CORONATION GLOBAL EMERGING MARKETS FUND

as at 30 June 2011

CORONATION FUND MANAGERS

PORTFOLIO MANAGER COMMENTARY

The fund continued to perform very well in the second quarter of 2011, delivering alpha of 3% compared to the benchmark MSCI Global Emerging Markets Index. This brings year-to-date alpha to 6.6% and to 9.6% over 12 months. Although this performance is gratifying, we believe that both the absolute return and longer-term outperformance are far more relevant for our investors when assessing this fund. Since launching just under three years ago on the eve of a global financial crisis that sent markets crashing, the fund has returned 41.4% compared to the benchmark's 18.9%. This equates to an outperformance of 22.5% or 6.4% on an annualised basis. It will prove very difficult to maintain this level of alpha forever, but if we are able to consistently outperform by 2% to 3% per annum (after fees) this will create substantial value for investors in the fund over longer-term time horizons.

During the quarter, global markets suffered a large sell-off, partly over fears that Europe would find it impossible to extricate itself from the debt crisis in its peripheral countries, particularly Greece. Markets sold off heavily before recovering slightly in June. Despite having reached a deal with the IMF and embarking on austerity measures, it is likely that Greece faces a long and painful road ahead and the debt and deficit problems in Europe, the US and Japan will continue to affect the world economy for several years. In this environment, when investors fail to differentiate between countries with very different economic (and solvency) outlooks and instead sell down all markets indiscriminately, it creates opportunities for long-term focused investors who recognise that the prospects of a Brazil (as an example) are very different from an Italy.

The fund's biggest holding remains Great Wall Motors (GWM), a Chinese manufacturer of cars, pickups and Sports Utility Vehicles (SUV). At almost 9% of fund, we have increased the position by 2% as the company's share price fell by close to one third during the period. While it has subsequently recovered partially, this underlying volatility reflects the large number of short-sellers of the stock who trade the company as a proxy for China's macroeconomic outlook due to the cyclical nature of the vehicle industry, without regard for the underlying strengths of the actual business. Although we have spoken about this company before, in the context of the position size it is worth recapping why our conviction is so high.

GWM is one of China's largest domestic manufacturers in a country where car ownership is still a novelty regardless of what you may read on Beijing congestion and smog. For illustration, there are about 40 vehicles per 1 000 people in China compared to 765 in the US, 543 in Japan and 490 in the United Kingdom. Even compared to other emerging markets China is well behind as Russia has 120 and Brazil 81 (all per 1 000 people). The Chinese aggregate figure also masks a big difference in vehicle ownership between large cities where it is at Brazilian levels and the smaller cities and rural areas where it is in its infancy. With half the population still rural and slowly migrating to cities, coupled with higher growth in the smaller cities that are further behind the development curve, the medium to long-term outlook for the Chinese vehicle market is very positive since urban expansion is a big driver of vehicle ownership. GWM is the market leader in pickups and SUVs and is one of the few Chinese brands to be exported to other countries. In a price sensitive domestic market, its vehicles are up to 30% cheaper than foreign competitors' brands, but offer five-year warranties that other domestic manufacturers cannot. This business should be able to grow earnings at 20% per year for some time and has consistently generated decent returns on equity, yet can be purchased for only 8.5x next year's earnings.

Elsewhere in China we bought Gome Electrical after selling out almost two years ago. The company is the largest electrical and white goods retailer in China and continues to add store space to maintain its market share in a fast growing retail sector. Like all retail sectors, scale and volume are key when negotiating prices with large suppliers like LG, Samsung and Sony, so Gome should be able to provide lower prices to its customers over time. A large part of the company is owned by a private equity concern and the management focus has shifted away from growth at all costs toward profitable growth and shareholder returns as the market becomes progressively more competitive. It is a strong cash generator and has a large net cash position that makes it very attractive at 16x earnings.

A recent trip to India provided us with several potential additions, one of which we purchased in May. Good quality education is highly coveted and private schooling in various guises can cater for all income segments except for the very poor. Unfortunately the quality of teaching leaves a lot to be desired even in private schools, so Educomp Solutions developed a content library covering the entire schools syllabus that, when installed with the appropriate IT systems and projector, allows a teacher to graphically illustrate and explain concepts to learners. The additional cost for schools and pupils is very small, but the boost to teaching productivity is noticeable. Their system is currently installed in 35 000 classrooms across the country and they believe they can add at least this amount every year for the next five years to get them to 300 000 classrooms. With the hardware provision effectively outsourced, the marginal cost associated with adding new classrooms is very low. As a result earnings from this flagship product should increase by 25% to 30% per year assuming they do half of what they project.

They also operate several 'brick and mortar' private schools – 62 in total with a further 20 under construction, many in joint ventures with recognised international education providers. The completed schools have 25% of the students they could theoretically hold because government regulation does not allow them to fill schools up on day one, but rather stagger the enrolment program over four years. If they did not build another single school, and with the construction costs paid on the schools they already have opened, earnings in this division would still grow a cumulative 500% as the schools fill up over the period to 2014. Educomp is irrationally cheap at a single-digit earnings multiple, especially when one considers that most of the Indian market is quite expensive compared to emerging markets as a whole.

After visiting Brazil we added food producer M Dias Branco to the fund. This producer of pasta, cookies and crackers has, on average, twice the market share of its main competitors and a superior distribution system. The market is still fairly fragmented and the bigger producers are likely to consolidate the market over time, leading to higher margins and a multiplied effect on profits. In an environment where most emerging market food producers trade on at least 20x earnings, M Dias is incredibly cheap at closer to 10x. With a solid franchise and continued investment in brands and distribution we expect earnings to grow strongly for the next four to five years.

We continue to look for opportunities and regularly visit countries in search of ideas. Members of the team have already undertaken five two-week trips to destinations in Asia and the Americas this year and several additional trips are planned for the remainder. In a constantly changing environment, this process is essential in order to understand the environment in which businesses operate and to speak to senior management and assess their quality and focus on delivering returns to shareholders.

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 2011

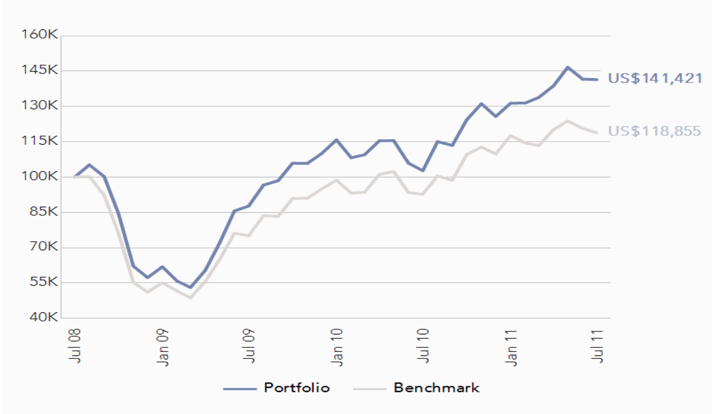
CORONATION FUND MANAGERS

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 *	1.35%
Annual outperformance	20% of returns above MSCI Emerging Markets Index with 1.65% cap.
Fund domicile	Ireland
TER	1.55%
Performance Fee Component	0.08% (Included in TER)

Fund size	US$531.09 million
Benchmark	MSCI Emerging Markets Index
Liquidity	Daily
Notice period	1 business day preceding dealing day
Redemption payout	3 days after dealing
Bloomberg	CORGEMB ID
ISIN	IE00B553TV27
SEDOL	B553TV2
Fund Class	B
Listing	Irish Stock Exchange

PERFORMANCE AND RISK STATISTICS

GROWTH OF A US$100,000 INVESTMENT



PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Launch (unannualised)	41.42%	18.86%	22.56%
Since Launch (annualised)	12.41%	6.01%	6.41%
Latest 1 year (annualised)	37.71%	28.17%	9.55%
Year to date	7.67%	1.03%	6.63%
2010	13.42%	19.20%	(5.77)%
2009	87.08%	79.02%	8.06%
2008	(38.10)%	(44.87)%	6.77%

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised Deviation	31.08%	31.02%
Sharpe Ratio	0.14	(0.07)
Maximum Gain	99.43%	56.31%
Maximum Drawdown	(49.52)%	(51.41)%
Positive Months	61.11%	52.78%

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Country	30 Jun 2011
Equities	**99.53%**
China	36.52%
Brazil	10.12%
South Africa	9.01%
India	7.63%
Russia	6.34%
Korea	4.73%
Netherlands	4.16%
United States	3.52%
Greece	3.34%
Indonesia	3.22%
Other	10.95%
Cash	**0.47%**
USD	0.30%
ZAR	0.30%
Other	(0.13)%

TOP 10 HOLDINGS

As at 30 Jun 2011	% of Fund
Great Wall Motor Company Ltd (China)	8.77%
OAO Gazprom Reg (Russia)	4.76%
Heineken Nv (Netherlands)	4.16%
Naspers Ltd (South Africa)	4.07%
Sohu.com Inc (China)	3.81%
Banco Santander (Brazil)	3.56%
Bank of Baroda (India)	3.38%
Netease.com Inc (China)	3.13%
Anheuser-Busch InBev (Belgium)	3.02%
Guangzhou Automobile Group (China)	2.95%

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2011	0.1%	1.8%	3.7%	5.7%	(3.4)%	(0.1)%							7.7%
Fund 2010	(6.6)%	1.2%	5.4%	0.1%	(8.3)%	(3.0)%	12.0%	(1.4)%	9.5%	5.5%	(4.1)%	4.5%	13.4%
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%

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.

INVESTMENT OBJECTIVE

The fund has an objective of outperforming the MSCI Emerging Markets Index over a 3 – 5 year period through investing in what we believe to be the most undervalued shares within the global emerging markets universe. The fund will typically be fully invested in equities at all times (90% + equity exposure).

The TER is calculated as a percentage of the average A-Class 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 2011, as well as the actual performance fee incurred over the 12 months to end March 2011. 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.

* Please note that the fund's A-Class has closed for new business and an amended fee structure is applicable to the new class, effective 1 May 2011. For more information regarding our fee structure please contact us or visit our website.

Client Service 0800 22 11 77 Fax: (021) 680 2500 Email clientservice@coronation.co.za Website www.coronation.com