

PORTFOLIO MANAGER COMMENTARY

The turmoil in global markets accelerated in August and September driven by the Euro crisis, fears of a global recession and a 'hard landing' in China. As is typically the case in times of crisis, emerging markets declined significantly more than developed markets, even though one could very rationally argue that the fundamentals and valuations of emerging markets are far better than those of the developed world. Year-to-date the MSCI Emerging Markets index is now -4.2% (in rand terms) and the fund is flat for the year. Since inception just over 3 years ago, the fund has outperformed the index by 4.5% per annum.

This sell-off has ultimately been driven by panic and fear and stock movements are significant, with double-digit daily declines in single stocks being frequent. These are not normal conditions and although we very much consider ourselves to be long-term investors, we have found ourselves being more active in the portfolio than would ordinarily be the case. We build the portfolio on a risk-adjusted expected return basis, with position sizes being determined by the upside to our fair values (expected return) as well as consideration of the risk to the earnings streams embedded in these values.

In our view, it is times like these (with forced selling resulting in irrational price moves) that one typically gets the opportunity to upgrade the quality of the portfolio, and this is what we have been doing: buying high quality businesses that we sold out of two years ago due to valuation which have now become very attractive again. Lianhua Supermarkets (China), X5 Retail (Russia) and Anhanguera (Brazil) would all fall into this camp. These shares have as much upside to fair value as the shares we sold, but the businesses are higher quality in our view. Our conviction in the 5-year earnings streams of these businesses is also higher than that of the shares we sold, meaning that the risk-adjusted expected returns are more attractive.

Lianhua Supermarkets started in 1991 in Shanghai and is a nationwide grocery retailer operating primarily in the eastern areas of China. The group is present in three retail formats - hypermarket, supermarket and convenience store, and operates under the banners Century Mart, Lianhua and Quik respectively. The company also has a joint venture with Carrefour and besides the hypermarkets sitting in this structure, the company owns all of its hypermarkets and uses a combination of self-owned and franchisees for the supermarkets and convenience stores. The performance of the hypermarkets has improved over time with operating margins having expanded from 0.1% in 2007 to 2.7% for the first half of 2011, and supermarket margins having expanded from 3.5% to 4.5% over the past few years. The group continues to roll out new stores at a rate of around 5% per annum and as the existing stores mature the margin will expand in our view. At time of purchase, the shares were trading on around 12x next year's earnings, which we believe is very attractive given the growth profile in China, where modern retail is still a relatively small portion of total retail spend. The company also has a strong balance sheet and has a large net cash position, part of which is from vouchers and the other is free cash.

The stock of Russian grocery retailer X5 Retail fell 45% from its peak, which created an attractive opportunity to re-introduce it to the fund. X5 operate three formats: soft discounters, supermarkets and hypermarkets. The food retail market in Russia is very fragmented, with the top ten retailers having less than 20% market share and X5 are one of the consolidators. During 2010 the company acquired another Russian retailer, Kopeyka. This increased the group's number of stores by 35% and selling space by 19%. The integration process has resulted in below normal margins as IT platforms are merged, distribution channels are integrated, staff are trained and stores rebranded. Each store's rebranding takes around two weeks, temporarily reducing selling space. Trading densities are also well below normal and the total sales area will grow between 10-15% per annum for the next five years. At our average purchase price the stock was trading on around 15x next year's earnings which we believe is very attractive for what is a high quality asset.

Anhanguera is a private university aimed primarily at working adults and has a strong brand in Brazil's fragmented education market. The company operates from a number of campuses and on average these campuses are operating at less than 70% of capacity with 3 500 students compared to total potential capacity of 5 000 students. Mature campuses operate with gross margins of 50%, while newly acquired campuses operate on gross margins as low as 20% because small operators lack scale. This margin expansion is achieved by increased enrolment and curriculum rationalisation. Campuses use the same content per subject and share central administration which dilutes fixed costs as additional campuses are added to the network. We originally started buying Anhanguera in early 2009 and almost completely sold out after the share price trebled in the year that followed. The share price has halved over the past few months due to a number of concerns, the primary one arguably being concerns over the Brazilian economy. We believe that the long-term prospects for the Brazilian education industry are very attractive and Anhanguera is well placed within this industry. We have been buyers of the stock over the past few months to the point where Anhanguera is now a top 5 holding in the fund.

We continue to search for opportunities and members of the team are scheduled to go to Asia for a two week trip in November to meet with a range of companies, both current portfolio holdings as well as potential new ideas. Other members of the team will be travelling to both Brazil and China in January.

Portfolio managers

Gavin Joubert, Mark Butler and Suhail Suleman

CLASS A as at 30 September 2011

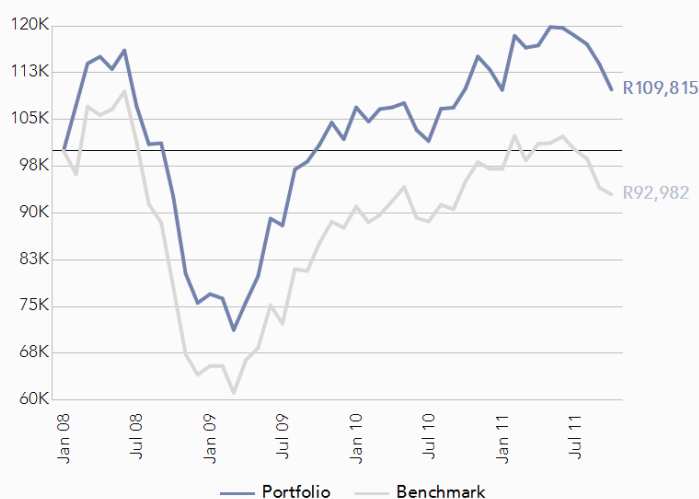
Fund category Foreign - Asset Allocation - Flexible
 Fund description Aims to provide long-term capital appreciation by investing in global emerging markets.
 Launch date 28 December 2007
 Portfolio manager/s Gavin Joubert, Mark Butler and Suhail Suleman

Fund size R915.44 million
 NAV 107.12 cents
 Benchmark/Performance Fee Hurdle † MSCI Emerging Markets Index
 Risk profile

9/10
 Aggressive

PERFORMANCE AND RISK STATISTICS¹

GROWTH OF A R100,000 INVESTMENT



PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Launch (unannualised)	9.8%	(7.0)%	16.8%
Since Launch (annualised)	2.5%	(1.9)%	4.4%
Latest 3 years (annualised)	5.8%	5.9%	(0.1)%
Latest 1 year (annualised)	(0.1)%	(2.2)%	2.0%
Year to date	0.0%	(4.2)%	4.3%
2010	2.6%	6.6%	(4.0)%
2009	38.9%	39.1%	(0.2)%
2008	(23.0)%	(34.5)%	11.5%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Return	2.5%	(1.9)%
Annualised Deviation	17.1%	18.9%
Sharpe Ratio	(0.36)	(0.56)
Maximum Gain	25.1%	23.0%
Maximum Drawdown	(38.6)%	(44.2)%
Positive Months	53.3%	48.9%

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2011	7.9%	(1.6)%	0.3%	2.5%	(0.1)%	(1.0)%	(1.2)%	(2.7)%	(3.6)%				0.0%
Fund 2010	(2.1)%	1.9%	0.3%	0.7%	(4.0)%	(1.7)%	5.1%	0.2%	2.8%	4.7%	(1.8)%	(2.9)%	2.6%
Fund 2009	(0.9)%	(6.6)%	6.4%	5.4%	11.6%	(1.2)%	10.2%	1.3%	2.7%	3.6%	(2.6)%	5.0%	38.9%

FEES (excl. VAT)

Initial Fee	Coronation: 0.00%
Annual Management Fee - performance related*	Minimum: 1.35% Maximum: 3.00% Sharing Rate: 20.00%

* 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. When applicable, Coronation shares in the fund performance above the performance fee hurdle. 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 return in line with or below the benchmark, the minimum fee will be levied. Please note that the fees have been adjusted, with effect 1 May 2011. For further information regarding our fee structure please contact us or visit our website.

Total Expense Ratio (TER)² 2.24% per annum, which includes a performance fee of 0.27%

† Please note that the benchmark of USD 3-month LIBOR+5% p.a. has changed with effect 5 August 2008.

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Country	30 Sep 2011
Equities	86.66%
China	32.08%
Brazil	15.76%
Russia	9.78%
India	8.78%
South Africa	4.00%
Indonesia	3.15%
Belgium	3.07%
Greece	2.93%
Korea	2.51%
Mexico	2.43%
Other	2.17%
Cash	13.01%
ZAR	6.65%
Other	4.22%
USD	1.74%
HKD	0.40%

TOP 10 HOLDINGS

As at 30 Sep 2011	% of Fund
Great Wall Motor Company Ltd (China)	7.1%
OAO Gazprom Reg (Russia)	4.5%
Naspers Ltd (South Africa)	4.2%
Anhanguera Educac Part (Brazil)	4.0%
Banco Santander (Brazil)	3.6%
Educomp Solutions (India)	3.6%
Bank of Baroda (India)	3.2%
Anheuser-Busch InBev (Belgium)	3.1%
Lianhua Supermarket (China)	3.0%
Sohu.com Inc (China)	3.0%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30 Sep 2010	01 Oct 2010	0.17	0.17	0.00
30 Sep 2009	01 Oct 2009	0.12	0.11	0.01
30 Sep 2008	01 Oct 2008	0.93	0.91	0.02

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 as calculated by Coronation as at 30 September 2011 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 to end June 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.

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.