

PORTFOLIO MANAGER COMMENTARY

The fund has had a good start to 2009 in both absolute and relative terms. In the 6 months to end June, the fund appreciated by 14.3% against the backdrop of a 10.3% increase in the MSCI Emerging Markets Index. Since the fund launched in late December 2007, it has outperformed the index by over 10%.

Whilst there has been a significant upward move in global emerging markets over the past several months, we remain excited about the long-term prospects for emerging markets and the returns that are available from careful investment in these markets. The investment case for emerging markets today is the same as it was when we launched the fund a year and a half ago – we simply believe that emerging markets (and the companies that operate in these markets) will grow significantly faster than the first world over the next five to 10 years and therefore become more and more important in the global economy. This growth will be driven by commodities and exports (over the long term) as well as a significant increase in domestic consumption as urbanisation increases and disposable incomes continue to rise (over both the short and long term). Importantly, the low levels of debt at country, corporate and consumer levels in most emerging markets (compared to the heavily indebted first world) provide a favourable environment for the generation of superior growth from emerging markets.

The sharp rally in emerging markets over the past several months has been led by the more cyclical, lower quality stocks (commodities and financials), with the higher quality stocks (mobile telecommunications, media, beverages, food retailers and education companies) typically lagging. The fund is invested mainly in the latter area meaning that we still see significant upside to most of the fund's holdings. As a reference point, the one year forward P/E of the portfolio, weighted by position size, is currently around 12, which we believe is very attractive given the quality of the businesses that the fund owns and given what we believe these businesses will be able to grow their earnings at over the next five years. The equity exposure of the fund is currently around 88%, which gives some idea of the amount of value we are still finding today. Although the equity exposure of the fund has been as high as 94%, it must be remembered that in early 2008 we had 50% in cash as we couldn't find enough decent value.

The largest position by industry is still in the GEM mobile telecommunications companies (25% of fund). We are invested in several mobile operators and find the low penetration rates in emerging markets combined with P/E multiples around 10 very attractive. The other area that we find particularly attractive is beverages (both beer and Coca-Cola bottlers which make up around 20% of the fund). The fund owns both pure GEM beer/Coke companies (like Femsa in Mexico and Anadolu Efes in Turkey) but also owns stakes in many of the global beer companies, who have operations in both emerging markets and the first world. The three that we particularly like are Carlsberg, Heineken Holdings and Anheuser-Busch Inbev - all have large emerging market businesses and are trading on P/E or Free Cash Flow multiples in the 10 to 12 range one year out. Carlsberg may be headquartered in Denmark, Heineken in the Netherlands and AB Inbev in Belgium, but all three generate a large portion of their profits from emerging markets, ranging from 45% to 65% of earnings. We are interested in accessing all the good things that happen in emerging markets over time (like rising disposable income and increased beer consumption in this case) and are less concerned about where a particular company may be headquartered.

Over the past few months we have continued to add to the fund's holding in Gazprom, a Russian gas company and owner of the largest gas reserves in the world; a large part of which is supplied to Western Europe. Gazprom is, in our view, one of the cheapest stocks in the world and worth at least double the current share price. With a long-term oil price of \$70 Gazprom is currently trading on a P/E of 4. Russia undoubtedly has risks, but we find this valuation level incredibly attractive. In Russia we also like the supermarket food retailers, Magnit and X5 Retail. Magnit in particular is very interesting – the company focuses on small, rural towns in Russia (where the only existing supermarket is a drab soviet-style shop) and has grown their store base from 600 to almost 3 000 over the past five years. Needless to say, once Magnit enter a new town, with their new bright supermarkets and attractive pricing due to economies of scale, the days of the soviet-style store in that town are numbered.

We also continue to find good value in Brazil, of which Anhanguera is but one example. Anhanguera is a Brazilian private education company which is rapidly consolidating what is a fragmented industry. Like many other emerging markets, the Brazilians regard high quality education as a priority and as a result the industry is growing at a rapid rate. We believe that Anhanguera, through both organic and acquisitive growth, can maintain 25%+ growth rates for some years to come.

Whilst the re-rating of emerging markets has been sharp we remain very excited about the fund's holdings, as we have hopefully illustrated through using a handful of examples. Emerging Markets, in our view, are not a one year story but a five to 10-year story and the journey is still in its infancy.

Portfolio managers

Gavin Joubert, Mark Butler and Suhail Suleman

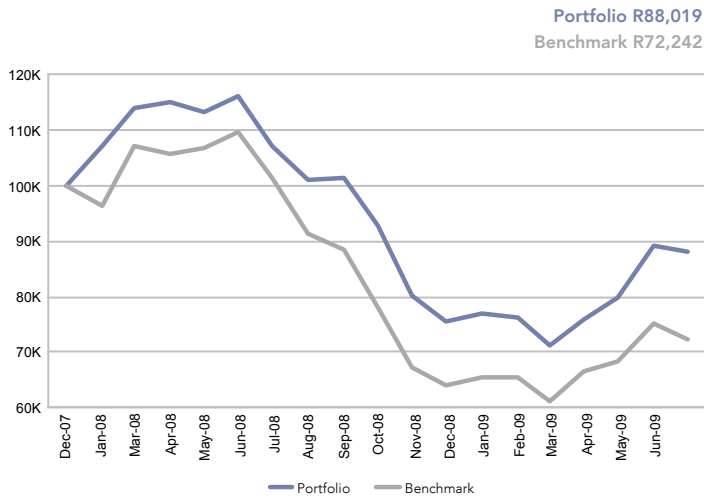
Fund category Foreign - Asset Allocation - Flexible
Fund description Aims to provide long-term capital appreciation by investing in global emerging markets.
Launch date 28 December 2007
Portfolio manager/s Gavin Joubert, Mark Butler and Suhail Suleman

Fund size R199.02 million
NAV 86.09 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)	(12.0)%	(27.8)%	15.8%
Since Inception (annualised)	(8.2)%	(19.5)%	11.3%
Latest 1 year (annualised)	(17.9)%	(28.8)%	10.9%
Year to date	14.3%	10.3%	4.0%
2008	(23.0)%	(34.5)%	11.5%

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised Average Return	(5.9)%	(17.0)%
Annualised Deviation	22.7%	24.8%
Sharpe Ratio	(0.87)	(1.26)
Maximum Gain	25.1%	23.0%
Maximum Drawdown	(38.6)%	(44.2)%
Positive Months	50.0%	44.4%

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)%							14.3%
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 2.18% per annum

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	30 Jun 2009
Equities	88.65%
China	17.42%
Mexico	12.00%
Russia	10.32%
South Africa	9.92%
Brazil	8.65%
Denmark	4.41%
United Kingdom	3.21%
Turkey	2.95%
Greece	2.78%
Malaysia	2.75%
Other	14.24%
Cash	11.35%
USD	4.85%
ZAR	3.46%
Other	3.04%

TOP 10 HOLDINGS

As at 30 Jun 2009	% of Fund
MTN Group Ltd (South Africa)	6.2%
Naspers Ltd (South Africa)	5.6%
America Movil (Mexico)	5.5%
Carlsberg ASB (Denmark)	4.4%
OAO Gazprom Reg (Russia)	3.9%
China Mobile Ltd (China)	3.7%
China Dongxiang Group Co (China)	2.9%
Coca-Cola Hellenic Bottling Co (Greece)	2.8%
Formento Economico Mexica (Mexico)	2.7%
Coca - Cola Femsa (Mexico)	2.7%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
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 30 June 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 March 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.