

PORTFOLIO MANAGER COMMENTARY

After launching in February 2010, the fund ended the year with a return of +7.6% in USD. The track record of the ZAR version of the fund (which is managed on the exact same basis as the USD fund) is slightly longer. Having launched in October 2009, this fund has generated an annualised return of 11.7% since inception, resulting in 0.7% outperformance of the benchmark (60% MSCI World/40% Global Bond index).

We continue to believe that global equities are very attractive. As a result, the fund's equity exposure of around 73% is towards the top end of the range we would expect for the fund. Large cap global/US/European equities in particular are in our view very attractive and a large part of the fund is invested in this area (the likes of Heineken, Microsoft, Johnson & Johnson, Colgate Palmolive, Tesco and Wal-Mart).

There were no substantial changes to the equity part of portfolio over the past few months. We did make some smaller changes, including adding to the fund's position in Heineken to the point where it is now the largest individual position at 3% of fund. Heineken are the owner of a number of premium brands, including the Heineken brand (the largest contributor to earnings), Amstel and Sol. Almost half of the group's business is now in emerging markets and Heineken have the largest percentage of beer volumes coming from premium brands when compared with the three other major global beer companies (Anheuser-Busch Inbev, SABMiller and Carlsberg). The EBIT (operating profit) of premium beer is around 70-80% higher than that of mainstream brands. Yet Heineken, with the largest exposure to premium brands, have the lowest operating margins in the industry (15% EBIT margin compared to the 17% of SABMiller, 20% of Carlsberg and 30% of AB Inbev). There are a number of reasons why Heineken will never achieve the 30% operating margins that AB Inbev enjoy, but we do believe that Heineken will be able to lift their margins over time to closer to the 17-18% EBIT margin level - if not higher. Heineken now trades on around 10x this year's expected free cash flow, which we believe is very attractive for an asset of this quality.

The question is often posed: why should I invest in global equities when they have given 10 years of 0% return? Our response is that this is exactly why one should invest in global equities today: because share prices have done nothing for 10 years (during a period when earnings for most companies have grown significantly) means that valuations have come down considerably over the past 10 years, making many global equities attractive today. It must also be remembered that 10 years ago the world was in the midst of the one of the biggest bubbles ever seen (TMT) and that valuations were crazy in many cases. The starting point of the last 10-year period is therefore very high from a valuation point of view and investors who have seen no return from global/US equities over the past 10 years largely have themselves to blame as they were investing offshore at a time when valuations were silly.

The table below shows six pieces of information for 12 large cap US/European companies: the share price in 2000 and the share price today, earnings per share (EPS) in 2000 and again in 2010 as well as the P/E multiple that the company traded on in 2000 and what P/E (historic: 2010) it trades on now.

Company Name	Share Price			EPS			P/E	
	2000	2010	% move	2000	2010	% move	2000	2010
Cisco	38.25	20.55	-46%	0.48	1.66	246%	81.4	12.4
Coca Cola	60.94	65.22	7%	1.44	3.50	143%	42.3	18.6
IBM	123.00	146.35	19%	4.44	11.45	158%	19.1	12.7
Johnson & Johnson	52.53	62.95	20%	1.63	4.75	191%	32.2	13.2
Kraft	34.03	31.84	-6%	1.21	2.03	68%	28.1	15.6
Microsoft	21.69	28.05	29%	0.88	2.25	156%	43.5	12.4
Pfizer	46.00	17.70	-62%	1.02	2.22	117%	45.1	7.9
Safeway	62.50	22.86	-63%	2.26	1.53	-32%	27.6	14.9
Wal-Mart	56.80	53.84	-5%	1.40	4.06	190%	40.5	13.3
Heineken	41.25	37.08	-10%	1.27	2.50	97%	32.5	14.8
Tesco	2.73	4.34	59%	0.11	0.33	200%	24.1	13.1
Vodafone	3.98	1.69	-58%	0.02	0.16	680%	174.2	10.8

If we then take Cisco as an example: the share price in 2000 was \$38.25. Today the share price is \$20.55, representing a 46% decline over the past 10 years. Earnings, however, have increased materially over the past 10 years: in 2000 Cisco generated EPS of \$0.48 and last year it earned \$1.66, representing a 246% increase in earnings over the past 10 years (or 13% p.a. increase in EPS). Operationally, Cisco has therefore performed very well as a business, yet an investment in Cisco 10 years ago would have resulted in an investor losing almost half of their capital. The reason for this is simple: valuations in 2000 were extremely high and Cisco traded on an extreme 81x earnings. Today, given the share price decline together with the growth in earnings over the years, Cisco trades on a very attractive 12.4x earnings. In addition to this, the company has a substantial net cash balance of some \$25 billion. The entire market capitalisation of the company is \$113 billion, meaning that cash makes up 22% of its market capitalisation. Given that cash is effectively earning no return (and as such is not contributing to earnings) one should adjust the P/E for this cash in which case the P/E of 12.4 decreases to a P/E of 9.7 - a far cry from the 81x earnings Cisco traded on in 2000! The 11 other companies in the table tell a similar story and highlight why we believe selected global equities are so attractive today.

Besides global equities, we continue to find selected value in listed property and corporate bonds, with between 3-4% of the fund invested in each of these areas. We hold some gold, although this position was reduced over the past few months. We also continue to believe that government bonds are unattractively valued and as a result we have a 0% position in this area with the balance of the fund being invested in cash, largely in a mix of USD and EUR.

Portfolio manager
Gavin Joubert

CORONATION GLOBAL MANAGED [USD] FUND

A sub-fund of the Coronation Global Opportunities Fund domiciled in Ireland
as at 31 December 2010

Currency	USD	Fund size	US\$58.70 million
Minimum Investment	US\$15,000.00	Benchmark	Composite: 60% MSCI (TR) Index & 40% Citigroup World Government Bond Index
Launch date	01 March 2010	Liquidity	Daily
Portfolio manager/s	Gavin Joubert	Notice period	1 business day preceding dealing day
Annual management fee	1.50%	Redemption payout	2 days after dealing day
Annual outperformance	15% of returns above Composite Benchmark with 1.50% cap	Bloomberg	CORGMFA ID
Fund domicile	Ireland	ISIN	IE00B3PR9321
Listing	Irish Stock Exchange	SEDOL	B3PR932

PERFORMANCE AND RISK STATISTICS

INVESTMENT MANDATE

Global Managed is managed with the aim of maximizing risk adjusted returns available from a global portfolio. The portfolio is constructed on a clean slate basis and is broadly diversified across countries, including the developed economies of the US, Europe and Japan as well as emerging markets. It can invest in all listed asset classes including shares, listed property, conventional bonds, inflation-linked bonds, cash and other appropriate instruments. Up to 20% of the fund can be invested with other fund managers, selected for specific specialised skills. Exchange traded funds and other liquid instruments that enable the most efficient implementation of specific views may be used. Active asset allocation and security selection strategies appropriate to the needs of investors with medium to longer time horizons are followed. The intent is to keep the fund fully invested in foreign assets at all times.

PORTFOLIO DETAIL

GEOGRAPHIC ASSET ALLOCATION EXPOSURE

Sector	31 Dec 2010
Equities	72.5%
North America	39.8%
Europe	20.3%
Asia	9.9%
Japan	3.3%
Latin American	2.0%
South Africa	(2.8)%
Gold	1.9%
Property	3.8%
Asia	1.9%
Japan	1.0%
Europe	0.9%
Bonds	2.9%
Europe	1.5%
North America	1.4%
Cash	18.4%
USD	8.3%
Other	7.2%
ZAR	2.9%

PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Inception (unannualised)	7.4%	11.5%	(4.1)%
Year to date	7.4%	11.5%	(4.1)%

TOP 10 HOLDINGS

As at 31 Dec 2010	% of Fund
Heineken Holdings Ltd	3.1%
Safeway Inc	3.0%
Microsoft Corp	2.6%
MasterCard Inc	2.5%
Imperial Tobacco Group PLC	2.4%
Tesco Plc	2.3%
Symantec Corp	2.3%
Cisco Systems Inc	2.2%
CVS Caremark Corp	2.2%
Johnson & Johnson	2.1%

MONTHLY PERFORMANCE

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2010			2.1%	0.3%	(7.2)%	(2.5)%	5.9%	(1.5)%	8.2%	3.3%	(4.1)%	3.5%	7.4%
Fund 2009													0.0%
Fund 2008													0.0%

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