

## PORTFOLIO MANAGER COMMENTARY

Despite ongoing volatility in global markets, the fund delivered a good performance in the first half of the year, appreciating by 5.91% year to date (in USD). This return is around 1% p.a. ahead of the fund's benchmark return (which is a 60/40 mix of the MSCI World and Citigroup Global Bond indices). Since the fund launched in February 2010 it has generated an annualised return of 10.1% in USD. While we are pleased with the absolute level of these returns, the fund is behind its benchmark since launch, largely due to having a large number of more defensive equity holdings, which have lagged the equity market over the past year or so. We are however confident that this will correct over longer, more meaningful time periods.

We currently view global equities to be the most attractive asset class by far and the fund's equity exposure of around 73% reflects this fact. As reference points, we would expect the average equity exposure over a five-year cycle to be around 65% and the maximum equity exposure to be 75%. After 10 years of global share prices being flat (at a time when earnings have grown significantly), valuations have contracted and as a result one can buy very high quality US or global businesses on very attractive ratings. The list of opportunities is long, but a sample of the fund's current top 10 holdings provides some flavour in this regard.

- HEINEKEN is the world's third largest brewer (after Anheuser-Busch Inbev and SABMiller). It is the global leader within the high margin premium sector and fast-growing emerging markets contribute 50% of its revenue. In addition to a revenue line that in our view will show decent growth over the next few years, we don't believe the company has been managed efficiently from a cost point of view, but that this is beginning to change. We therefore expect operating margins to improve substantially over the next few years. Despite these positive fundamentals, Heineken trades on just 12.5x the free cash flow we believe it will generate over the next one-year period.
- SAFEWAY is the third largest supermarket retailer in the US (after Walmart and Kroger). Between 2004 and 2008, the company invested heavily in store improvement which is now largely complete. As a consequence the business is generating significant amounts of free cash flow. Operating margins are at 20-year lows and the company should benefit from rising inflation in the US. Safeway also continues to buy back large amounts of its own (undervalued) shares. Yet, one can currently buy the shares on less than 10x free cash flow.

- VODAFONE is one of the largest mobile telecommunications companies in the world. While mobile penetration is very high in most of the markets it operates in, we are very positive on the prospects for mobile data which we believe should result in some acceleration of revenue. In addition to this Vodafone currently receives no dividends from its US business (Verizon Wireless), though we believe it is just a matter of time before this will change. As a result large additional cashflows are likely to head Vodafone's way soon and a substantial part of this could be returned to shareholders in the form of increased dividends or share buy-backs. Vodafone today trades on less than 10x free cash flow and on a dividend yield of around 5.5%, which we feel is very attractive given the factors mentioned above.

We acknowledge that there are still many uncertainties in the world (e.g. Greece's debt problem, US deficit, weak global economic growth and inflation risks globally). We however continue to find valuations of many global equities very attractive and, as always, valuation overrides everything else. In addition to this, the five-year free cash flow streams of businesses like Heineken, Safeway and Vodafone are unlikely to be too affected by global economic outcomes, yet the share prices continue to languish, and indeed move down on any bit of negative economic newsflow. This is in our view the function of markets that are dominated by short-term focused 'investors' who think in terms of months and not years. At the same time this provides opportunity for a more patient investor.

Besides global equities, we also feel that a number of listed property stocks are attractive and we added to the fund's holdings in this area, with the result that around 5.5% of the fund is invested in listed property. The focus of the fund's investment is in Asia (Singapore in particular and to a lesser extent Japan and Australia) and the average yield of the fund's holdings is north of 6% and most of the holdings are trading at or below net asset value.

We believe that globally government bonds have benefited from a flight to safety and as such are overvalued. This ranges from US to German to UK government bonds. As a result the fund currently has zero exposure to government bonds as we feel they present a high probability of capital loss. A small portion of the fund (4%) is invested in selected corporate bonds where we feel the yield compensates one for de-rating risk.

Overall we are very optimistic on the outlook for returns from the fund and believe that given current valuation levels, a 10% - 11% p.a. return in USD from the fund over the next few years is well within reach.

**Portfolio manager**  
Gavin Joubert

# CORONATION GLOBAL MANAGED [USD] FUND

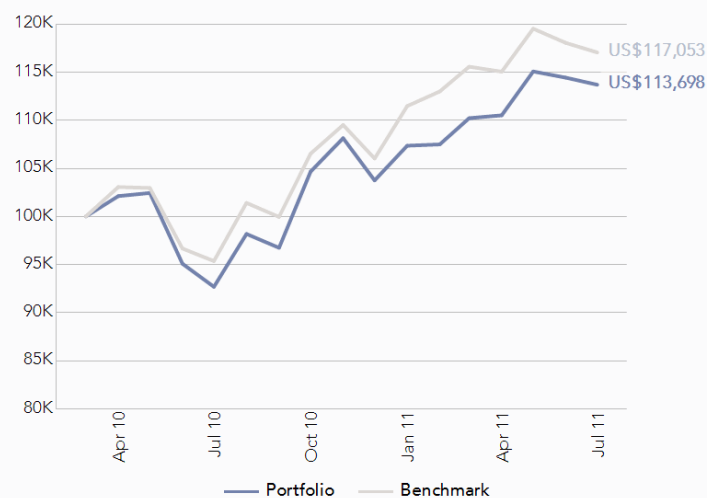
A sub-fund of the Coronation Global Opportunities Fund domiciled in Ireland  
as at 30 June 2011

Currency	USD
Minimum Investment	US\$15,000.00
Launch date	01 March 2010
Portfolio manager/s	Gavin Joubert
Annual management fee *	1.35%
Annual outperformance fee	20% of returns above the benchmark with a 1.65% cap
Fund domicile	Ireland
Listing	Irish Stock Exchange
TER	2.64%
Performance Fee Compon	0.18% (Included in TER)

Fund size	US\$74.28 million
Benchmark	Composite:60% MSCI (TR) Index & 40% Citigroup World Government Bond Index
Liquidity	Daily
Notice period	1 business day preceding dealing day
Redemption payout	3 days after dealing day
Bloomberg	CORGMA ID
ISIN	IE00B3PR9321
SEDOL	B3PR932
Fund Class	A

## PERFORMANCE AND RISK STATISTICS

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



## PORTFOLIO DETAIL

### GEOGRAPHIC ASSET ALLOCATION EXPOSURE

Sector	30 Jun 2011
<b>Equities</b>	<b>74.0%</b>
North America	41.2%
Europe	20.1%
Asia	10.2%
Japan	2.7%
Latin American	1.5%
South Africa	(1.8)%
<b>Commodities</b>	<b>1.7%</b>
North America	1.7%
<b>Property</b>	<b>5.9%</b>
Asia	3.5%
Europe	1.4%
Japan	0.9%
<b>Bonds</b>	<b>4.1%</b>
Europe	4.1%
<b>Cash</b>	<b>14.3%</b>
Other	7.4%
USD	4.7%
ZAR	2.1%

## PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Launch (unannualised)	13.7%	17.1%	(3.4)%
Since Launch (annualised)	10.1%	12.5%	(2.4)%
Latest 1 year (annualised)	22.7%	22.7%	(0.1)%
Year to date	5.9%	5.0%	0.9%

## TOP 10 HOLDINGS

As at 30 Jun 2011	% of Fund
Great Wall Motor Company Ltd	3.7%
Safeway Inc	3.6%
Vodafone Group Plc	3.2%
Microsoft Corp	2.5%
Apple Inc	2.4%
Tesco Plc	2.4%
Google Inc	2.3%
Interpublic Group	2.3%
MasterCard Inc	2.3%
Cisco Systems Inc	2.3%

## RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised Deviation	13.2%	12.2%
Sharpe Ratio	0.30	0.53
Maximum Gain	11.8%	9.6%
Maximum Drawdown	(9.5)%	(7.5)%
Positive Months	62.5%	50.0%

## MONTHLY PERFORMANCE

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2011	0.1%	2.5%	0.3%	4.1%	(0.6)%	(0.6)%							5.9%
Fund 2010			2.1%	0.3%	(7.2)%	(2.5)%	5.9%	(1.5)%	8.2%	3.3%	(4.1)%	3.5%	7.4%

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The 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 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 fee structure has been adjusted, effective 1 May 2011. For more information regarding our fee structure please contact us or visit our website.