life sector has outperformed the banks for each of the last 4 quarters – something that hasn't happened for at least the past 5 years. Over the same period the Coronation Financial Fund returned 6.2%. Over 1 year the fund has returned 19.3%, and over 3 years a compound annual return of 38.6%.

The reason for the fund's underperformance is an underweight exposure to companies with foreign earnings that benefit from the translation of these earnings at a weaker Rand. The fund does not own shares where our research does not indicate compelling value. It is for this reason we do not hold Investec, which has benefited from both rand weakness and strong equity markets during the quarter and which significantly outperformed the other banks. In a similar vein, we hold no Liberty International and have reduced our Remgro holding, and this has cost the fund performance as the rand has weakened.

Positive contributions to the fund's performance have come from the large holding in Discovery and our lack of exposure to African Bank, which stands out as the significant underperformer for the quarter. Our investment case for Discovery hinges on the fact that the strong franchise value and growth potential of the core South African businesses is not fully appreciated in the share's rating. This view has started to come through, aided by a sooner than expected maiden dividend from the company. In the case of African Bank, we viewed the share's rating as demanding relative to the larger banks given the competitive pressures the business will face with new entrants into its traditional market and the impact of the National Credit Act, which will take effect in June 2007. This has largely played itself out, with the share declining 21% in value in the quarter.

During August and September the big 4 banks and the insurers released interim results. Banks continue to show very respectable earnings growth driven by strong credit extension in the retail segment of the market. Corporate banking earnings have also shown growth on the back of strong markets and corporate activity, particularly BEE transactions. As was to be expected, bad debts have started to rise from abnormally low levels, and lending margins have seen some pressure as loan growth is increasingly funded in the wholesale market. The life insurers benefited from rising markets in the first half of the year and good growth in new business flows, particularly in non-life (primarily unit trust) flows. New business margins declined, reflecting the move by the life companies to improve the value proposition of their savings products. Results from the short term insurers reflected a sharp correction in underwriting margins from the peak levels of 2004 and 2005 to more normalised claims levels.

During the quarter we have increased our exposure to FirstRand, which we believe to be a high quality bank with an excellent management team trading on an undemanding rating. We have also switched our holding in Old Mutual into Sanlam. Old Mutual has performed very strongly due to Rand weakness, and despite the attractive fundamentals of the markets in which it now operates, we consider the rating to be full. In the case of Sanlam, we are starting to see some recovery in market share following management action, and the potential to unlock excess capital over time appears larger than we initially thought. During the quarter Sanlam announced that it was contemplating making an offer to the minority shareholders of Santam. Had the company been successful in achieving this at a reasonable premium to the then market price, our view was that the deal would have been value enhancing for Sanlam shareholders. The fact that the company walked away from the deal at a higher price is an encouraging indicator of strong discipline in capital management.

We continue to see value in the financial sector. The domestic life insurers trade on attractive dividend yields and discounts to embedded value, and still sit on excess capital which we expect to see returned in the near future. Bank valuations are attractive on p/e's of 9x to 9.5x and dividend yields of 4.5%. The sector should deliver good returns into the foreseeable future.

Neville Chester and Neill Young
Portfolio Managers

CORONATION FINANCIAL FUND

as at 30 September 2006

Fund category	Domestic Equity Financial
Launch date	1 July 1998
Portfolio manager	Neville Chester and Neill Young
Fund size	R905 million
NAV	2205.00 cents
Annual management fee	1.25% (ex VAT)
Benchmark	FTSE/JSE Africa Financial Index
Fund description	Invests in a broad range of financial shares, including banks, insurance and investment companies.

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 Sep 2006
Domestic Assets	100.00%
Equity	99.05%
Financials	99.05%
Cash	0.95%
International Assets	0.00%

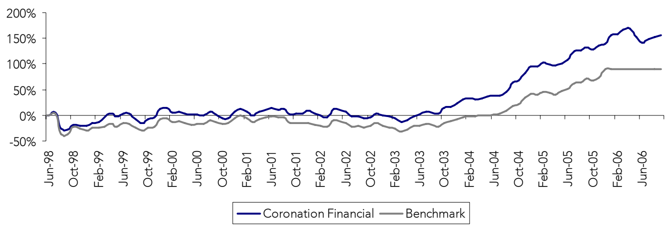
PERFORMANCE AND RISK STATISTICS

	Fund	Benchmark
Year to date	7.08%	18.28%
Latest 12 months	19.22%	32.18%
Latest 36 months (annualised)	38.52%	42.18%
Latest 60 months (annualised)	21.94%	21.46%
Since inception (annualised)	13.07%	10.35%
Annual deviation since inception	21.97%	24.89%
Sharpe ratio	0.08	-0.04
Maximum gain	53.63%	80.40%
Maximum drawdown	-30.89%	-39.78%
Positive months	60.61%	61.26%

TOP 10 HOLDINGS

As at 30 September 2006	% of Fund
FirstRand Ltd	20.12%
Standard Bank Group Ltd	19.35%
Liberty Group Ltd	17.64%
Discovery Holdings Ltd	9.92%
Absa Group Ltd	9.38%
Metropolitan Holdings Ltd	7.48%
Sanlam Ltd	6.01%
Remgro Ltd	3.71%
Brait S.A.	1.59%
JSE Ltd	1.09%
Total	96.29%

CUMULATIVE PERFORMANCE SINCE INCEPTION



INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30/09/2006	01/10/2006	46.90	45.39	1.51
31/03/2006	01/04/2006	13.80	12.45	1.35
30/09/2005	01/10/2005	34.72	32.20	2.52
31/03/2005	01/04/2005	11.18	10.55	0.63

ANNUAL RETURNS SINCE INCEPTION

	Fund	Benchmark	Active Return
2005	32.02%	34.69%	-2.67%
2004	57.09%	52.38%	4.71%
2003	25.19%	17.92%	7.28%
2002	-9.27%	-8.24%	-1.03%
2001	2.90%	-9.53%	12.43%
2000	-5.55%	2.93%	-8.48%
1999	42.51%	29.83%	12.68%
1998	-21.13%	-29.04%	7.91%

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Fund 2006	7.01%	0.60%	3.69%	0.43%	-5.96%	-4.35%	2.94%	1.45%	1.68%			
B'mark 2006	7.74%	0.08%	6.19%	1.13%	-4.96%	-2.22%	1.14%	4.43%	4.08%			
Fund 2005	0.30%	3.52%	-2.03%	-0.91%	2.54%	3.02%	8.57%	0.52%	2.04%	-1.46%	3.14%	9.55%
B'mark 2005	-0.44%	2.83%	-1.29%	-1.39%	4.45%	2.37%	7.76%	1.35%	3.58%	-1.29%	2.77%	10.16%

CALL CENTRE: 0800 22 11 77 FAX: (021) 680 2500 EMAIL: unittrusts@coronation.co.za WEBSITE: www.coronation.com