

PORTFOLIO MANAGER COMMENTARY

Equities in emerging markets continued to outperform during the fourth quarter and the fund had a good year, generating a rand return of 38.9%. Whilst we are still able to find selected good value in emerging markets, we are obviously finding less value today than we were in early 2009. As a result we have reduced the fund's equity exposure somewhat to around 80%, after it being as high as 94% in early 2009. This reduction in equity exposure came partly through reducing or selling out of some of the fund's holdings and partly through selling Hang Seng China index futures as an effective hedge. We remind investors that the fund has full flexibility to go to as much as 100% cash and we will use that flexibility should valuations in emerging markets warrant it. However, given current valuations and the individual undervalued stocks we are still finding, we remain comfortable with the fund's equity exposure being in the 75% - 80% range.

The first significant news of the quarter related to the global consolidation of the brewing sector (17.5% of the fund is invested in brewing/bottlers) when Mexican brewer Femsas announced that it was in talks with several parties regarding their beer business. The two main bidders were SABMiller and Heineken, with the latter emerging as the winner at the time of writing. The Mexican beer market is one of the largest beer markets in the world and is also one of the few markets not controlled by one of the major brewers. It is a duopoly between Femsas and Modelo (42% and 58% market share respectively) and this transaction will put pressure on Modelo, who are in arbitration proceedings to sever the link with their shareholder with the largest economic interest in Modelo, ABL (Anheuser-Busch Inbev) but who do not control the board. We believe that Femsas's beer assets have been poorly managed and offer significant opportunity to the buyer. The fund holds both Femsas and Heineken, although we reduced the Femsas position over the past few months as the share moved closer to our fair value.

Remaining in Latin America we did not participate in Brazil's largest IPO offering for Banco Santander Brazil - which raised US\$7 billion - as it was too expensive in our view with the market capitalisation of the Brazilian subsidiary representing 42% of the whole of the Santander Group. The offering renewed interest in Latin American banks and we sold out of holdings in both the Brazilian Bank Itau Unibanco and Bancolombia on valuation grounds. At the same time we invested in a regional state-owned bank in Brazil, Banrisul, as well as another Brazilian financial services company, Cielo (formerly Visanet). Banrisul, based in the state of Rio Grande do Sul, reported encouraging third quarter results with a return on equity of 15.2% and declining default rates with a high coverage ratio. Although we would consider the bank to be of lower quality than the large privately owned banks, the valuation (less than 1.5x historic BV) more than compensates for this in our view. Cielo is the largest card provider in Brazil with a 47% market share in an underpenetrated market. This is a very good business which benefits from long-term increases in consumption spend but without taking credit risk. It is the largest card provider in Brazil (debit, credit and private label) and its 47% market share means that it generates income with every second card transaction in Brazil. The company faces pressure from imminent deregulation, but in our view this is more than priced in with the stock trading on 11x earnings.

We also added Lukoil, a vertically integrated Russian oil producer with a world class portfolio of upstream and downstream assets. Lukoil produces 2.3% of the world's annual output, or 2 million barrels per day. All the upstream assets are in Russia with 62% in Western Siberia and 15% in Timan-Pechora. It has a 20% market share in the domestic refining market and also has a strategic partnership agreement with Conoco Philips which holds a 20% stake in the company. Lukoil is trading on a mid single digit P/E ratio which we believe is very attractive for the assets it holds, even considering the country risk that inevitably comes with Russian assets.

After moving sideways for the past year, SK Telecom was reintroduced to the portfolio. SK Telecom was Korea's first mobile phone operator, starting operations in 1996. It benefits from its first mover advantage and is still the dominant player with 50.5% market share in a country with a 95% penetration rate. Whilst the market is saturated, we believe that prospects for data usage (and resultant ARPU uplift) are significant, and the Koreans are amongst the most developed in terms of internet usage. The company recently disposed of its stake in the Chinese mobile phone company, China Unicom and acquired a 49% stake in Hana credit card as it looks to expand its wireless payment business. The company is trading on a 13% free cash flow yield and a dividend yield of 5.4%.

We sold our position in Thailand's CP All due to valuation. The company has the master franchise for 7-Eleven convenience stores. The business has a phenomenal network with more than 5 000 stores - five times more than its nearest competitor and it is adding an additional 450 stores per annum. It is just that the valuation is no longer attractive. At the same time, we introduced a holding in the supermarket group Big C, who operate 67 stores in Thailand. Typically they would operate a small mall and sublet to complementary service providers e.g. a bank, restaurant and a fashion boutique, making it a destination shopping experience. The company has a strong balance sheet and is trading on just 7x free cash flow. We also continued to add to the fund's holding in Egyptian Tobacco, a state-controlled monopoly. It has the only authorised manufacturing facility for cigarettes in the country, with all the foreign brands being manufactured under licence. It is trading on a single digit multiple which is usually associated with companies' ex-growth but the company is expanding and investing in a new manufacturing facility and additionally, the demographics in Egypt are favourable: the country has a young growing population with less cultural disdain towards smoking.

We reduced positions in Telkom Indonesia, Chinese supermarket group Lianhua and Russian food retailer Magnit and sold out of computer manufacturer Acer. The strong performance of most emerging market stocks means we have to monitor and continually assess valuations diligently to ensure that we reduce/sell out of positions where the upside to fair value is small. We are continually looking for new ideas: members of the team visited Thailand and attended an Asian conference during the quarter and as this is written a team is on route to Beijing, Shanghai and Hong Kong.

Portfolio managers

Gavin Joubert, Mark Butler and Suhail Suleman

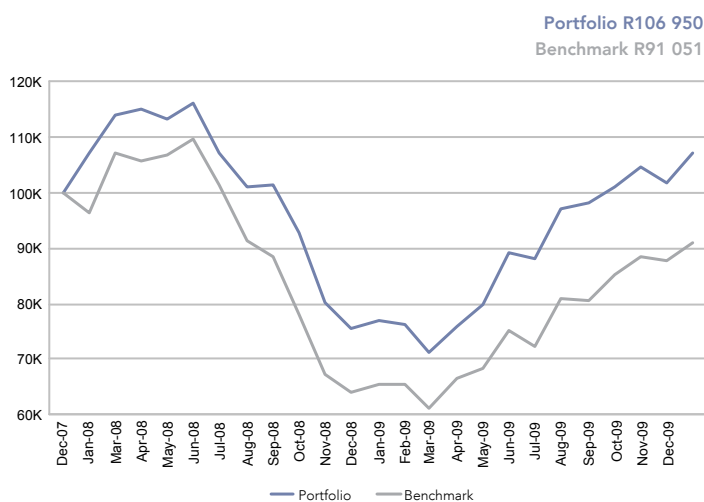
Fund category Foreign - Asset Allocation - Flexible
Fund description Aims to provide long-term capital appreciation by investing in global emerging markets.
Launch date 28 December 2007
Portfolio manager/s Gavin Joubert, Mark Butler and Suhail Suleman

Fund size R388.13 million
NAV 104.47 cents
Benchmark/Performance Fee Hurdle † MSCI Emerging Markets Index
Risk profile

Cons Mod Aggr

PERFORMANCE AND RISK STATISTICS¹

GROWTH OF A R100,000 INVESTMENT



PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Inception (unannualised)	7.0%	(8.9)%	15.9%
Since Inception (annualised)	3.4%	(4.6)%	8.0%
Latest 1 year (annualised)	38.9%	39.1%	(0.2)%
Year to date	38.9%	39.1%	(0.2)%
2008	(23.0)%	(34.5)%	11.5%

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised Return	3.4%	(4.6)%
Annualised Deviation	21.5%	24.2%
Sharpe Ratio	(0.34)	(0.63)
Maximum Gain	25.1%	23.0%
Maximum Drawdown	(38.6)%	(44.2)%
Positive Months	58.3%	50.0%

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2009	(0.9)%	(6.6)%	6.4%	5.4%	11.6%	(1.2)%	10.2%	1.3%	2.7%	3.6%	(2.6)%	5.0%	38.9%
Fund 2008	7.2%	6.3%	1.0%	(1.7)%	2.6%	(7.6)%	(5.8)%	0.2%	(8.4)%	(13.4)%	(5.9)%	1.9%	(23.0)%
Fund 2007													0.0%

FEES (excl. VAT)

Initial Fee	Coronation: 0.00%
Annual Management Fee - performance related*	Minimum: 1.50% Maximum: 3.50% Sharing Rate: 15.00%

* A portion of Coronation's annual management fee may be paid to administration platforms like LISP's as a payment for administrative and distribution services.

† Please note that the benchmark of USD 3-month LIBOR+5% p.a. has changed with effect 5 August 2008.

Total Expense Ratio (TER) ²	2.00% per annum
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When applicable, Coronation shares in the fund performance above the benchmark. This performance fee is accrued daily, based on performance over a rolling 12-month period, and paid to Coronation monthly. If the fund produces a positive return in line with or below the benchmark, the minimum fee will be levied.

For further information regarding our fee structure please contact us or visit our website.

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Country	31 Dec 2009
Equities	80.29%
China	16.31%
Brazil	12.42%
South Africa	11.55%
Mexico	10.46%
Russia	6.68%
Turkey	4.70%
Israel	4.15%
Chile	3.50%
Thailand	2.90%
Malaysia	2.32%
Other	5.30%
Cash	19.71%
Other	9.70%
ZAR	7.56%
USD	1.49%
HKD	0.95%
EUR	0.01%

TOP 10 HOLDINGS

As at 31 Dec 2009	% of Fund
MTN Group Ltd (South Africa)	5.7%
OAO Gazprom Reg (Russia)	4.7%
Naspers Ltd (South Africa)	4.3%
China Dongxiang Group Co (China)	4.0%
China Mobile Ltd (China)	3.5%
Sohu.com Inc (China)	3.4%
America Movil (Mexico)	2.8%
Teva Pharmaceutical Industries Ltd (Israel)	2.7%
Coca - Cola Femsa (Mexico)	2.6%
Cia Cervecerias Unidas ADR (Chile)	2.2%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30 Sep 2009	01 Oct 2009	0.12	0.11	0.01
30 Sep 2008	01 Oct 2008	0.93	0.91	0.02

Advice Costs (excluding VAT)

- Initial and ongoing advice fees may be facilitated on agreement between the Client and Financial Advisor.
- An initial advice fee may be negotiated to a maximum of 3% and is applied to each contribution and deducted before investment is made.
- Ongoing advice fees may be negotiated to a maximum of 1% per annum (if initial advice fee greater than 1.5% is selected, then the maximum annual advice fee is 0.5%), charged by way of unit reduction and paid to the Financial Advisor monthly in arrears. This annual advice fee is not part of the normal annual management fee as disclosed above.
- Where commission and incentives are paid, these are included in the overall costs.

Unit trusts 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. Unit trusts 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. Instructions must reach the Management Company before 2pm (12pm for the Money Market Fund) to ensure same day value. Fund valuations take place at approximately 15h00 each business day and forward pricing is used. Coronation is a Full member of the Association for Savings & Investment SA (ASISA). ¹Performance is quoted from Morningstar as at 31 December 2009 for a lump sum investment using Class A NAV prices with income distributions reinvested. Performance figures are quoted after the deduction of all costs incurred within the fund. ²The TER is calculated as a percentage of the average NAV of the portfolio incurred as charges, levies and fees in the management of the portfolio for a rolling 12-month period to end September 2009. A higher TER ratio does not necessarily imply a poor return nor does a low TER imply a good return. The current disclosed TER cannot be regarded as an indication of future TER's.