

PORTFOLIO MANAGER COMMENTARY

The fund launched on 29 October 2009 and in the 5 months since inception the fund has generated a return of 7.87% in dollars, which compares favourably to the fund's benchmark (60/40 global equity/bond mix) return of 4.40% in dollars.

Today we continue to find a lot of selected value in global equities and as a result the equity exposure is reasonably high at around 70%. The bulk of this equity exposure is invested in developed markets (primarily the US, Europe and Japan) which we generally find more attractive than emerging markets today. Additionally, the equity exposure is predominantly in more defensive businesses such as telecommunications (Vodafone, Telefonica and Vivendi), pharmaceuticals/healthcare (Pfizer, Johnson & Johnson and CVS Caremark), food retail (Safeway and Tesco), fast food (McDonalds and YUM Brands) and pay-TV/cable (DirectTV and Time Warner Cable), which we believe offer very attractive risk/return profiles; reasonably visible free cash flow growth over the next 4 - 5 years with attractive valuations.

The fund's exposure to government bonds is negligible due to the fact that we believe bonds are expensive and a buyer of bonds at current yields assumes a high probability of some loss of capital. Our negative view on government bonds is in turn carried through to corporate bonds, which many investors appear to be forgetting will also inevitably be negatively impacted by a de-rating of government bonds. Likewise, we hold a somewhat cautious view on property stocks, although 4% of the fund is invested in a handful of property companies where we feel the current high yields compensate one for the de-rating risk.

Over the past few months, the fund's largest new position was that of Qualcomm. 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 have 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.

Over the past few months the fund also increased its position in Safeway and this company is now one of the largest holdings in the fund. Safeway are the third largest food retailer in the US behind Walmart and Kroger. The company has 1 730 stores and has spent the past 5 years undergoing an extensive store refurbishment programme. By the end of 2010 some 88% of their store base would have been converted to the new format (termed 'lifestyle', which offers a much better shopping environment as well as a larger high margin fresh produce section). At the same time, the price points of Safeway have been reduced to closer to the level of its rivals and the combination of newly revamped stores and attractive prices should have a favourable impact on footfall over the next few years. Earnings are not particularly high, with operating margins currently around 3.3% compared to the 4% average level of the past few years. In addition to this, the business will generate a large amount of free cash flow over the next few years as the capital expenditure cycle is now largely complete. A large part of this free cash flow is being used to buy back (undervalued) shares. In 2009 alone, the company bought back over 10% of its shares in issue. In the financial year ended 31 December 2009 the business generated \$1.5 billion of free cash flow (partly due to one-off amounts and below normal capital expenditure) and should continue to generate at least \$1 billion of free cash flow a year going forward. The current market capitalisation is around \$10 billion, which means that the company is therefore trading on a price/free cash flow multiple of 10x which we believe is very attractive.

We hold the view that current market conditions (many undervalued global equities due to 10 years of flat global equity markets, as well as a strong rand) provides South African investors a great opportunity to invest in a global managed fund. We would argue that most South Africans have far too little invested internationally and in addition to this a unit trust vehicle is a great way to invest internationally without using any foreign exchange allowance. We are happy with the start that the fund has had and look forward to the challenge of generating above average returns for the fund's investors over the years to come.

Portfolio manager

Gavin Joubert

CORONATION GLOBAL MANAGED FUND

CLASS A as at 31 March 2010

CORONATION 
FUND MANAGERS

Fund category Foreign - Asset Allocation - Flexible
Fund description Diversified exposure to global assets with a focus on maximising returns over the long term.
Launch date 29 October 2009
Portfolio manager/s Gavin Joubert

Fund size R60.13 million
NAV 100.27 cents
Benchmark/Performance Fee Hurdle Composite: 60% MSCI (TR) Index & 40% Citigroup World Government Bond Index

Risk profile

Cons Mod Aggr

PERFORMANCE AND RISK STATISTICS¹

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 Mar 2010
Equities	69.6%
North America	33.5%
Europe	24.3%
Japan	5.8%
Asia	5.1%
Latin American	0.9%
Gold	2.6%
Property	4.8%
Asia	3.3%
Japan	1.0%
Europe	0.5%
Bonds	1.3%
Europe	1.3%
Cash	21.6%
USD	16.1%
Other	5.0%
ZAR	0.5%

PERFORMANCE FOR VARIOUS PERIODS - ZAR RETURNS

	Fund	Benchmark	Outperformance
Since Inception (unannualised)	0.7%	(2.5)%	3.2%
Year to date	0.2%	0.0%	0.2%

TOP 10 HOLDINGS

As at 31 Mar 2010	% of Fund
CVS Caremark Corp	2.9%
SPDR Gold Trust	2.6%
Safeway Inc	2.5%
Pfizer Inc	2.3%
Johnson & Johnson	2.1%
DIRECTV Group Inc	2.0%
OAO Gazprom Reg	2.0%
Symantec Corp	2.0%
Time Warner Cable Inc	1.9%
McDonald's Corporation	1.8%

PERFORMANCE FOR VARIOUS PERIODS - USD RETURNS

	Fund	Benchmark	Outperformance
Since Inception (unannualised)	7.9%	4.4%	3.5%
Year to date	1.7%	1.6%	0.2%

MONTHLY PERFORMANCE - ZAR RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2010	0.3%	1.5%	(1.6)%										0.2%
Fund 2009											(2.2)%	2.7%	0.5%
Fund 2008													0.0%

FEES (excl. VAT)

Initial Fee	Coronation: 0.00%
Annual Management Fee - performance related*	Minimum: 1.35% Maximum: 2.35% 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.

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.

Total Expense Ratio (TER)²

The TER cannot be accurately determined and will be in line or higher than the quoted annual management fee.

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.

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 March 2010 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. 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.