

## PORTFOLIO MANAGER COMMENTARY

Emerging markets had a slow start to 2010 (up 2.4%) and the fund ended the first quarter marginally behind the index with a -0.3% return. Over the past 1-year period the fund has appreciated by 91.1%, outperforming the MSCI Emerging Markets Index by 9.6%. Since its inception just under two years ago, the fund has generated a return of 8.7% per annum - well ahead of the 0.7% per annum return of the index.

Whilst emerging markets are clearly not as cheap as they were a year ago, we are still able to find decent selected value within emerging markets. As risk appetite continues to be high the cyclical assets, in particular commodity companies, continue to appreciate. As a result, we have continued to reduce the fund's commodity exposure and sold totally out of the Brazilian steel company Usiminas, which the fund has held for the past two years. The fund's only remaining commodity exposure is to oil & gas companies (9% of fund, primarily held through the 5% position in Gazprom) where we are still able to find good value. While the cyclical assets continue to appreciate, many of the more defensive businesses continue to lag and as a result we added to our existing positions in the Brazilian private education businesses (Anhanguera and Kroton Educational) and the Chinese internet businesses (Sohu and Netease).

A number of the fund's long-held positions started to get closer to what we believe the businesses are worth and in this regard we reduced the fund's positions in Naspers, Femsa and Carlsberg. At the same time the fund made a handful of new purchases over the past few months, with the three most significant being positions in Qualcomm, China Resources Enterprise and Bank of Baroda.

Qualcomm are a US listed and headquartered business, but generate a large part of their revenue (over 60%) from emerging markets, in particular China and Korea. Qualcomm have two parts to their business - making and selling chipsets for mobile phones and licensing software for 3G mobile phones. The company is the leader in the supply of technology to the mobile phone industry and counts most of the global handset producers amongst their customers. In effect, Qualcomm has made it their business to perform the R&D function for the handset manufacturers - over the past 10 years R&D as a percentage of sales has increased from being less than 10% of sales to over 20% of sales. As the 3G and smartphone market continue to grow around the world, Qualcomm benefits as it is their technology that is used in these mobile phones. Extremely short-term focused market participants gave us the opportunity to buy Qualcomm at a very attractive price as the share was sold down after announcing quarterly results that were behind market expectations. Yes, quarterly results. Qualcomm has almost \$20 billion (\$12 a share) of net cash on the balance sheet and at our average purchase price of around \$38 we bought the company on around 11x this year's earnings excluding the net cash position, which we believe is a very attractive price for a company of such quality.

China Resources Enterprise (CRE) is a Chinese conglomerate with interest in beer, food retail, food manufacturing and property. The two most important parts to the business are the beer and food retail interests - these two assets make up 70% of our total valuation for CRE. The beer business is a joint venture with SABMiller (51% owned by CRE) and is the maker of the Snow brand, which is the best selling beer in the world by volume. We believe the 10-year prospects for this business are exceptional due to a) low current per capita beer consumption in China b) low current beer pricing (beer being cheaper than milk) c) a currently fragmented market and hence the opportunity for CR Snow to take significant market share. As a result of these positive drivers, we believe that the beer business can compound earnings at around 20% over the next several years. We also believe that the food retail business can grow its earnings at a high rate over the next several years due to continued store roll-out and margin expansion due to economies of scale. As a result, whilst CRE may not look particularly cheap on near-term earnings multiples, we believe the share is very attractive due to the high quality of assets that the company owns and due to the high rate that the company can compound earnings and free cash flow at over the next several years.

Bank of Baroda are a State owned Indian bank. Banking penetration in India is generally very low and against the backdrop of strong GDP growth and rising disposable incomes in India, we believe that bank of Baroda can grow their earnings and NAV at close to 20% over the next 5 years. This growth will be driven by both loan growth and growth in fees and commissions. To illustrate the size of the potential opportunity, one just has to consider that only two out of every 1 000 Indians have a credit card. This compares for example to 100 out of every 1 000 South Africans, 130 out of every 1 000 Chinese and every American having 4 credit cards! Fee and commission income as a percentage of average assets for Bank of Baroda is currently around 0.5% compared to the 2% level of emerging market banking peers in Brazil, South Africa and Russia. Bank of Baroda already generates ROE's of just under 20% and we expect that ROE's will increase over the next few years to around the 23% level. At the time of purchase Bank of Baroda was trading on around 6.5x our estimate of this year's earnings and a price/book value of 1.3, which we believe is very attractive and provides a good example of how good value can still be found within the global emerging markets universe.

**Portfolio managers**

Gavin Joubert, Mark Butler and Suhail Suleman

# CORONATION GLOBAL EMERGING MARKETS FUND

as at 31 March 2010

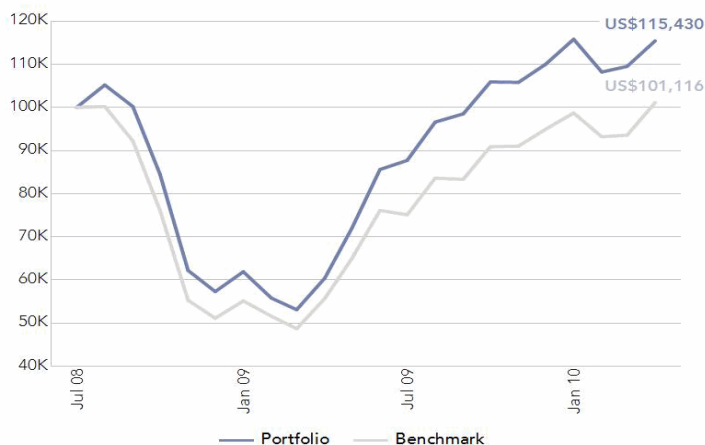
**CORONATION**  
FUND MANAGERS

Currency	USD
Minimum Investment	US\$15,000.00
Launch date	14 July 2008
Portfolio manager/s	Gavin Joubert, Mark Butler and Suhail Suleman
Annual management fee	1.1%
Annual outperformance	15% of returns above MSCI Emerging Markets Index with 2% cap
Fund domicile	Ireland
Listing	Irish Stock Exchange

Fund size	US\$267.08 million
Benchmark	MSCI Emerging Markets Index
Liquidity	Daily
Notice period	1 business day preceding dealing day
Redemption payout	2 business days after dealing day
Bloomberg	CORGEMA ID
ISIN	IE00B2RGGZ18
SEDOL	B2RGGZ1

## PERFORMANCE AND RISK STATISTICS<sup>1</sup>

### GROWTH OF A US\$100,000 INVESTMENT



### PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Inception (unannualised)	15.43%	1.12%	14.31%
Since Inception (annualised)	8.74%	0.65%	8.09%
Latest 1 year (annualised)	91.10%	81.55%	9.55%
Year to date	(0.32)%	2.45%	(2.78)%
2009	87.08%	79.02%	8.06%
2008	(38.10)%	(44.87)%	6.77%

### RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised Return	8.74%	0.65%
Annualised Deviation	37.99%	38.11%
Sharpe Ratio	(0.03)	(0.24)
Maximum Gain	99.43%	56.31%
Maximum Drawdown	(49.52)%	(51.41)%
Positive Months	61.90%	57.14%

### MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2010	(6.6)%	1.2%	5.4%										(0.3)%
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	31 Mar 2010
<b>Equities</b>	<b>99.44%</b>
China	19.60%
South Africa	12.97%
Brazil	9.83%
Mexico	9.17%
Russia	6.29%
Turkey	5.55%
United States	5.27%
Israel	3.88%
Thailand	2.99%
Chile	2.93%
Other	20.97%
<b>Cash</b>	<b>0.56%</b>
ZAR	1.35%
USD	0.15%
Other	(0.94)%

### TOP 10 HOLDINGS

As at 31 Mar 2010	% of Fund
MTN Group Ltd (South Africa)	8.20%
OAO Gazprom Reg (Russia)	5.12%
Sohu.com Inc (China)	4.63%
China Dongxiang Group Co (China)	4.47%
Naspers Ltd (South Africa)	3.95%
Netease.com Inc (China)	3.28%
Türkiye Garanti Bankasi (Turkey)	3.22%
China Mobile Ltd (China)	3.12%
Qualcomm Inc (United States)	2.61%
Teva Pharmaceutical Industries Ltd (Israel)	2.61%

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