



Annual  
Report  
2004

  
**CORONATION**  
MANAGEMENT COMPANY

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## CHAIRMAN'S REPORT



A handwritten signature in black ink, appearing to read 'Thys Du Toit', is positioned to the left of the portrait.

THYS DU TOIT

### MARKET POSITIONING

Coronation Management Company is a premier provider of domestic and international collective investment funds to individual investors in South Africa. Our clients include major banking and insurance groups, investment advisory businesses, financial advisors, high-net-worth individuals and more than 8 000 direct collective investment account holders.

Assets under management total R8,7 billion (including international), which is an increase of 42% over the 2003 financial year.

### PERIOD UNDER REVIEW

The period was characterised by a significantly above-average domestic equity return of 36%, a cumulative decline of 6% in domestic interest rates, inflation which continued on its downward cycle and a persistently strong rand. This combination of positive market conditions and strong support from Coronation's traditional client base resulted in an increase in assets under management of more than R2 billion.

Coronation's reputation as a premier manager of South African equity and managed funds was again confirmed by the strong relative performance produced by our two longest-running collective investment funds, the Coronation Equity Fund and the Coronation Balanced Plus Fund, both of which have eight-year investment performance track records. A particular highlight of the period was the market's ability to recognise our skill and expertise in managing fixed interest funds. The Coronation Strategic Income Fund, which attracted net inflows in excess of R500 million, was one of the most popular collective investment funds in South Africa for the year. Furthermore, we experienced continued growth in assets across our absolute return and listed property funds.

In contrast, foreign denominated funds remained an unattractive investment option for South African investors. For the period January 2003 to 30 September 2004, the industry registered outflows in the region of R7 billion.

## PERFORMANCE

We are delighted with the consistency of performance across the full Coronation product range. Superior fund performance resulted in our achieving a number of awards:

- ▶ First overall in the Plexus Survey of consistency of performance for the period ending September 2004. This was the 16th consecutive quarter that Coronation was ranked either 1st or 2nd in the survey.
- ▶ Best Smaller Unit Trust Group over five years in the 2004 Standard & Poor's/Financial Mail Awards.
- ▶ 2nd Best Management Company for 2003 at the Association of Collective Investments/Personal Finance Raging Bull Awards.
- ▶ 14 individual fund performance awards at both the Standard & Poor's/Financial Mail Awards and the Association of Collective Investments/Personal Finance Raging Bull Awards.

## BUSINESS INITIATIVES

Over the year, one of our core business initiatives was to streamline the product range and to make Coronation more accessible to all investors. This included, inter alia:

- ▶ The renaming of selected funds in accordance with existing industry convention.
- ▶ The exclusion of foreign asset exposure on selected fund mandates as a result of changes to South African Reserve Bank regulations.
- ▶ The launch of the Coronation SA Capital Plus Fund, a domestic-only low-risk growth fund.
- ▶ The downward adjustment of initial fees across the fund range, the increase of ongoing management fees on certain funds, and the inclusion of performance fee caps where appropriate.
- ▶ Initiatives to close the Coronation International Equity Fund of Funds and to merge the Coronation New Era Fund with the Coronation Market Plus Fund which are currently under way.

Throughout the year, we continued to build on the success of the Coronation Series of Workshops first introduced in early 2002. More than 50 workshops were hosted across the country. These covered a wide variety

of investment topics and provided financial advisors and clients with the opportunity to discuss the financial markets with Coronation's portfolio managers.

From an operational perspective, we have achieved a compliance rate of almost 80% with the Know-Your-Client (KYC) obligations imposed by the Financial Intelligence Centre Act. We continue to monitor the impact of the Financial Advisory and Intermediary Services Act that became effective on 1 September 2004.

Coronation Management Company continued to host funds on behalf of Kagiso Asset Management, namely the Top 40 Tracker, Protector and Active Quants Funds.

## PROSPECTS

As a premier provider of collective investment funds within the South African market, we aim to consistently strive for excellence in all our endeavours. The focus of our business is the continued delivery of superior investment performance across a relevant and sustainable product range. While we remain committed to maintaining strong relationships with our existing distribution channels, we will continue to make Coronation more accessible to all investors. As a leader in the management of collective investment funds we are well placed to benefit from the overall growth in the collective investments industry and as a result increase our share of the market.

In conclusion, without the support of our clients and the dedication of our people we know that we have no business. We therefore thank you, our clients and investors, for your continued support, and thank the retail and investment teams for their dedication and commitment over the past year.

## Thys du Toit

Chairman and managing director

## CORE FUNDS

### CORONATION MONEY MARKET FUND

**FUND SIZE** | R833,9 million

**NAV** | 100 cents

**FUND DESCRIPTION** | To outperform fixed deposits and call accounts while ensuring capital preservation, stability and liquidity.

#### MANAGER COMMENT

The Coronation Money Market Fund has performed well over the past 12 months, producing a return of 8,4% for the year compared to its benchmark, the 3-month Alexander Forbes Short Term Fixed Interest (STeFI) Index that returned 8,2%.

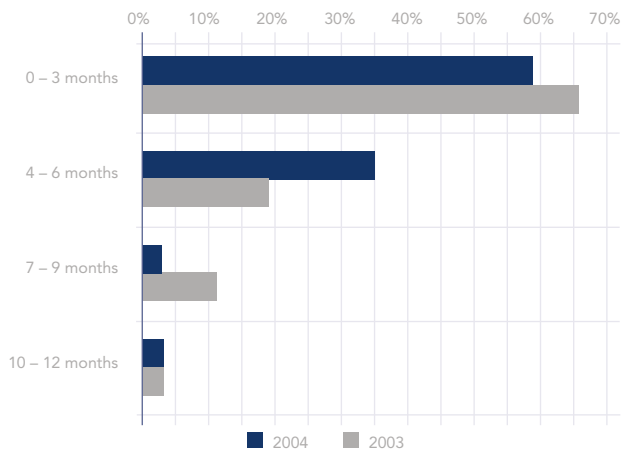
The weighted average maturity of the fund remains low in accordance with our view that domestic interest rates may need to be increased during next year. By introducing more corporate debt into the fund, as well as exploiting some unique trading opportunities, we have improved the credit diversification and the yield of the fund.

**Tania Miglietta**

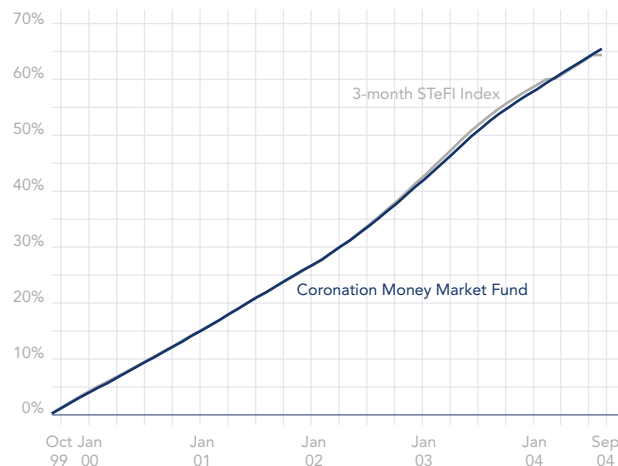
#### PERFORMANCE ANALYSIS

	Since inception to September 2004	1-year return to September 2004	1-year return to September 2003
Coronation Money Market Fund	10,60%	8,36%	12,82%
Alexander Forbes 3-month STeFI Index	10,72%	8,22%	13,12%

#### ASSET ALLOCATION



#### CUMULATIVE PERFORMANCE



#### FUND DISTRIBUTION (cents per unit)

	A Class	B Class
30 September 2004	0,60	0,63
31 August 2004	0,64	0,71
31 July 2004	0,66	0,69
30 June 2004	0,57	0,65
31 May 2004	0,67	0,79
30 April 2004	0,61	0,67
31 March 2004	0,65	0,72
29 February 2004	0,52	0,65
31 January 2004	0,70	0,73
31 December 2003	0,70	0,72
30 November 2003	0,76	0,79
31 October 2003	0,83	0,86

## CORONATION STRATEGIC INCOME FUND

**FUND SIZE** | R813,9 million

**NAV** | 1197,55 cents

**FUND DESCRIPTION** | A widely diversified, actively managed fund that aims to provide a higher level of income than a pure income fund.

### MANAGER COMMENT

The past year has been difficult to navigate for investors in fixed interest. Market expectations of short-term interest rates, inflation, the rand and global bond yields have fluctuated quite widely over the period. The Coronation Strategic Income Fund outperformed the mean of money market as well as income and bond funds, demonstrating the benefits of a flexible asset allocation fund within the fixed interest arena.

In the last quarter of 2003 we began to reduce exposure to the bond market as yields rallied. This positioned the portfolio well as bonds performed poorly in the first half of 2004 as weakness in global bond yields and inflationary fears locally drove South African yields, particularly in the longer end of the yield curve,

substantially higher. We also increased our exposure to good quality property counters towards the end of 2003 and subsequently reduced this exposure as the spread between property and bond yields narrowed. In the first half of the year, we utilised opportunities in the shorter end of the yield curve to lock in market expectations of higher interest rates. The third quarter of 2004 was favourable for global bond yields, which created a positive backdrop for emerging markets and helped the rand remain at strong levels.

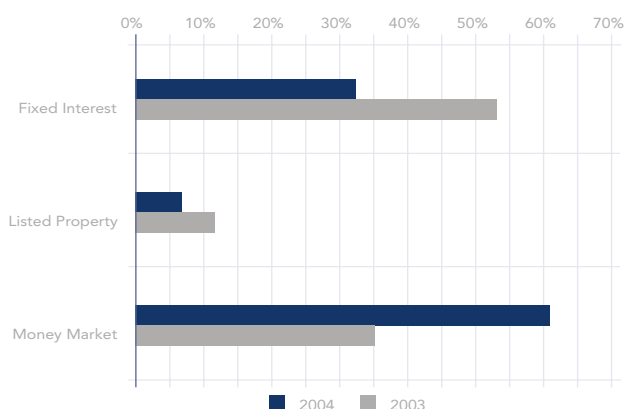
Given our view that the cyclical risk/reward trade-off for bonds is unattractive at this stage in the cycle, and that we believe bonds to be very expensive at current levels, we have used the rally in both the bond and property markets to reduce the market risk of the fund and to lock in and protect the capital gains that have been realised thus far. The fund is currently very defensively positioned and will be exposed to very little capital loss as bond yields rise.

**Melanie Stockigt and Morné Marais**

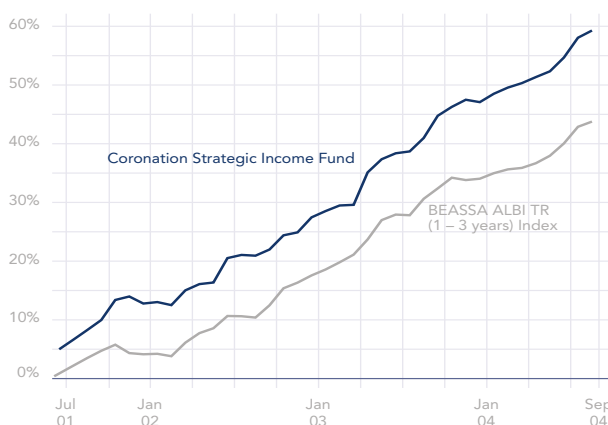
### PERFORMANCE ANALYSIS

	Since inception to September 2004	1-year return to September 2004	1-year return to September 2003
Coronation Strategic Income Fund	15,42%	12,98%	16,58%
BEASSA ALBI TR (1 – 3 years) Index	11,82%	10,07%	18,32%

### ASSET ALLOCATION



### CUMULATIVE PERFORMANCE



### FUND DISTRIBUTION (cents per unit)

	A Class	B Class
30 September 2004	24,23	20,59
30 June 2004	23,99	20,43
31 March 2004	20,66	17,23
31 December 2003	28,42	24,87

## CORE FUNDS

### CORONATION CAPITAL PLUS FUND

**FUND SIZE** | R569,1 million

**NAV** | 1431,84 cents

**FUND DESCRIPTION** | Focused on the preservation of capital over all rolling 12-month periods. Over the medium term, the objective is to produce real growth of at least 4% per annum.

#### MANAGER COMMENT

Over the past year, the Coronation Capital Plus Fund returned 25%, which is some 17% ahead of its target return of inflation + 4%. As a result of very attractive equity valuations, the equity component was maintained at around 50%, which is the highest equity weighting the fund can hold. This view was justified, with exceptional returns recorded by some of the fund's core equity holdings, including Primedia (+111%), Absa (+97%), Naspers (+88%), Telkom (+77%) and Metropolitan (+72%).

The fund has held a very low exposure to government bonds over the past year as a result of our view that bonds are overvalued and that money invested in bonds at this point is at risk of capital loss. We believe that listed

property is more attractive from a valuation perspective, and as a result the fund maintained its listed property exposure at around 10% of the total portfolio. We still prefer property over bonds as a result of the strong fundamentals within the property sector and our expectation of growth in distributions of 3% to 6% per annum.

In the final months of the year, the fund purchased some inflation-linked bonds. We anticipate a return in the region of 9% from these bonds, which is preferable to current cash returns of around 7%.

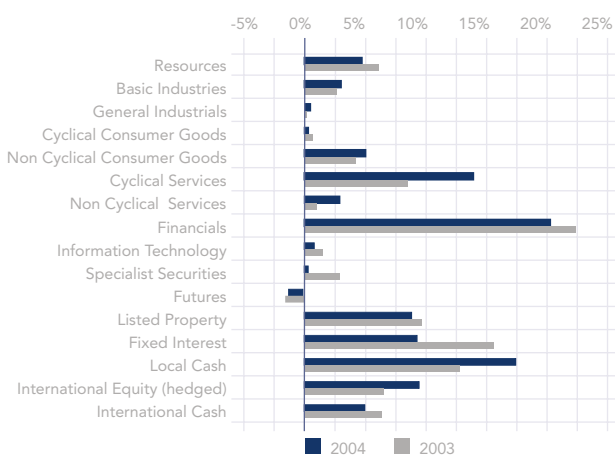
We have carefully considered reducing the fund's equity weighting given the strong performance of SA equities over the past year. Nonetheless, we continue to view SA equities as the most attractive asset class, particularly local industrials and financials, and we are comfortable at this point with the fund's equity weighting. We have, however, bought protection in the form of put options to the extent that 15% of the fund's equity exposure is now hedged.

**Edwin Schultz and Gavin Joubert**

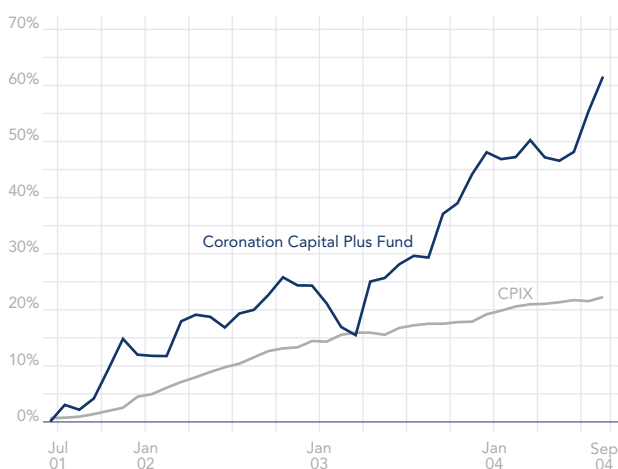
#### PERFORMANCE ANALYSIS

	Since inception to September 2004	1-year return to September 2004	1-year return to September 2003
Coronation Capital Plus Fund	15,91%	24,95%	7,76%
CPIX	6,28%	3,74%	5,37%

#### ASSET ALLOCATION



#### CUMULATIVE PERFORMANCE



#### FUND DISTRIBUTION (cents per unit)

	A Class	B Class
30 September 2004	10,35	7,14
30 June 2004	7,11	3,95
31 March 2004	13,06	10,06
31 December 2003	11,46	9,00

## CORONATION BALANCED PLUS FUND

**FUND SIZE** | R549,8 million

**NAV** | 2274,94 cents

**FUND DESCRIPTION** | A fully managed investment solution diversified across the various asset classes and sectors. Its asset allocation is compliant with Regulation 28 of the Pension Funds Act.

### MANAGER COMMENT

The FTSE/JSE All Share Index returned a strong 35,8% for the 12-month period. The Coronation Balanced Plus Fund capitalised on this by having a full allocation of 75% to equities and delivering significant alpha. For the period, the fund returned 33,5%, which is well ahead of the peer group average of 27,5% and a significant improvement following the restructuring of the fund in the previous period.

Good performance came from Telkom, Naspers, Absa and Standard Bank, and we benefited from being underweight gold shares and stocks such as Anglo American, Sappi,

Nampak and Old Mutual. Naturally, we suffered in any stocks where the rand had a large effect, notably Delta Electrical and Impala Platinum.

Looking forward, we remain vigilant on local inflationary risks and as a result are substantially underweight bonds in the fund. Despite our cautious view on global markets and strong performance over the last 12 months, the South African equity market remains our preferred asset class. We have mitigated some of the risks implicit in our global equity view by holding a much lower weighting in the "global" stocks like Richemont, BHP Billiton and Anglo American.

Many of our holdings and good performers have been in the portfolio for some time, and we continue to see good value in a number of our favoured stocks such as Standard Bank, Tiger Brands, Telkom, Naspers, Woolworths and Metropolitan from this point.

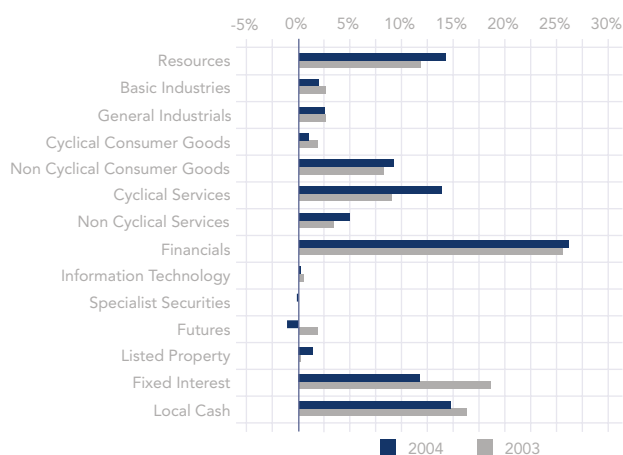
**Morné Marais**

### PERFORMANCE ANALYSIS

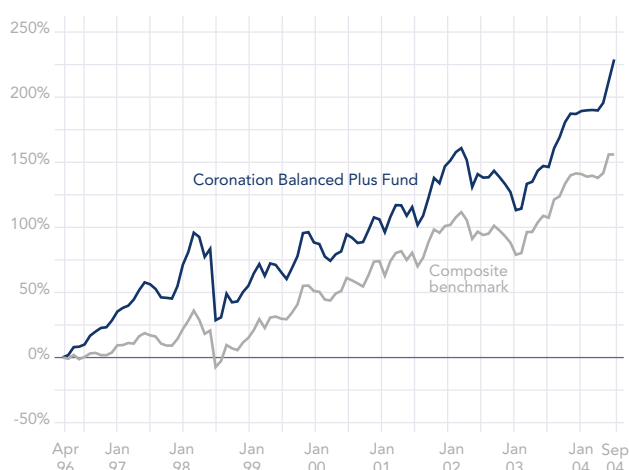
	Since inception to September 2004	1-year return to September 2004	1-year return to September 2003
Coronation Balanced Plus Fund	15,10%	33,53%	3,43%
Composite benchmark*	12,41%	28,73%	6,85%

\* Composite benchmark: 65% Equity (50% Low Resources); 25% Bonds (All Bond Index); 10% Cash (3-month STeFI Index)

### ASSET ALLOCATION



### CUMULATIVE PERFORMANCE



### FUND DISTRIBUTION (cents per unit)

	A Class
30 September 2004	40,68
31 March 2004	34,65

## CORE FUNDS

### CORONATION MARKET PLUS FUND

**FUND SIZE** | R123,7 million

**NAV** | 1730,88 cents

**FUND DESCRIPTION** | Invests across various South African asset classes, with a bias towards the equity market over the cycle with the aim of achieving real returns over the long term.

#### MANAGER COMMENT

The Coronation Market Plus Fund utilised its flexible mandate to outperform equities, bonds and cash, delivering a pleasing 38,4% return for the period.

The fund maintained an overweight position in domestic equities for the year although, towards the end of the period, equity exposure was reduced as certain shares reached fair value. Financials and retailers were clearly the top picks, although some stalwart industrial shares such as Bidvest and Barlows also contributed to performance. We were underweight bonds due to the lack of a compelling investment case although we did trade when opportunities arose. Similarly, we took an occasional view on listed property where we still hold a reasonable

weighting as the yields look significantly more favourable than the cash alternatives.

Looking ahead, we continue to look to the underlying valuations of companies and, particularly in an aggressive asset allocation fund, to what alternative return scenarios are offered by the other asset classes. We remain bearish on the outlook for bonds and the pre-tax return on cash still looks poor relative to the dividend yields on some equities. Thus, we retain a high weighting in domestic equities.

The fund has a rolling five-year real return target and short-term aberrations can have an impact on relative performance, testing the strength of one's convictions. For the three years since inception we have significantly outperformed the benchmark. While we cannot guarantee that the historic level of outperformance will continue, we believe significant real returns will continue to be delivered over the next five years.

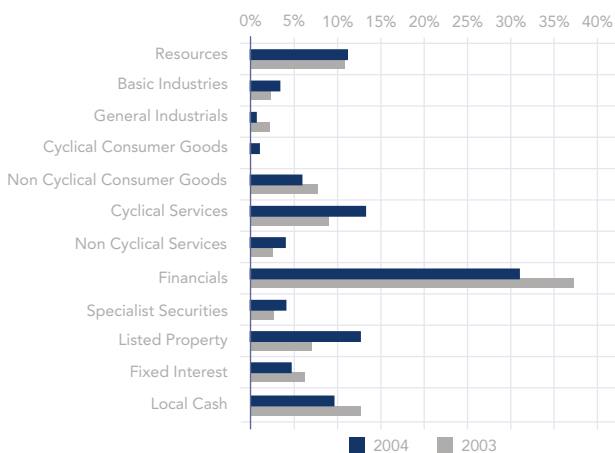
**Neville Chester**

#### PERFORMANCE ANALYSIS

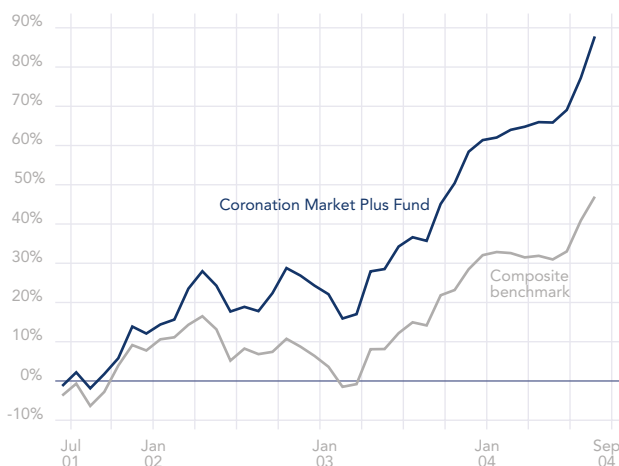
	Since inception to September 2004	1-year return to September 2004	1-year return to September 2003
Coronation Market Plus Fund	21,40%	38,38%	15,19%
Composite benchmark*	12,58%	28,73%	6,85%

\* Composite benchmark: 65% Equity (50% Low Resources); 25% Bonds (All Bond Index); 10% Cash (3-month STeFI Index)

#### ASSET ALLOCATION



#### CUMULATIVE PERFORMANCE



#### FUND DISTRIBUTION (cents per unit)

	A Class	B Class
30 September 2004	21,62	14,48
31 March 2004	23,81	17,07

## CORONATION EQUITY FUND

**FUND SIZE** | R727,1 million

**NAV** | 2823,46 cents

**FUND DESCRIPTION** | An emphasis on active stock selection with the aim of being fully invested in domestic equities at all times.

### MANAGER COMMENT

It is pleasing to report that the fund had an acceptable year relative to its peers. For the 12-month period, the fund returned 42,8% compared to its benchmark return of 39,9%.

It is now two years since the fund was restructured as a pure domestic equity fund and our focused approach to investing has provided investors with some handsome rewards.

The equity market has had a very good run over the period and, in the short term, a correction may be in order. However, investors should note that we are on record as being very optimistic on local equities over the next 5 to 10 years. Thus patience is advisable when the inevitable weakness occurs, with the wise investor using the opportunity to invest.

The rand, as always, remains very difficult to call. Should it weaken, the fund will be reasonably positioned as it has enough of a rand hedge element in the form of counters such as Remgro, Sasol, Impala, SABMiller and Delta.

**Walter Aylett**

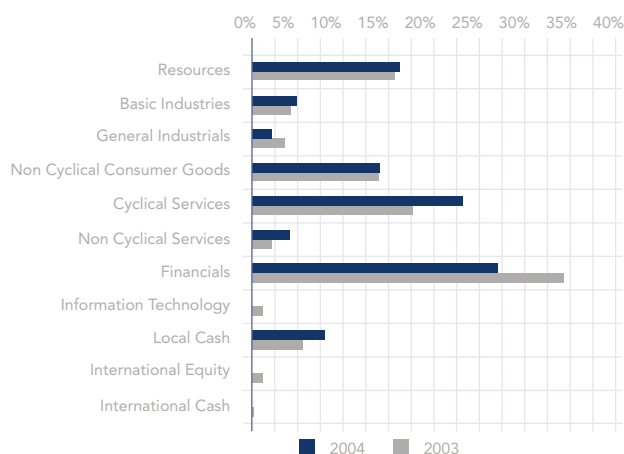
### PERFORMANCE ANALYSIS

	Since inception to September 2004	1-year return to September 2004	1-year return to September 2003
Coronation Equity Fund*	15,49%	42,76%	9,64%
FTSE/JSE All Share Index**	8,51%	39,94%	0,56%

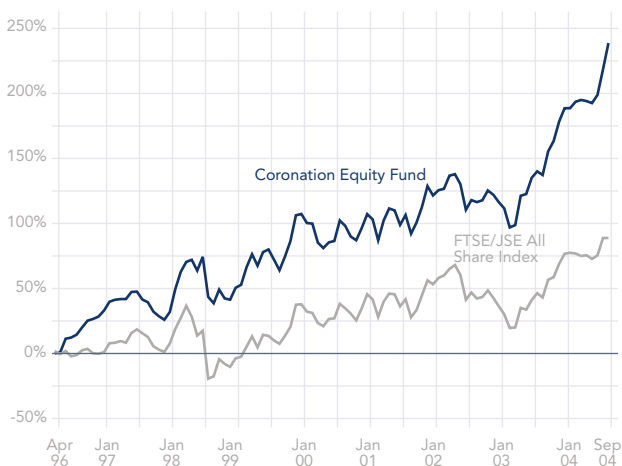
\* Previously the Coronation High Growth Fund

\*\* The benchmark is the FTSE/JSE All Share Index adjusted for a lower (50%) exposure to Resources

### ASSET ALLOCATION



### CUMULATIVE PERFORMANCE



### FUND DISTRIBUTION (cents per unit)

	A Class
30 September 2004	36,48
31 March 2004	37,36

## SPECIALISED FUNDS | FLEXIBLE FUNDS

### CORONATION SA CAPITAL PLUS FUND

**FUND SIZE** | R12,0 million

**NAV** | 1089,94 cents

**FUND DESCRIPTION** | Focused on the preservation of capital over any rolling 12-month period. Over the medium term, the objective is to produce a real growth rate of at least 3,5% per annum. The fund invests in South African assets only.

#### MANAGER COMMENT

The Coronation SA Capital Plus Fund, launched on 1 April 2004, produced a return of 10,8% over the six-month period, which is well ahead of its target return of CPIX + 3,5%. As a result of very attractive equity valuations, several stocks produced exceptional returns such as Absa (+50%), Sanlam (+30%), Remgro (+30%) and Naspers (+20%).

The fund has held a very low exposure to government bonds since inception as we believe that bonds are overvalued and that money invested in bonds at this point is at risk of capital loss. We believe that listed property is more attractive from a valuation point of view, and as a result the fund maintained its listed property

exposure at around 10% of the total portfolio. We still prefer property over bonds due to the strong fundamentals within the property sector and our expectation of growth in distributions of 3% to 6% per annum.

The fund purchased some inflation-linked bonds as we believe that we can expect a return of around 9%, which is preferable to current cash returns of around 7%.

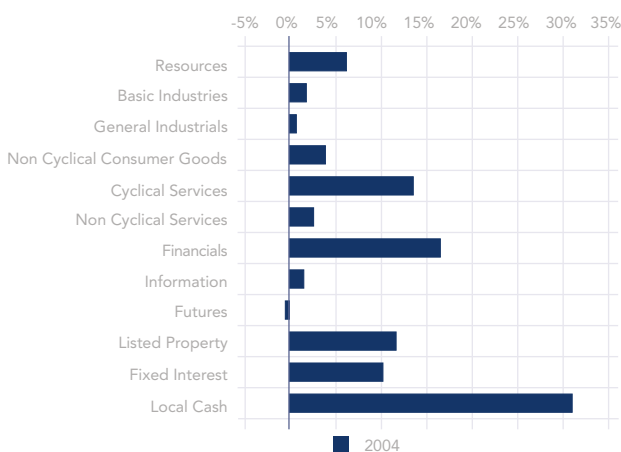
We have carefully considered whether the time is appropriate to reduce the fund's equity weighting given the strong performance of SA equities over the past year. We continue to view SA equities as the most attractive asset class, particularly local industrials and financials, and as a result we are comfortable at this point with the fund's equity weighting. We have, however, bought protection in the form of put options to the extent that 15% of the fund's equity exposure is now hedged.

**Edwin Schultz and Gavin Joubert**

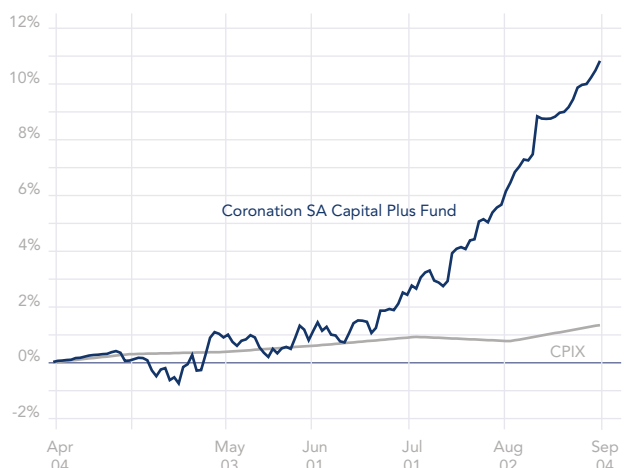
#### PERFORMANCE ANALYSIS

	6-month return to September 2004
Coronation SA Capital Plus Fund	10,82%
CPIX	1,09%

#### ASSET ALLOCATION



#### CUMULATIVE PERFORMANCE



#### FUND DISTRIBUTION (cents per unit)

	A Class	B Class
30 September 2004	9,68	7,66
30 June 2004	9,22	9,80

## CORONATION ABSOLUTE FUND

**FUND SIZE** | R421,7 million

**NAV** | 1462,26 cents

**FUND DESCRIPTION** | Aims to maintain a real growth rate of 6% per annum, and never lose money over any rolling 36-month period.

### MANAGER COMMENT

Over the past year the return of the Coronation Absolute Fund has been 35,8%, which is some 26% ahead of its target return of inflation + 6%. As a result of very attractive equity valuations, the equity component of the fund was maintained at 70% or higher throughout the period. This view has been justified, with some exceptional returns being shown over the past year from some of the fund's core equity holdings, including Primedia (+111%), Absa (+97%), Naspers (+88%), Telkom (+77%) and Metropolitan (+72%).

The fund continued to hold no government bonds due to our view that bonds are overvalued and that money invested in bonds today could be subject to capital

losses. The fund has maintained some listed property exposure, at around 5% of the total portfolio. While being cognisant of the interest rate risk in listed property shares (due to the historical high correlation with bonds of around 85%), we still prefer property over bonds as a result of the strong fundamentals within the property sector and our expectation of growth in distributions of 3% to 6% per annum.

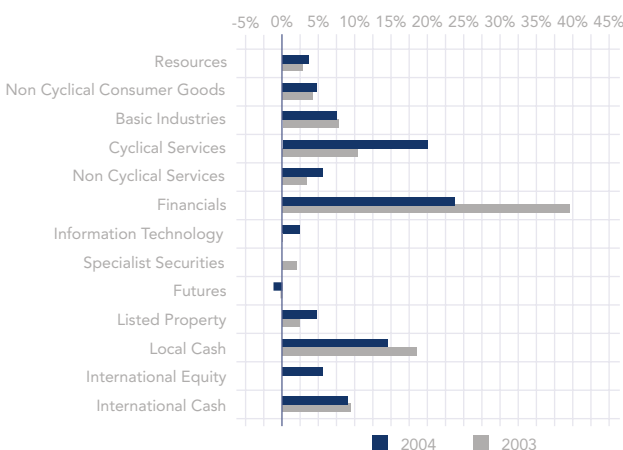
We have carefully considered whether the time is appropriate to reduce the fund's equity weighting given the strong performance of SA equities over the past year. However, it is our view that SA equities are still the most attractive asset class, particularly local industrials and financials. Thus, while we have reduced equity exposure slightly, we remain comfortable at this point with the fund's relatively high equity weighting of approximately 70%.

**Edwin Schultz and Gavin Joubert**

### PERFORMANCE ANALYSIS

	Since inception to September 2004	1-year return to September 2004	10-month return to September 2003
Coronation Absolute Fund	25,33%	35,78%	11,51%
CPIX	4,17%	3,74%	3,89%

### ASSET ALLOCATION



### CUMULATIVE PERFORMANCE



### FUND DISTRIBUTION (cents per unit)

	A Class	B Class
30 September 2004	0,00	4,33
31 March 2004	0,00	6,62

## SPECIALISED FUNDS | FLEXIBLE FUNDS

### CORONATION OPTIMUM GROWTH FUND

**FUND SIZE** | R923,7 million

**NAV** | 2109,04 cents

**FUND DESCRIPTION** | Aims to deliver long-term growth by investing in a combination of local and international investments across all asset classes.

#### MANAGER COMMENT

For the 12-month period, the fund provided investors with a return of 22,6%. Since inception five and a half years ago, it has produced a return of almost 17% per annum. It is interesting to note that the long-term return is about the same in US dollar terms.

These returns have been against a background of currency volatility, global turmoil and great uncertainty. Our formula for success is no secret: our approach to constructing this portfolio is simply to invest in a business-like manner preferring to ignore the vagaries of the markets. Formalised, model-driven asset allocation does not appear in our process, and if an opportunity presents itself we evaluate it by making sure we understand the business.

If the business proves to have "moat-like properties" and good management this will certainly pique our interest. The final step is evaluating the price. This is the same process that we have followed since the fund's inception.

Our outlook for the next 12 months is subdued. More than 50% of the portfolio is offshore, predominantly in one-year fixed interest paper. The domestic markets have done well, and the rand appears set to remain stronger for longer. To achieve a 10% return on the total fund, the domestic portion will have to generate a 20% return in an environment where we believe that a return of more than 10% will be very difficult to generate.

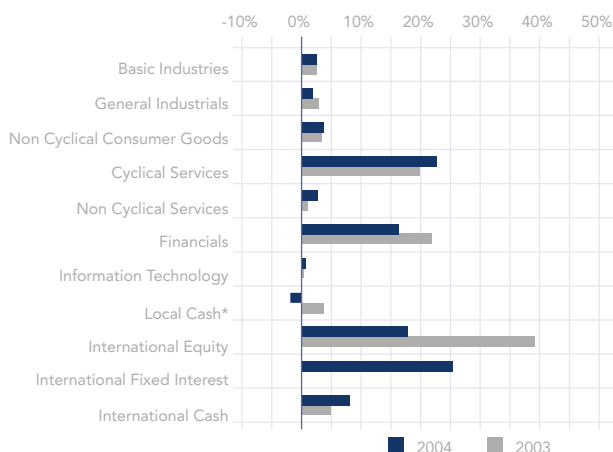
For further information on the fund, a comprehensive review of the year will be distributed to investors in early 2005.

**Walter Aylett**

#### PERFORMANCE ANALYSIS

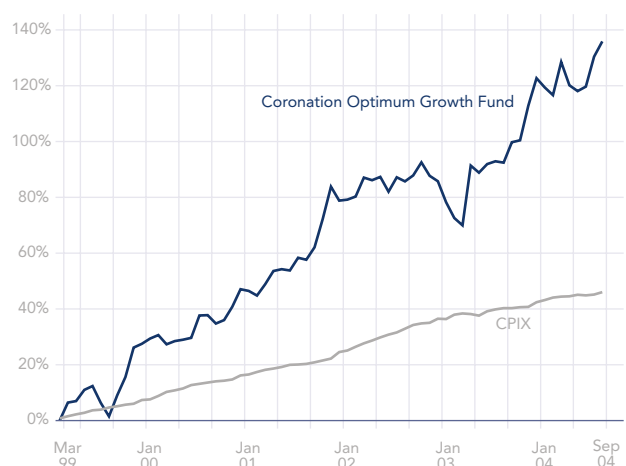
	Since inception to September 2004	1-year return to September 2004	1-year return to September 2003
Coronation Optimum Growth Fund	16,61%	22,58%	3,61%
CPIX	6,92%	3,74%	5,37%

#### ASSET ALLOCATION



\* The negative local cash position arose at year-end and was subsequently rectified

#### CUMULATIVE PERFORMANCE



#### FUND DISTRIBUTION (cents per unit)

	A Class	B Class
30 September 2004	0,00	0,00
31 March 2004	11,21	0,00

## SPECIALISED FUNDS | DOMESTIC EQUITY FUNDS

### CORONATION TOP 20 FUND

**FUND SIZE** | R477,9 million

**NAV** | 2147,63 cents

**FUND DESCRIPTION** | Aims to outperform the FTSE/JSE Top 40 Index, is aggressively managed and will typically hold no more than 20 large cap stocks at any point in time.

### MANAGER COMMENT

Over the past year, the Coronation Top 20 Fund appreciated by 43,9%, compared to the 35,9% return of the FTSE/JSE Top 40 Index. Over a three-year period the fund has achieved an annualised return of 23% compared to the 16% of its benchmark. The greatest contributors to performance in the past year were the fund's holdings in Absa (+97%), Naspers (+88%) and Telkom (+77%).

We continue to believe that the best value in the South African equity market is to be found within the local industrial and financial shares. As a result, the fund holds large positions in Naspers, Telkom, Remgro, VenFin, Tiger Brands, Standard Bank and Absa. With regard to resources, it is our view that in general terms

these shares are overvalued. Many are pricing in current commodity prices, which in a number of instances are well above normalised levels, and/or a R/US\$ exchange rate of 8 or higher, or a combination of these two key variables. Within resources, however, we do believe that Sasol and Impala Platinum are attractively valued, and the fund has significant positions in these shares.

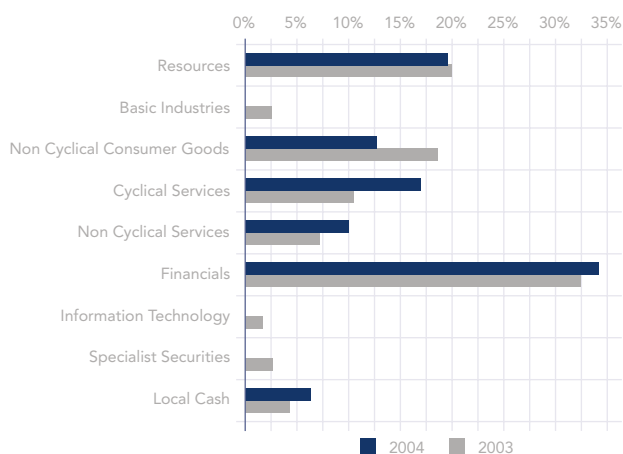
Despite the South African equity market having enjoyed a great year in terms of performance, we continue to see it as attractively valued, particularly when compared to the returns available from cash or bonds. We believe that the fund currently holds stakes in 17 of the most attractively valued large companies on the JSE Securities Exchange South Africa (JSE), and that all of these stocks are still trading well below their fair values. The weighted average forward dividend yield of the portfolio is still above 4%. As a result, from a combination of dividend income and capital appreciation, we expect to achieve superior returns over the medium to long term.

**Gavin Joubert and Hugo Nelson**

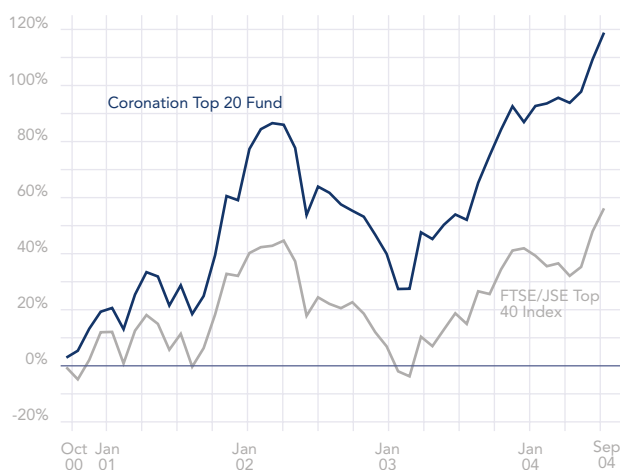
### PERFORMANCE ANALYSIS

	Since inception to September 2004	1-year return to September 2004	1-year return to September 2003
Coronation Top 20 Fund	21,63%	43,91%	(5,95%)
FTSE/JSE Top 40 Index	11,79%	35,89%	(5,87%)

### ASSET ALLOCATION



### CUMULATIVE PERFORMANCE



### FUND DISTRIBUTION (cents per unit)

	A Class	B Class
30 September 2004	2,24	0,00
31 March 2004	4,16	0,00

## SPECIALISED FUNDS | DOMESTIC EQUITY FUNDS

### CORONATION FINANCIAL FUND

**FUND SIZE** | R774,4 million

**NAV** | 1371,57 cents

**FUND DESCRIPTION** | Invests in a broad range of financial shares, including banks, insurance and investment companies.

#### MANAGER COMMENT

The environment of low inflation and low interest rates proved to be extremely beneficial for the financial sector over the past 12 months. The FTSE/JSE Financials Index returned a phenomenal 50,9%, significantly outperforming the overall market. The Coronation Financial Fund comfortably outperformed the Index delivering a return of 57,3% for the year, making it the best performing unit trust in South Africa.

Our overweight position in banks (Absa, FirstRand and Standard Bank) was probably the number one driver of performance, especially once rumours of the Barclays acquisition of Absa surfaced. We believe this event is a vote of confidence in the domestic banking sector and bodes well for the future of banking in South Africa. While competition will remain intense we believe the local

institutions remain well positioned to compete. In the last quarter our large overweight position in Sanlam and Metlife came through nicely as the former benefited from positive sentiment around the Absa deal (Sanlam owns 21% of Absa) and the latter performed well due to its strong new business growth in its key savings markets.

Avoiding Nedbank for most of the period was also a key driver of our outperformance as the share declined due to losses resulting from the mis-statement of previous financials and poor management.

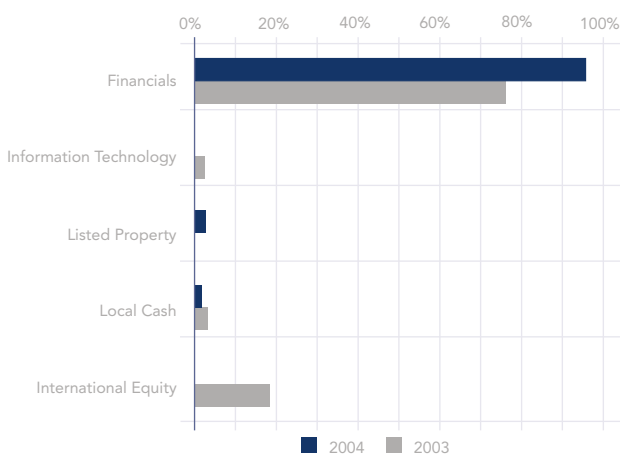
The future outlook for further re-rating remains unclear. While the financial sector has re-rated, on a number of metrics it does not look expensive relative to the local market and some of the international peer groups. What we can forecast with fairly high certainty is that we believe earnings growth will remain strong in this environment of low interest rates, strong advances growth and rising equity markets. Thus we believe the fund should continue to deliver positive real returns for investors.

**Neville Chester and Neil Young**

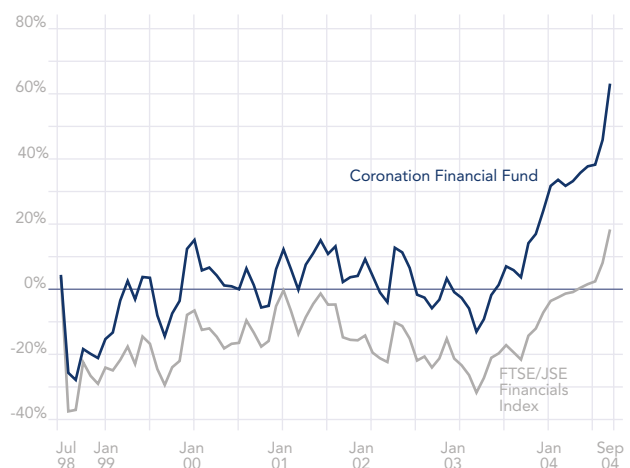
#### PERFORMANCE ANALYSIS

	Since inception to September 2004	1-year return to September 2004	1-year return to September 2003
Coronation Financial Fund	8,14%	57,34%	10,10%
FTSE/JSE Financials Index	2,73%	50,93%	3,19%

#### ASSET ALLOCATION



#### CUMULATIVE PERFORMANCE



#### FUND DISTRIBUTION (cents per unit)

	A Class	B Class
30 September 2004	25,12	17,93
31 March 2004	16,58	10,24

## CORONATION INDUSTRIAL FUND

**FUND SIZE** | R60,0 million

**NAV** | 2075,82 cents

**FUND DESCRIPTION** | Invests in a broad range of domestic industrial shares.

### MANAGER COMMENT

The Coronation Industrial Fund had another good year, with its one-year return of 47% outperforming the 45% returned by the FTSE/JSE Industrials Index. The fund's longer-term track record is particularly encouraging with its three-year return of 25% per annum comfortably outperforming the Index's return of 16% per annum.

Significant contributors to performance include Telkom, Woolworths, and the fund's large holdings in media, gaming, food and beverage stocks. Key holdings in the fund currently include Telkom, AECL, media shares (Naspers, Primedia, Johncom), select retailers (Woolworths, Mr Price, New Clicks) and the food companies (Tiger Brands, AVI, Oceana).

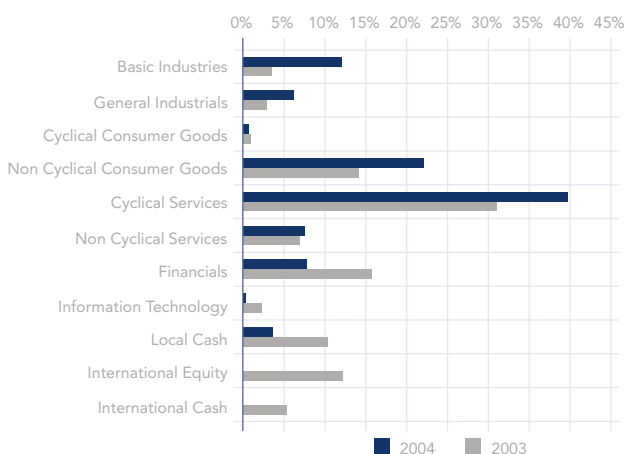
Despite a very strong performance over the last 18 months, we continue to believe that industrial stocks offer good prospects of above-average returns. The good returns of the last year were off a very depressed base, which offered investors an extraordinary investment opportunity. After 18 months of good returns one forgets quite easily that, at the April 2003 low, the Industrials Index had delivered negative returns in six of the previous seven calendar years. Valuations, despite being more demanding than a year ago, remain attractive. In addition, although retail shares are now showing many of the tell-tale signs that indicate one is nearing the top of the cycle, much of our universe is operating at or below our assessment of normal earnings (particularly in the case of rand hedge shares).

**Dirk Kotzé and Karl Leinberger**

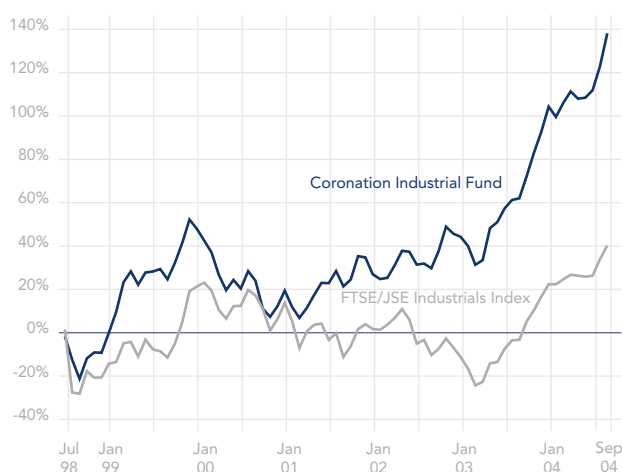
### PERFORMANCE ANALYSIS

	Since inception to September 2004	1-year return to September 2004	1-year return to September 2003
Coronation Industrial Fund	14,89%	46,99%	24,87%
FTSE/JSE Industrials Index	5,56%	45,01%	7,87%

### ASSET ALLOCATION



### CUMULATIVE PERFORMANCE



### FUND DISTRIBUTION (cents per unit)

	A Class
30 September 2004	14,97
31 March 2004	9,11

## SPECIALISED FUNDS | DOMESTIC EQUITY FUNDS

### CORONATION RESOURCES FUND

**FUND SIZE** | R21,2 million

**NAV** | 2698,85 cents

**FUND DESCRIPTION** | Invests in a broad range of resource and basic industry counters that are affected by changes in the commodity cycle.

#### MANAGER COMMENT

The year is over, and what a year it has been for the Coronation Resources Fund. The fund achieved a return of 24,5%, beating the resources and basic industry mean by 3%. The FTSE/JSE Resources sector managed a total return of 21,6%, underperforming the FTSE/JSE All Share Index by more than 10%.

The currency continues to have a major influence on the fortunes of resources companies on the JSE. We started the year at just under R7/US\$, touched a high of R7,33/US\$ in January and a low of R5,89/US\$ in July, only to finish at R6,47/US\$ in September. While erratic, the currency has strengthened and thus dragged on the performance of the sector, negating the 48% growth in the Economist Dollar Metals Index.

Our key overweight positions returned a mixed performance. Delta was the worst, returning -21%, and Iscor was the best with an incredible return of 134%. Sasol returned 52%, and AECL returned 18%. The other detractor from overall performance was Impala Platinum, with a return of -7%.

A further contributor to the fund's outperformance has been our underweight position in gold, briefly reversed in the final quarter – as detailed in the quarterly comment dated 30 September 2004. Locally listed gold companies have performed abysmally in the face of a declining rand gold price, although we were able to enjoy the bounce that occurred in the final quarter of the year under review.

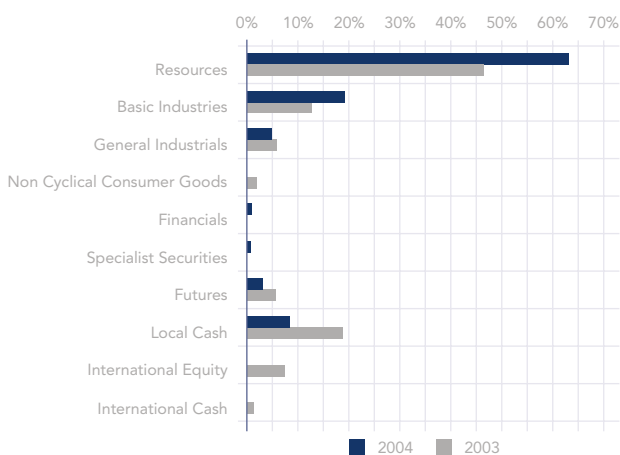
Our investment philosophy remains unchanged – we seek to find cheap shares without relying on any major macro drivers to move in our favour.

**Hugo Nelson and Michael Lawrenson**

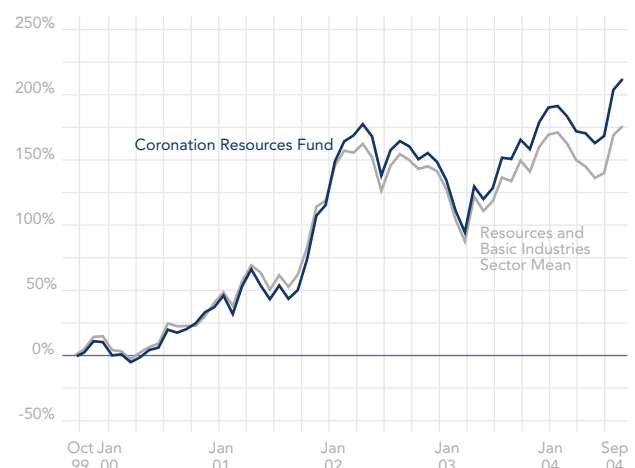
#### PERFORMANCE ANALYSIS

	Since inception to September 2004	1-year return to September 2004	1-year return to September 2003
Coronation Resources Fund	25,57%	24,48%	(5,18%)
Resources and Basic Industries Sector Mean	21,32%	21,61%	(7,89%)

#### ASSET ALLOCATION



#### CUMULATIVE PERFORMANCE



#### FUND DISTRIBUTION (cents per unit)

	A Class
30 September 2004	30,39
31 March 2004	17,72

## CORONATION SMALLER COMPANIES FUND

**FUND SIZE** | R101,1 million

**NAV** | 1779,88 cents

**FUND DESCRIPTION** | Invests in small and mid capitalisation companies, developing industries and recovery shares.

### MANAGER COMMENT

The ascent of the currency has caused a significant shift in economic activity, transferring profits from the export industry to the domestic companies that have enjoyed buoyant consumer spending trends. The overriding challenge facing all managements is the extent to which they have embraced the new strong rand paradigm and adapted their businesses to this environment.

It is evident that the fund was overly exposed to the manufacturing sector, and this led to an underperformance. The surge in imports and the weaker unit prices that companies such as Seardel, Oceana and Delta faced compromised their results. However, they have risen to the challenge of the new rand paradigm, and are aggressively

adjusting their operations. On the other hand, many of our gold shares simply cannot prosper in current conditions, and we remain underweight the sector. A number of retail shares held in the fund have done exceptionally well. We are still in the midst of a consumer boom, supported by low household indebtedness and a secular shift to lower rates. Edgars, Iliad and Mr Price have all benefited from strong earnings growth and, despite big moves in the shares, valuation levels still imply further upside potential.

The fund's average price/earnings (PE) ratio is significantly below the FTSE/JSE All Share Index PE, and the earnings prospects remain at least as bright. We continue to be positive on the relative prospects of the small and mid cap sector versus their larger brethren. Although the fund's relative performance was sub-par in 2004, we remain confident on its prospects for the year ahead.

**Sunil Shah**

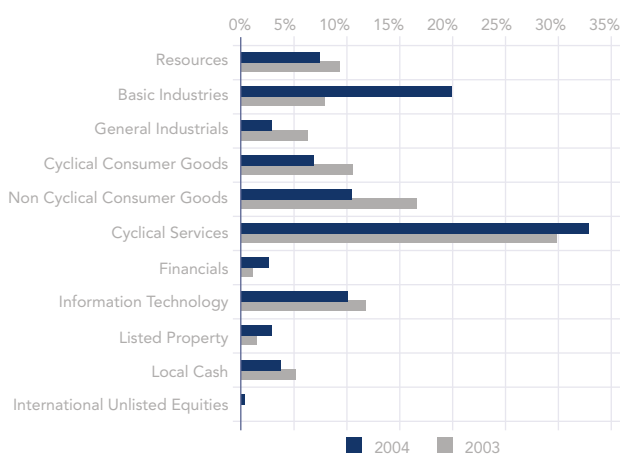
### PERFORMANCE ANALYSIS

	Since inception to September 2004	1-year return to September 2004	1-year return to September 2003
Coronation Smaller Companies Fund*	10,62%	32,78%	17,51%
Composite benchmark**	11,70%	35,72%	27,81%

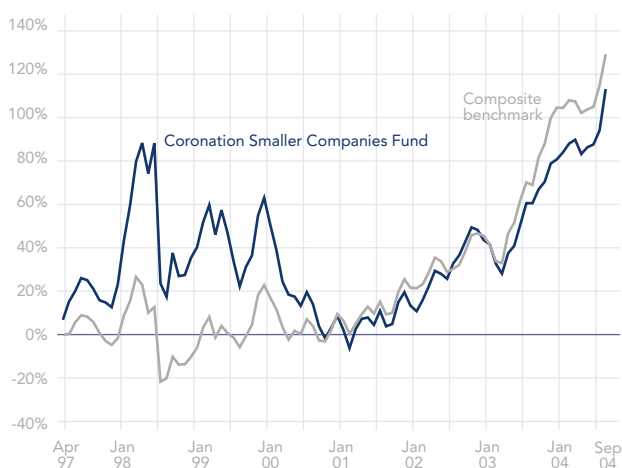
\* Previously the Coronation Specialist Growth Fund

\*\* Composite benchmark: The Market Cap Weighted Index of the FTSE/JSE Small and Mid Cap Indices

### ASSET ALLOCATION



### CUMULATIVE PERFORMANCE



### FUND DISTRIBUTION (cents per unit)

	A Class
30 September 2004	25,11
31 March 2004	22,16

## SPECIALISED FUNDS | DOMESTIC EQUITY FUNDS

### CORONATION NEW ERA FUND

**FUND SIZE** | R126,6 million

**NAV** | 1770,65 cents

**FUND DESCRIPTION** | To capture the wealth created through innovation in the technology, media and telecommunications industries.

#### MANAGER COMMENT

It is interesting to note that the fund has not delivered a negative return over the last five, three and one-year periods. This is in contrast to other technology funds and global funds which have invariably recorded a down-year in one of the above periods.

In rand terms, the fund managed to produce a return of 22,8%. Its return should be seen against the background of a very strong rand and subdued offshore markets.

The fund benefited greatly from the large positions held in local media and telecommunications stocks. However, our offshore portfolio did not share the same fortune.

Our conservative approach to investing offshore has protected the fund to some extent. We continue to hold a high cash content, and have significant exposure to foreign currencies as well as media and pharmaceutical companies.

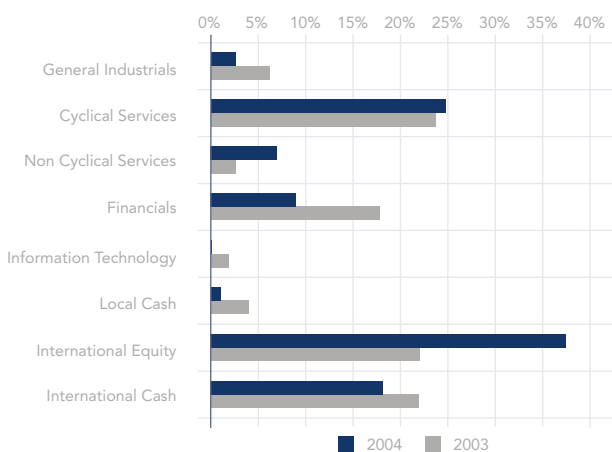
**Walter Aylett**

#### PERFORMANCE ANALYSIS

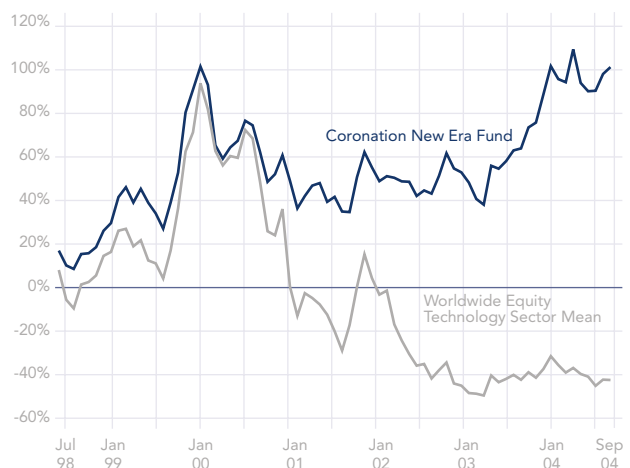
	Since inception to September 2004	1-year return to September 2004	1-year return to September 2003
Coronation New Era Fund*	11,84%	22,79%	14,49%
Worldwide Equity Technology Sector Mean	(12,23%)	(0,28%)	(1,68%)

\* Previously the Coronation New Era Growth Fund

#### ASSET ALLOCATION



#### CUMULATIVE PERFORMANCE



#### FUND DISTRIBUTION (cents per unit)

	A Class
30 September 2004	0,18
31 March 2004	12,17

## SPECIALISED FUNDS | FIXED INTEREST AND REAL ESTATE FUNDS

### CORONATION PROPERTY EQUITY FUND

**FUND SIZE** | R604,1 million

**NAV** | 1452,0 cents

**FUND DESCRIPTION** | Invests in quality listed property assets to produce high income yields and long-term capital growth.

#### MANAGER COMMENT

The fund benefited from a strong environment in listed property, but more importantly from good security selection. While lower bond rates lent support to the property market, the main driver was a decline in the spread of listed property to bonds, and very good distribution growth in the listed property companies.

Over the past year our preference has been mainly retail and industrial property exposure. This strategy has benefited the fund, where investment demand remains very strong. Major holdings such as Grayprop, Hyprop and Sycom made large positive contributions on this basis. Industrial property also performed well, with a large holding in Pangbourne making a significant contribution. Our focus on smaller players with strong management teams paid off, with strong contributions from both Resilient and Acucap.

Despite a marginal weakening of the rand against the British pound (1,5% depreciation), our holding in Liberty International contributed significantly to the fund.

The outlook for domestic listed property distribution growth remains very good; expected to average 3% to 6% for the quality companies over the next year. The largest risk to the listed property market, in our view, remains bond rates. We are not comfortable that the current low level of bond rates is sustainable. While there is still a reasonable spread in property yields over bond yields, one has to realise that the risk of capital loss has increased compared to 12 months ago. Our counter-response to the increased risk in the sector would be to start increasing liquidity levels, and increase our holdings in Liberty International.

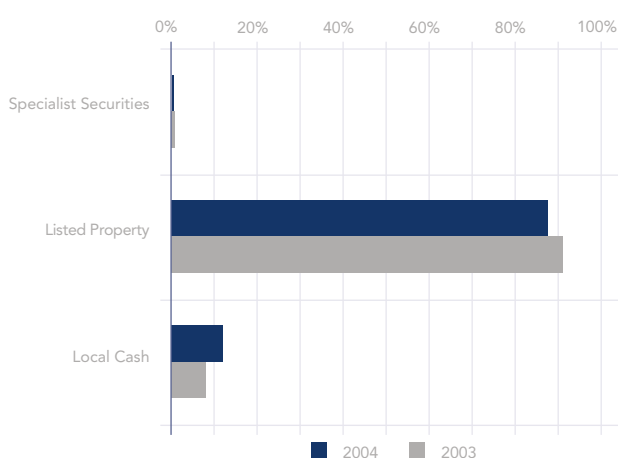
We remain positive about the outlook for the fund and continue to believe that through prudent management we can continue to produce attractive real returns for investors.

**Edwin Schultz**

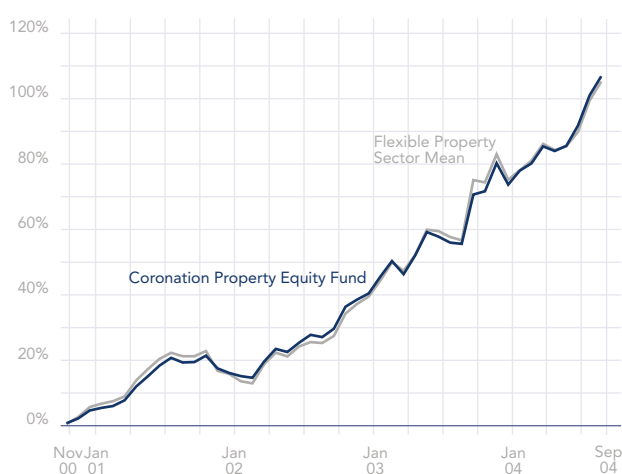
#### PERFORMANCE ANALYSIS

	Since inception to September 2004	1-year return to September 2004	1-year return to September 2003
Coronation Property Equity Fund	20,72%	32,94%	22,44%
Flexible Property Sector Mean	20,45%	31,07%	25,14%

#### ASSET ALLOCATION



#### CUMULATIVE PERFORMANCE



#### FUND DISTRIBUTION (cents per unit)

	A Class
30 September 2004	36,89
30 June 2004	28,40
31 March 2004	29,76
31 December 2003	31,64

## SPECIALISED FUNDS | FIXED INTEREST AND REAL ESTATE FUNDS

### CORONATION INCOME FUND

**FUND SIZE** | R216,7 million

**NAV** | 1141,05 cents

**FUND DESCRIPTION** | Aims to provide a high level of current income with moderate levels of capital growth. Stability of capital invested is of prime focus.

#### MANAGER COMMENT

The Coronation Income Fund is a portfolio of carefully selected bonds and cash instruments. During the year the asset allocation has been biased towards cash – since the risk of a bond sell-off was a concern.

Towards the end of September 2004, we started to introduce inflation-linked bonds that act as an inflation hedge, providing better returns if inflation surprises on the upside. Our 12-month view is that inflation-linked bonds are likely to outperform regular government bonds.

We expect bond yields to rise as they price in risks of rising inflation – currently not adequately reflected, and we will look for opportunities to accumulate bonds closer to fair value. Our fair value research indicates that the benchmark bond, the R153 currently yielding 8,6%, is overvalued.

The fund aims to retain its conservative bias and a modified duration shorter than benchmark. Going forward we will look for further selling opportunities in a rally, and look to buy bonds as they approach fair value.

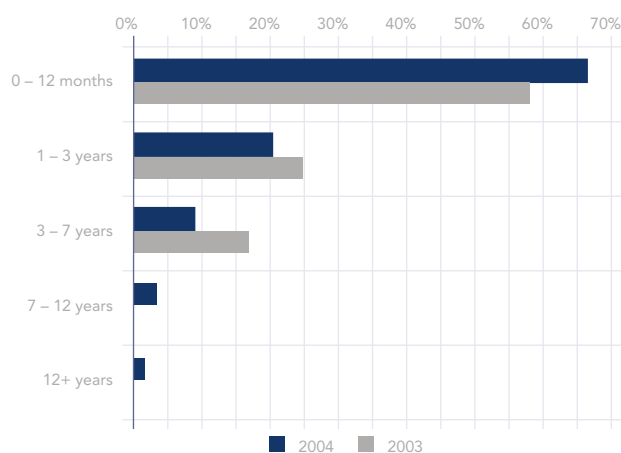
The fund should consistently outperform cash due to its ability to take on more interest rate risk than a money market fund.

**Tania Miglietta**

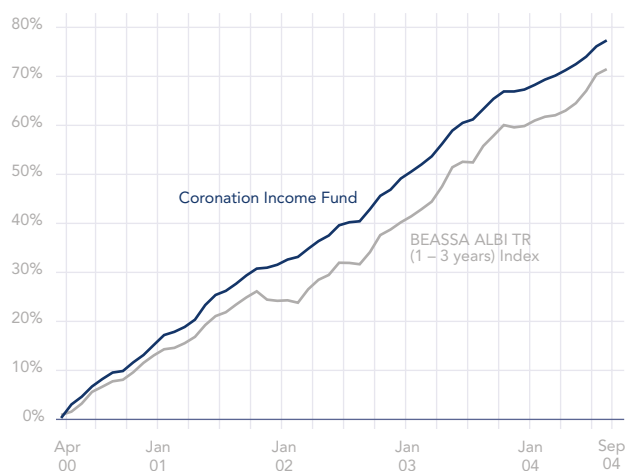
#### PERFORMANCE ANALYSIS

	Since inception to September 2004	1-year return to September 2004	1-year return to September 2003
Coronation Income Fund	13,58%	8,59%	16,29%
BEASSA ALBI TR (1 – 3 years) Index	12,73%	10,07%	18,32%

#### ASSET ALLOCATION



#### CUMULATIVE PERFORMANCE



#### FUND DISTRIBUTION (cents per unit)

	A Class
30 September 2004	24,75
30 June 2004	23,34
31 March 2004	21,52
31 December 2003	28,24

## CORONATION BOND FUND

**FUND SIZE** | R142,5 million

**NAV** | 1327,40 cents

**FUND DESCRIPTION** | Seeks to provide investors with a well-diversified exposure to the SA bond market.

### MANAGER COMMENT

From reaching strong levels in the last quarter of 2003, bond yields weakened in the first half of 2004, peaking in June. This move higher was predominantly driven by domestic inflationary fears as well as weakness in global bond yields. Returns from the domestic bond market were meagre over this period, with money market funds outperforming bond funds for the first half of the year.

Global optimism has subsequently been somewhat tempered with high oil prices weighing heavily on growth prospects and sentiment, driving US bond yields back to levels seen at the start of the year. This has also created a positive backdrop for emerging markets and helped the rand to remain at strong levels.

The stronger than expected rand positively impacted South African inflation which fell to levels lower than the market had anticipated. Short-term interest rates were cut by 2,5% from the beginning of October 2003, bringing the reduction in interest rates to 6% for the cycle thus far.

The combination of these factors created a favourable backdrop for South African bond yields in the third quarter of 2004, with yields rallying through levels seen at the end of last year. We view inflation to have reached the low point in the cycle, with risks to the view having increased given the backdrop of higher oil prices, robust consumer demand and rising vulnerability of the rand to changes in global risk appetite. Given these factors, we view bond yields at current levels to be expensive, and have therefore used the recent strength to position the fund defensively so as to reduce the risk of capital loss should yields move higher.

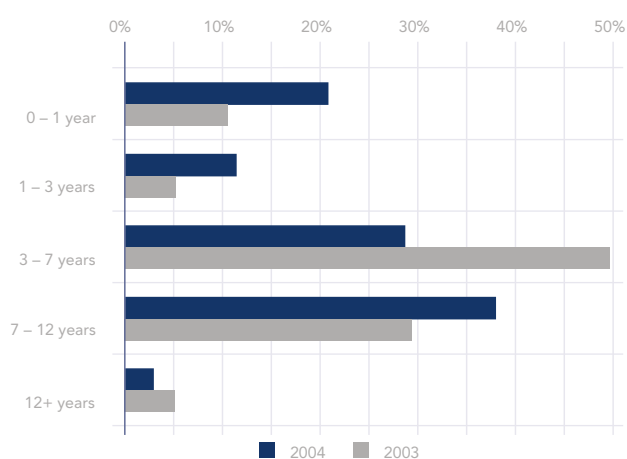
**Melanie Stockigt**

### PERFORMANCE ANALYSIS

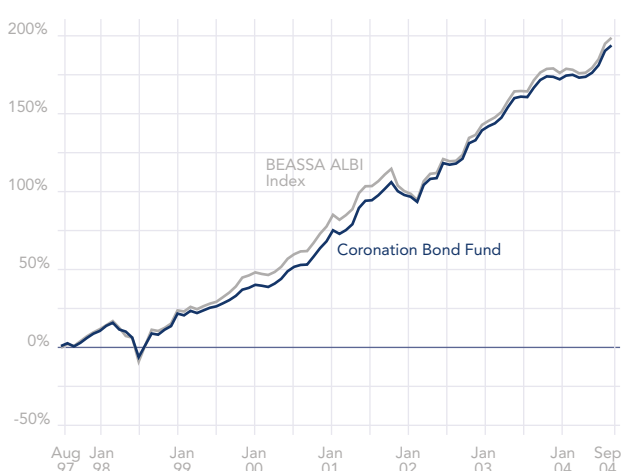
	Since inception to September 2004	1-year return to September 2004	1-year return to September 2003
Coronation Bond Fund*	16,23%	10,19%	22,32%
BEASSA ALBI Index	16,50%	10,06%	23,51%

\* Previously the Coronation Specialist Bond Fund

### ASSET ALLOCATION



### CUMULATIVE PERFORMANCE



### FUND DISTRIBUTION (cents per unit)

	A Class	B Class
30 September 2004	83,29	73,83
31 March 2004	66,02	58,15

## SPECIALISED FUNDS | RAND-DENOMINATED INTERNATIONAL FUNDS

### CORONATION INTERNATIONAL ACTIVE FUND OF FUNDS

**FUND SIZE** | R835,6 million

**NAV** | 2073,22 cents

**FUND DESCRIPTION** | To achieve strong capital appreciation, with below market volatility. The fund's return focus is more directed to "absolute" rather than "relative" returns.

#### MANAGER COMMENT

The fund rose by 14% in US dollar terms for the year, with almost all of the investment return generated in the final quarter of 2003. Sentiment deteriorated over the year as the interest rate cycle turned, investors discounted the fact that we had reached a peak in the corporate earnings cycle, liquidity deteriorated and the threat of rising oil prices threatened to slow global growth.

With no clear trends and poor underlying liquidity, investment professionals attempted to add value at a stock level. At a sector level the rotation into commodity

and commodity-linked sectors was extremely strong whereas technology, financial and retail sectors lagged.

The fund's marginal overweight toward the Japanese equity market detracted from performance in the short term, as did the fund's sector exposure to gold.

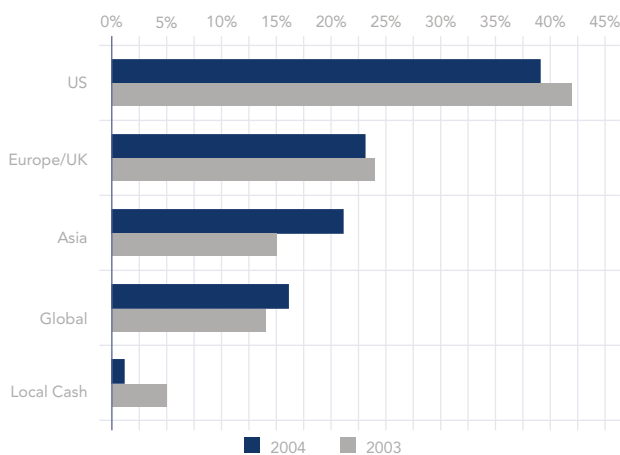
In the US, the best performing fund was Copper Spire (+17%) and small cap specialist Wanger (+23%). The majority of our European fund managers contributed with positive outperformance against the MSCI European Index. Odey Europe produced a positive return of 19% and Aberforth UK Small Companies 21%, whilst JO Hambro underperformed the broader market generating a positive return of 8%.

**Tony Gibson**

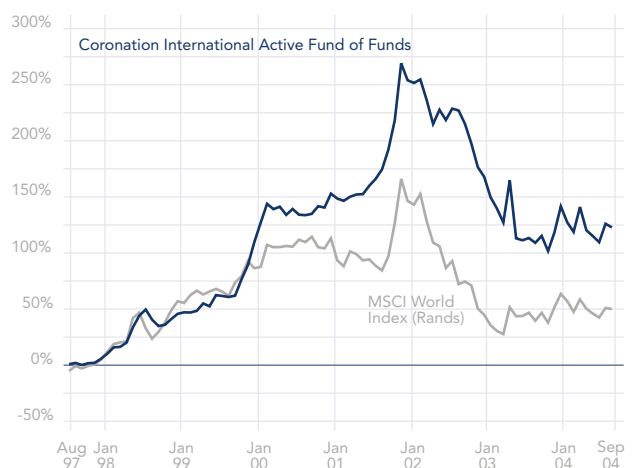
#### PERFORMANCE ANALYSIS

	Since inception to September 2004	1-year return to September 2004	1-year return to September 2003
Coronation International Active Fund of Funds	11,83%	6,56%	(36,07%)
MSCI World Index (Rands)	6,46%	9,72%	(17,07%)

#### ASSET ALLOCATION



#### CUMULATIVE PERFORMANCE



#### FUND DISTRIBUTION (cents per unit)

	A Class	B Class
30 September 2004	0,00	0,00
31 March 2004	0,00	0,00

## CORONATION INTERNATIONAL EQUITY

### FUND OF FUNDS

**FUND SIZE** | R1,3 million

**NAV** | 802,43 cents

**FUND DESCRIPTION** | Aims to achieve maximum long-term capital growth and invests in a selection of underlying offshore equity funds managed on a long-only basis.

### MANAGER COMMENT

Over the past year the MSCI World Index appreciated by 18% in US dollar terms whereas the Coronation International Equity Fund of Funds rose by 11%.

Nearly all of the investment return was generated in the final quarter of 2003. Sentiment deteriorated over the year as the interest rate cycle turned, investors discounted the fact that we had reached a peak in the corporate earnings cycle, liquidity deteriorated and the threat of rising oil prices threatened to slow global growth. On a relative basis the smaller cap Russell 2000 (+18%) outperformed

broader indices like the S&P 500 (+12%). Of the developed markets, Japan fared the worst in local currency terms, with the Nikkei 225 rising by only 6% as the growing prospect of a weaker US consumer, the threat of China suffering from a "hard landing" and patchy economic data weighed on the Japanese market as the year progressed.

With no clear trends and poor underlying liquidity, investment professionals have attempted to add value at a stock level. At a sector level the rotation into commodity and commodity-linked sectors was extremely strong whereas technology, financial and retail sectors lagged.

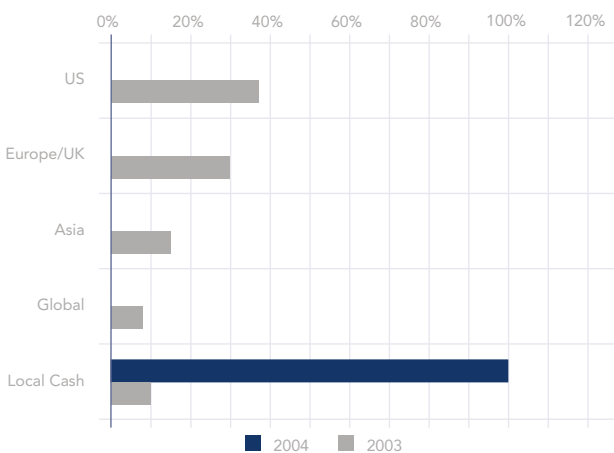
The fund has had a marginal overweight toward the Japanese equity market which detracted from performance in the short run, as did the fund's sector exposure to gold.

**Tony Gibson**

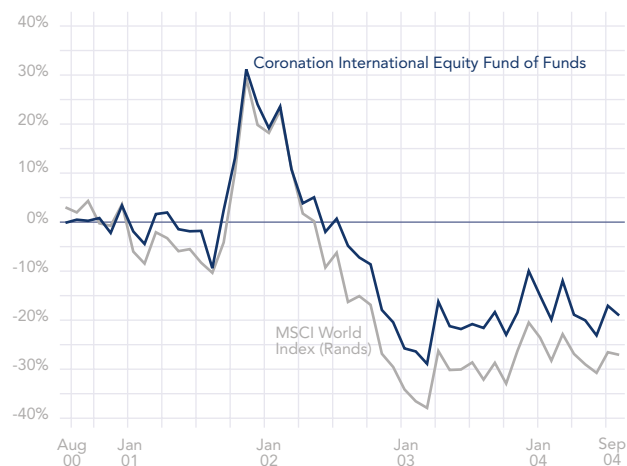
### PERFORMANCE ANALYSIS

	Since inception to September 2004	1-year return to September 2004	1-year return to September 2003
Coronation International Equity Fund of Funds	(4,94%)	3,25%	(17,61%)
MSCI World Index (Rands)	(6,32%)	9,72%	(17,07%)

### ASSET ALLOCATION



### CUMULATIVE PERFORMANCE



### FUND DISTRIBUTION (cents per unit)

30 September 2004

**A Class**

19,72

31 March 2004

0,00

## THIRD-PARTY FUNDS

### KAGISO TOP 40 TRACKER FUND

**FUND SIZE** | R154,8 million

**NAV** | 1563,70 cents

**FUND DESCRIPTION** | Provides low-cost passive access to the JSE and aims to replicate the movements of the FTSE/JSE Top 40 Index over time.

#### MANAGER COMMENT

Over the one and five-year periods ending September 2004 the fund was the top index tracker within its sector. For the year to 30 September 2004, the fund slightly underperformed its benchmark, delivering a return of 35,3% compared to the benchmark return of 35,9%. Relative to its competitors the fund outperformed the average index tracker by 2% for the year, and by 0,4% for the five-year period.

For the year, the Financials, Industrials and Resources Indices returned 50,9%, 45% and 21,6% respectively.

Strict cash management allows the fund to track the FTSE/JSE Top 40 Index with a minimum tracking error, as well as ensuring the maximum practical exposure to the index at all times. The current realised tracking error for the fund is 0,3% per annum.

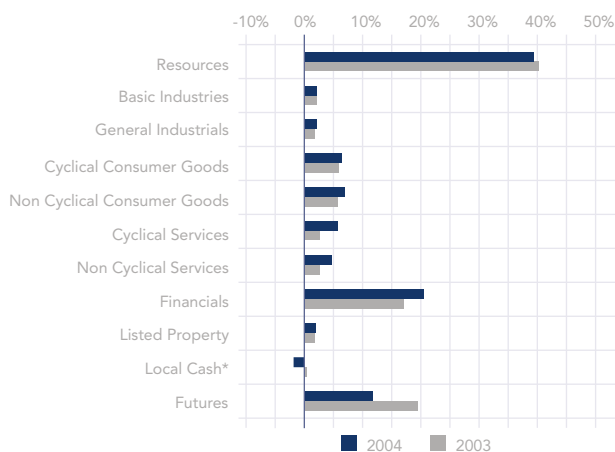
The Kagiso Top 40 Tracker Fund is an ideal vehicle for investors seeking diversified equity exposure to South Africa's large blue-chip companies, which roughly account for 85% of the South African stock market.

#### Kagiso Asset Management

#### PERFORMANCE ANALYSIS

	Since inception to September 2004	1-year return to September 2004	1-year return to September 2003
Kagiso Top 40 Tracker Fund	9,63%	35,34%	(5,18%)
FTSE/JSE Top 40 Index	10,27%	35,89%	(5,87%)

#### ASSET ALLOCATION



#### CUMULATIVE PERFORMANCE



\* The negative local cash position arose at year-end and was subsequently rectified

#### FUND DISTRIBUTION (cents per unit)

	A Class
30 September 2004	24,98
31 March 2004	17,20

## KAGISO PROTECTOR FUND

**FUND SIZE** | R49,4 million

**NAV** | 1161,79 cents

**FUND DESCRIPTION** | Aims to deliver returns equivalent to two-thirds of the market upside and one-third of its downside over any 24-month period, with significantly reduced volatility.

### MANAGER COMMENT

The Kagiso Protector Fund returned 17,3% with an annualised volatility of 9%, while the FTSE/JSE Top 40 Index returned 35,9% with an annualised volatility of 17%. Since inception in December 2002, the fund has returned 11,8% with 11% volatility against the FTSE/JSE Top 40 Index that has returned 17,8% with 27% volatility.

The fund started the period with 43% equity exposure. This was gradually increased to 62% over the first four months of the year. The sluggish recovery in the US economy and its continued trade deficit weakened the

US dollar by approximately 19% against the rand by July 2004; wiping out all the gains in the resources sector. The fund responded by decreasing equity exposure to 37%. In August 2004, interest rates were cut by 50 basis points, fuelling a weakening of the rand and resulting in stellar performance from the resources sector. As the market gained upward momentum, equity exposure was increased substantially, allowing the fund to participate in the strength. However, this increase in equity exposure does lag the market on sharp upward market movements, as was experienced in the final quarter. Hence, the fund gave up some of its relative gains.

The Kagiso Protector Fund is well positioned to capture the market upside and to reduce the levels of volatility created by external economic factors.

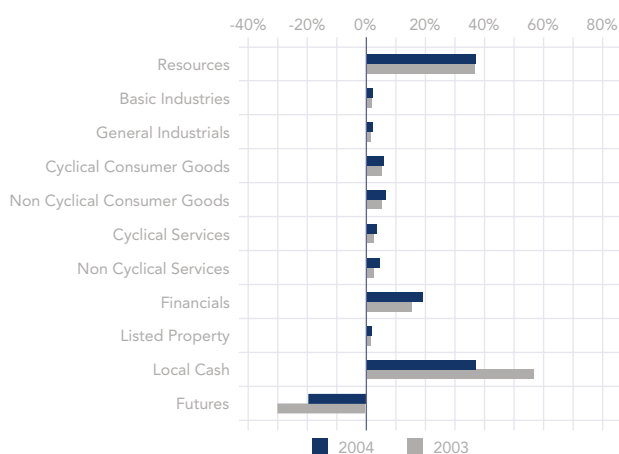
### Kagiso Asset Management

### PERFORMANCE ANALYSIS

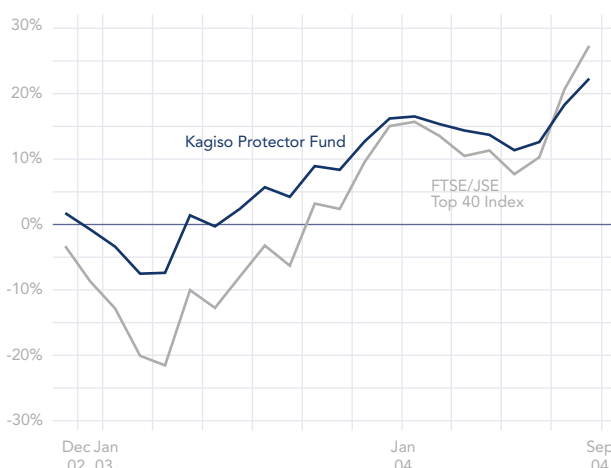
	Since inception to September 2004	1-year return to September 2004	10-month return to September 2003
Kagiso Protector Fund*	11,81%	17,33%	4,23%
FTSE/JSE Top 40 Index	17,75%	35,89%	(4,03%)

\* Previously the Kagiso Top 40 Protector Fund

### ASSET ALLOCATION



### CUMULATIVE PERFORMANCE



### FUND DISTRIBUTION (cents per unit)

	A Class
30 September 2004	13,46
31 March 2004	15,95

## THIRD-PARTY FUNDS

### KAGISO ACTIVE QUANTS FUND

**FUND SIZE** | R7,4 million

**NAV** | 118,35 cents

**FUND DESCRIPTION** | Employs a quantitative stock-picking strategy with the aim of providing steady capital growth.

### MANAGER COMMENT

The Kagiso Active Quants Fund commenced trading on 26 April 2004 as the first South African fund available to the retail investor that bases active stockpicking decisions on a statistical model of the share returns. The model is based on a large body of robust academic research and its primary designer, Professor Paul van Rensburg, is the portfolio manager.

Since inception, the fund has been the top performing unit trust in the Domestic Equity General category by

a relatively large margin. By 30 September 2004 it had generated a total return of 18,3%. This is 8% in excess of its benchmark, which is the average of its peers in the general equity sector.

The fund is suitable for investors seeking above-average performance. The fund is currently structured to have tracking error of 6% relative to its benchmark. Its beta and absolute risk (an annualised standard deviation of 12%) is relatively low. Primary (relative) risks include remaining underweight rand hedge and large capitalisation stocks.

### Kagiso Asset Management

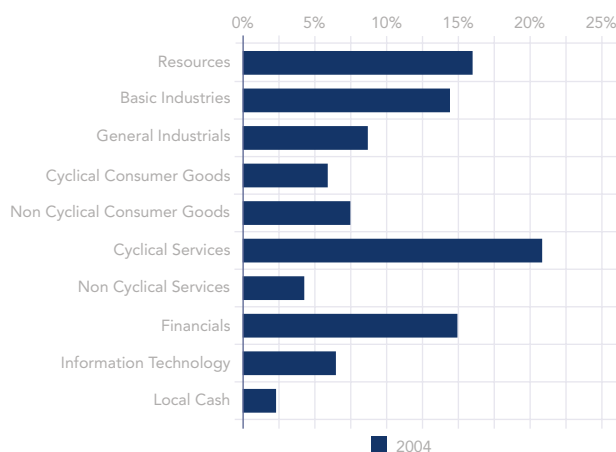
### PERFORMANCE ANALYSIS

Kagiso Active Quants Fund	18,34%
Domestic Equity General Sector Mean	11,86%

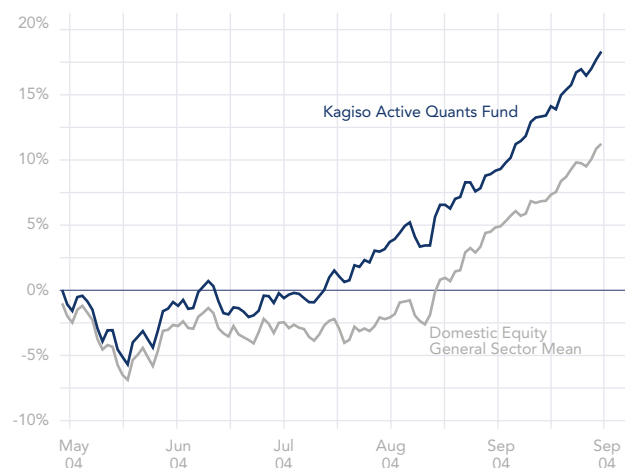
5-month return to  
September 2004

18,34%  
11,86%

### ASSET ALLOCATION



### CUMULATIVE PERFORMANCE



### FUND DISTRIBUTION (cents per unit)

30 September 2004

A Class

0,43



# FUND FEES

Fund	Initial fees % (excl. 14% VAT)			Annual service fees % (excl. 14% VAT)			Annual performance fees % (excl. 14% VAT)			Benchmarks and hurdle rates		
	Maximum Coronation initial fee	Maximum broker commission	Maximum total initial fee	Fixed/variable service fee	Annual service fee	Annual under-performance	Performance fee	Performance fee on outperformance	Performance fee cap	Payable in arrears	Benchmark	Hurdle rate for performance fee
<b>CORE FUNDS</b>												
Coronation Money Market	0,00	0,00	0,00	Fixed	0,50		No				Alexander Forbes 3-month STeFI Index	
Coronation Strategic Income	0,25	3,00	3,25	Fixed	1,00		No				BEASSA ALBI TR (1 – 3 years) Index	
Coronation Capital Plus	0,00	3,00	3,00	Variable	1,25	0,75	Yes	10%	1,50	Monthly	CPIX	Benchmark + 4%
Coronation Balanced Plus	0,25	3,00	3,25	Fixed	1,25		No				Composite: 65% Equity, 25% Bond, 10% Cash	
Coronation Market Plus	0,00	3,00	3,00	Variable	1,25	0,75	Yes	20%	2,50	Monthly	Composite: 65% Equity, 25% Bond, 10% Cash	Benchmark + 2%
Coronation Equity	0,25	3,00	3,25	Fixed	1,00		No				FTSE/JSE All Share Index	
<b>SPECIALISED FUNDS</b>												
<b>FLEXIBLE FUNDS</b>												
Coronation SA Capital Plus	0,00	3,00	3,00	Variable	1,25	0,75	Yes	10%	1,50	Monthly	CPIX	Benchmark + 3,5%
Coronation Absolute	0,25	3,00	3,25	Variable	1,25	0,75	Yes	20%	2,50	Monthly	CPIX	Benchmark + 6%
Coronation Optimum Growth	0,25	3,00	3,25	Fixed	1,00		Yes	15%		Annually	CPIX	Benchmark + 3%
<b>DOMESTIC EQUITY FUNDS</b>												
Coronation Top 20	0,25	3,00	3,25	Variable	1,00	0,50	Yes	20%	2,50	Monthly	FTSE/JSE Top 40 Index	Benchmark
Coronation Financial	0,25	3,00	3,25	Fixed	1,25		No				FTSE/JSE Financials Index	
Coronation Industrial	0,25	3,00	3,25	Fixed	1,00		No				FTSE/JSE Industrials Index	
Coronation Resources	0,25	3,00	3,25	Fixed	1,00		No				Resources and Basic Industries Sector Mean	
Coronation Smaller Companies	0,25	3,00	3,25	Fixed	1,00		No				Composite: FTSE/JSE Small and Mid Cap Indices	
Coronation New Era	0,25	3,00	3,25	Fixed	1,00		No				Worldwide Equity Technology Sector Mean	
<b>FIXED INTEREST AND REAL ESTATE FUNDS</b>												
Coronation Property Equity	0,25	3,00	3,25	Fixed	1,25		No				Flexible Property Sector Mean	
Coronation Income	0,25	0,75	1,00	Fixed	0,75		No				BEASSA ALBI TR (1 – 3 years) Index	
Coronation Bond	0,25	3,00	3,25	Fixed	0,75		No				BEASSA ALBI Index	
<b>RAND-DENOMINATED INTERNATIONAL FUNDS</b>												
Coronation International Active Fund of Funds	0,25	3,00	3,25	Fixed	1,50		No				MSCI World Index (Rands)	
Coronation International Equity Fund of Funds	0,25	3,00	3,25	Fixed	1,50		No				MSCI World Index (Rands)	
<b>THIRD-PARTY FUNDS</b>												
Kagiso Top 40 Tracker	0,00	0,00	0,00	Fixed	0,50		No				FTSE/JSE Top 40 Index	Benchmark
Kagiso Protector	0,25	3,00	3,25	Variable	1,25	0,75	Yes	15%	1,50	Monthly	FTSE/JSE Top 40 Index	Benchmark
Kagiso Active Quants	0,25	3,00	3,25	Variable	1,00	0,70	Yes	15%	2,50	Monthly	Domestic Equity General Sector Mean	Benchmark

## COMPANY DETAILS

**DIRECTORS:** MM du Toit (Managing Director), AJ Gibson, PJ Koekemoer, JA Snalam

**COMPANY SECRETARY:** DP McDonald | **REGISTRATION NUMBER:** 1995/010002/06

**BANKERS:** Nedbank Corporate Services, South Wing, Clock Tower Precinct, V&A Waterfront, Cape Town 8001

**AUDITORS:** KPMG Inc., MSC House, 1 Mediterranean Street, Foreshore, Cape Town 8001



The source of the performance figures is Micropal and I-Net. All performance figures are calculated using net asset value prices with income reinvested. These collective investment funds are offered by Coronation Management Company Limited, a wholly owned subsidiary of Coronation Fund Managers Limited. Coronation Management Company is a member of the Association of Collective Investments. Collective investment funds should be considered a medium to long-term investment. The value of units may go down as well as up. Past performance is not necessarily an indication of future performance. Forward pricing occurs at 15:00 each business day. Units are traded at ruling prices and can engage in scrip lending and borrowing. Fluctuations or movements in exchange rates may cause the value of underlying investments to go up or down. Commission and incentives may be paid and, if so, are included in the overall costs. Copies of the audited financial statements are available upon request.

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