

PORTFOLIO MANAGER COMMENTARY

Global equity markets suffered a difficult second quarter and emerging markets were no exception to this. From mid-April to late May the MSCI Emerging Markets Index fell close to 20%, breaking a year long trend of very good returns for investors. Given the high levels of volatility in global markets today, we have been relatively active in the fund over the past few months as individual shares move closer to, or further away from, our fair value in a short time period.

There were several noticeable moves in our Chinese holdings, most of them sales. We sold out of China Mobile as it held up quite well when the market was falling, decreasing its relative attractiveness as other stocks became cheaper. We also sold out of Ajisen, a ramen noodle restaurant chain as it reached our fair value. On the buy side we added to our small remaining position in Ports Design, a high end fashion retailer, as it had fallen by one third from the levels at which we had previously sold. We also started to accumulate a position in BaWang International. BaWang is a Chinese Household Personal Care (HPC) company currently specialising in herbal shampoos and related products. Chinese shampoo consumption is a fraction of that in other countries. For example, the average Chinese consumer uses 300ml of hair care products per year, whereas the equivalent in the US and Western Europe is 5 to 8 times this volume. Elsewhere in East Asia (Japan and South Korea in particular) the figures are also at least five times that of Chinese consumption. This large gap in consumption may not be eliminated over time, but higher year-on-year growth in Chinese consumption will see it narrow substantially. With 1.3 billion people, this is an enormous market opportunity for HPC firms. BaWang is the market leader in herbal shampoos which represent almost one fifth of the total hair care market, a share that has been rising slowly over time. These are powerful drivers for growth in BaWang's earnings. Whilst the stock may appear expensive on a one-year timeframe, over the course of our five-year forecast period BaWang offers great upside.

We increased our exposure to Korea by adding the three tigers – Hyundai Motor, Samsung Electronics and LG Electronics. These are all world class companies with operations throughout the world and increasing exposure to the fastest growing regions in emerging markets that require cars, household appliances and electronics for a growing urban middle class. From being low cost upstarts looking to take market share from the established Japanese, these three firms have moved to become high quality manufacturers with strong brands and reasonably stable margins in an otherwise cut throat industry. All three trade on single digit ratings on earnings that are not high in our view. We also purchased the preference shares which trade at large discounts to the ordinary shares, ranging from 30% in the case of Samsung to as high as 60% in the case of LG Electronics, which is at the high end of their 10-year historical ranges.

Moving west to Europe we sold out our holdings in BAT and Unilever as they held up relatively well and we were finding better value elsewhere. One such example is Central European Distribution Company (CEDC), the leading vodka producer in Poland and one of the top five producers in Russia. We believe the opportunity in Russia in particular is significant as illegal sales still account for the largest part of the market. Aside from share gains from the illegal market, the legal market is still fragmented and the large players including CEDC should continue to take market share. This has a multiplying effect on profits as both revenue and margins increase simultaneously. There are undoubtedly risks facing CEDC including relatively high debt levels and of course country (Russia) risk, but with the stock trading on a single digit free cash flow multiple at the time of the fund's purchase we believe one was being more than compensated for this risk.

In the Americas we reintroduced two Brazilian stocks, Petrobras and Itau Unibanco. We had previously sold out of both as they had reached our estimate of fair value. In the past few months both, however, had experienced sharp share price declines making them attractive once again. Petrobras is one of the few major oil companies that actually has a growing production profile. The share trades on less than 9x this year's earnings. The fund owns the preference share which trades at a 12% discount to this or effectively closer to 8x this year's earnings. We believe that this is very attractive given its existing growth profile and the optionality inherent in the new but as yet unquantified resources. Itau Unibanco is the largest bank in Brazil.

We believe that the outlook for banks in Brazil is very favourable given low banking and financial services penetration and a strongly growing economy with rising disposable incomes. Against this backdrop, we believe that Itau Unibanco can grow their earnings at around 20% p.a. over the next 5 years, making it very attractive on 10x next year's earnings.

In the two years since launch, the fund has produced very pleasing returns, outperforming the index by 10% (5% annualised). Shorter term (year-to-date) performance has been somewhat disappointing and whilst it is a short time period we would briefly like to detail our view on a few of the fund's large positions. Firstly, the fund will typically look very different to the index, both in terms of composition and position sizes, as we build the portfolio without any reference to the index. Valuation is ultimately our key criteria for purchasing or selling stocks. In addition, we run a far more concentrated portfolio than the index – the fund will typically hold 50 - 60 positions as opposed to the 800 stocks in the index. For example, today the fund has a 0% position in six of the 10 biggest stocks in the index. In terms of concentration, the 10 biggest stocks in the Index represent 22% of the total Index, whereas the top 10 holdings in the fund represent 44% of the fund.

As the fund typically looks very different to the index, over time its relative performance should also be very different. On balance we believe that over time the fund's performance will be far better than that of the index due to the value we seek to add by recognising and buying undervalued businesses. That said, there will undoubtedly be periods during which the fund's performance will be worse. Year to date, four of the fund's largest positions have each declined by around 20% compared to the 6% decline in the index. We continue to believe that these four stocks are significantly undervalued and we have added to two of the positions (MTN and Gazprom). We have also added indirectly to the other two positions by buying another company in the same industry with the same drivers.

MTN is the fund's largest position (7.9% of fund). It has operations in over 20 African and Middle Eastern countries, where mobile penetration rates are mostly low when compared to other emerging market regions and developed countries. In addition to this MTN is either the number 1 or number 2 player in most of these markets. As a result we believe that MTN can compound earnings at over 15% p.a. over the next 5 years. We also believe that the group will generate a large amount of free cash flow which can potentially be returned to shareholders. The market on the other hand appears to be fixated on deal newsflow and on regulatory risk. At just over 10x this year's earnings we believe that the risk/reward trade-off is extremely compelling.

Gazprom is the fund's second largest position (7.2% of fund). Gazprom hold the largest gas reserves in the world and a network of pipelines stretching thousands of kilometres from Siberia into Western Europe. They supply almost a quarter of Europe's gas needs. Despite this access to natural resources, infrastructure and pricing power, the company is unloved by investors due to the heavy influence exerted by the Russian government over its operations. Whilst we agree that political interference warrants a discount, the scale of the discount at which Gazprom trade is ludicrous and can disappear overnight if sentiment changes toward Russia. Today one can purchase the company on four times this year's earnings.

The Chinese internet gaming companies (Netease.com and Sohu.com) together represent 7.2% of the fund. Internet penetration in China is now 25% - we believe that it will ultimately reach 50% and most likely a lot higher. This means that another 300 to 500 million internet users will be added over the next several years. Internet gaming is a very popular, mainly social, low cost pastime in China. The industry has been growing by over 30% p.a. over the past several years driven by increasing internet penetration and rising disposable income levels. Whilst we do not expect these historic growth rates to recur indefinitely, we do believe that the industry will continue to show at least double-digit growth. All of Netease.com's earnings and over half of Sohu.com's earnings come from internet gaming. Both companies have large net cash positions (over 25% of their market capitalisations in both cases) and both trade on low double-digit ratings on this year's earnings, which we believe is very attractive and more than compensates for the market's current concern of regulatory risk.

Portfolio managers

Gavin Joubert, Mark Butler and Suhail Suleman

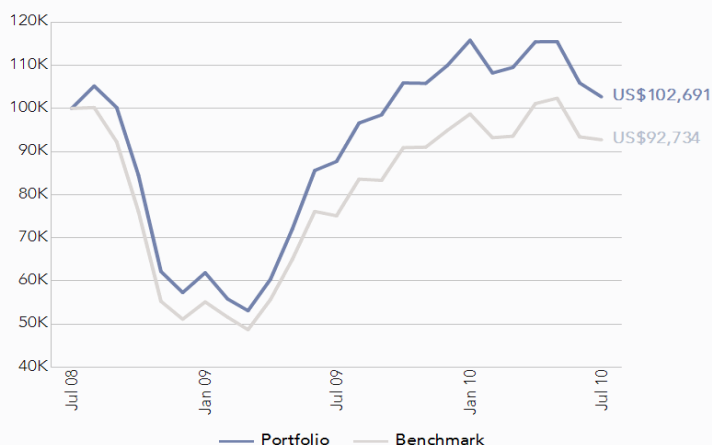
CORONATION GLOBAL EMERGING MARKETS FUND

A sub-fund of the Coronation Global Opportunities Fund domiciled in Ireland
as at 30 June 2010

Currency	USD	Fund size	US\$282.17 million
Minimum Investment	US\$15,000.00	Benchmark	MSCI Emerging Markets Index
Launch date	14 July 2008	Liquidity	Daily
Portfolio manager/s	Gavin Joubert, Mark Butler and Suhail Suleman	Redemption period	1 business day preceding dealing day
Annual management fee	1.1%	Redemption payout	2 business days after dealing day
Annual outperformance	15% of returns above MSCI Emerging Markets Index with 2% cap	Bloomberg	CORGEMA ID
Fund domicile	Ireland	ISIN	IE00B2RGGZ18
Listing	Irish Stock Exchange	SEDOL	B2RGGZ1

PERFORMANCE AND RISK STATISTICS¹

GROWTH OF A US\$100,000 INVESTMENT



PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Inception (unannualised)	2.69%	(7.27)%	9.96%
Since Inception (annualised)	1.36%	(3.77)%	5.14%
Latest 1 year (annualised)	17.09%	23.48%	(6.39)%
Year to date	(11.32)%	(6.04)%	(5.28)%
2009	87.08%	79.02%	8.06%
2008	(38.10)%	(44.87)%	6.77%

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised Deviation	36.17%	36.17%
Sharpe Ratio	(0.22)	(0.36)
Maximum Gain	99.43%	56.31%
Maximum Drawdown	(49.52)%	(51.41)%
Positive Months	58.33%	54.17%

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2010	(6.6)%	1.2%	5.4%	0.1%	(8.3)%	(3.0)%							(11.3)%
Fund 2009	(9.9)%	(4.8)%	13.7%	19.2%	18.9%	2.5%	10.1%	2.0%	7.5%	(0.1)%	4.0%	5.3%	87.1%
Fund 2008							5.2%	(4.8)%	(15.7)%	(26.4)%	(7.9)%	8.0%	(38.1)%

INVESTMENT PHILOSOPHY

- We strive to buy shares that are trading well below what we believe the business is worth (valuation-driven approach).
- In valuing a business we focus on normalised earnings/free cash flow as opposed to current earnings.
- A long-term time horizon (5 year +) is used.

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Country	30 Jun 2010
Equities	100.04%
China	15.44%
Brazil	13.97%
South Africa	12.96%
Russia	8.34%
Israel	6.29%
Turkey	5.50%
United States	5.19%
Greece	3.69%
Korea	3.57%
Mexico	3.45%
Other	21.63%
Cash	(0.04)%
Other	0.16%
USD	(0.02)%
ZAR	(0.17)%

TOP 10 HOLDINGS

As at 30 Jun 2010	% of Fund
MTN Group Ltd (South Africa)	7.90%
OAO Gazprom Reg (Russia)	7.23%
Naspers Ltd (South Africa)	4.75%
Teva Pharmaceutical Industries Ltd (Israel)	3.89%
Netease.com Inc (China)	3.70%
Sohu.com Inc (China)	3.53%
Turkiye Garanti Bankasi (Turkey)	3.50%
China Dongxiang Group Co (China)	3.40%
Petroleo Brasileiro SA (Brazil)	2.86%
Bank of Baroda (India)	2.82%

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