

PORTFOLIO MANAGER COMMENTARY

The global market panic that started in August continued into September, driven primarily by the eurozone crisis and to a lesser extent by concerns over a possible hard landing in China. The market volatility continued to be extreme, with 5% daily moves being the norm. Fear has well and truly set in and most equity markets have now declined by more than 20% over the past few months. At the other end of the spectrum, US and German government bonds have appreciated by around 20% over this period. In the rush for the exits, most emerging market equities and currencies have seen significant declines, with the ZAR for example depreciating by 15% against the USD in a short two-week period. Even with all of the mess in the US and Europe, global equities have convincingly outperformed SA equities by 13% this year (+7.8% for the MSCI World Index compared with -5.4% for the FTSE/JSE All Share Index, both in ZAR). We continue to believe that global equities are far more attractive than SA equities.

Against this backdrop the fund has had a somewhat disappointing year, with the gains (+11.2% in ZAR year to date) coming primarily from the weak local currency. The fund is now approximately 2% p.a. behind its benchmark (60% MSCI World Index/40% Global Bond Index) since inception, almost entirely due to the fact that the fund has 0% in government bonds, which for example have appreciated by a staggering 26% year to date in ZAR (7% in USD and 19% from the ZAR/USD currency move). US 10-year government bonds are now yielding 1.75%, as are German 10-year government bonds, driven down to these levels by good old fashioned fear and herd behaviour. We would argue that the balance sheets of these assets are very poor: US sovereign debt is already at very high levels and Germany's fiscal position is likely to deteriorate if the Germans want to keep the euro intact. To do so, would require funding contributions by Germany. Besides the poor fundamentals of these assets, the valuations do not make sense to us. With inflation at 2% plus, we cannot understand the attraction of a 1.75% yield and in our view this is a bubble as big as we have seen that will ultimately collapse just as all bubbles do. As a result, we continue to have a 0% position in government bonds, even though it is impacting short-term performance.

In contrast to this, we continue to believe that global equities are extremely attractively valued (even more so today than a few months ago) and as a result the fund's equity exposure is at the high end of where we would expect it to be over time (currently 72% compared with an equity exposure maximum of 75%). The equity portion of the fund has performed reasonably well, outperforming the MSCI World Index by around 2% this year. We also continue to find good selected value in listed property (particularly in Asia) and just over 7% of the fund is invested in this area. Whilst we believe that government bonds are significantly overvalued, we are finding some good selected value in corporate bonds and 4% of the fund is invested in corporates.

In terms of outlook, one must distinguish between the macroeconomic outlook and daily newsflow (which is poor) and valuations (which are very attractive). As previously mentioned, investors' biggest concerns today appear to be Europe and China and we will briefly discuss these two issues in more detail. Firstly, with regards to Europe, politicians' inept handling of the crisis has been a large contributor to the position that we find ourselves in today. Over recent weeks however a greater sense of urgency appears to have been awakened and there are solutions to the crisis (Eurobonds, recapitalisation of the banks, etc).

These solutions will require additional financial support from Germany and without this the euro as we know it will be non-existent. Either way (closer fiscal union or a break-up of the euro), it is our view that growth in Europe is likely to be anaemic for several years and the risks (of a recession or of a banking crisis for example) are still high. As a result, we own no European banks (and are very unlikely to do so). Most of the European shares we own are not European businesses, but global businesses that generate revenue from countries all around the world and furthermore are not significantly impacted by what is happening in Europe.

A good example is Anheuser-Busch Inbev, the world's largest beer company and owner of Budweiser. The company is listed in Belgium, but today 40% of its profits come from emerging markets, most of which have growing economies and disposable incomes as well as low beer consumption. Whilst the other 60% of AB Inbev's profits come from developed markets (with the US being a large profit contributor), beer is less economically sensitive than most goods. In addition, the management team at AB Inbev run a very tight ship with a ruthless focus on costs, which will assist in protecting margins in the developed world in the event that economic conditions turn worse. AB Inbev currently trades on around 10x the free cash flow we believe it will generate over the next year, which we think is very attractive for an asset of this quality.

With regards to China, in summary, our views on the country are mixed: whilst for example we believe that China cannot continue to spend the amount it currently does on infrastructure (which is negative for commodities), we believe that the economy will shift towards a more consumer-driven economy (as opposed to an infrastructure and export-driven economy). We don't believe that China will continue to grow at the 10% rate that it has achieved over the past 30 years, but we think a 5% - 6% growth rate over the next several years is achievable. Although low by historical standards, this would still make it one of the fastest growing economies in the world! The Chinese consumer will continue to emerge in our view, and this is where our research efforts in China are focused. For example, over the past few months, after the share price had halved, we initiated a position in Ports Design, a luxury ladies wear clothing retailer in China. We bought the position just before the company released its September same-store sales growth, which was an eye-popping +40% year on year. One does simply not find companies that are growing sales by 20% or 30% or 40% in the developed world. Moreover, at the time of purchase Ports Design was trading on less than 10x this year's earnings and the company has a net cash position. The share is +20% since we bought it, but still remains significantly undervalued in our view. There are undoubtedly risks in China, but there are also excellent investment opportunities to be found.

In summary, whilst the world appears to be in a mess, fear and panic selling have driven many assets (global equities, property and corporate bonds) down to extremely attractive levels. In our view now is the time to be buying these assets and not selling them. One seldom makes money by investing when the outlook is rosy.

Portfolio manager
Gavin Joubert

CORONATION GLOBAL MANAGED [ZAR] FUND

CLASS A as at 30 September 2011

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 Tony Gibson, Gavin Joubert, Karl Leinberger, Stephen Peirce and Louis Stassen

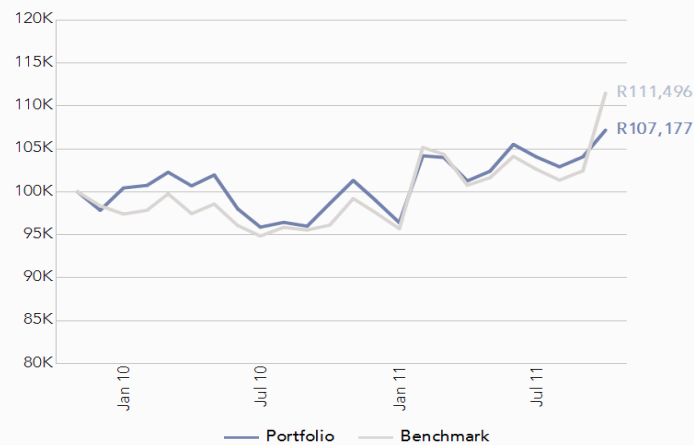
Fund size R294.08 million
NAV 106.59 cents
Benchmark/Performance Fee Hurdle Composite: 60% MSCI World Index & 40% Citigroup World Government Bond Index.

Risk profile



PERFORMANCE AND RISK STATISTICS¹

GROWTH OF A R100,000 INVESTMENT



PORTFOLIO DETAIL

GEOGRAPHIC ASSET ALLOCATION EXPOSURE

Sector	30 Sep 2011
Equities	72.5%
North America	39.4%
Europe	19.2%
Asia	10.4%
Latin American	3.8%
Japan	1.7%
South Africa	(2.1)%
Commodities	1.1%
North America	1.1%
Property	7.3%
Asia	4.2%
Japan	1.9%
Europe	1.2%
Bonds	4.3%
Europe	4.3%
Cash	14.7%
Other	5.9%
USD	4.7%
ZAR	4.1%

RISK AND RETURNS VS BENCHMARK (ZAR)

	Fund	Benchmark	Outperformance
Since Launch (unannualised)	7.2%	11.5%	(4.3%)
Since Launch (annualised)	3.7%	5.8%	(2.2%)
Latest 1 year (annualised)	8.7%	16.0%	(7.3%)
Year to date	11.2%	16.5%	(5.3%)
Annualised Deviation	9.3%	11.3%	
Sharpe Ratio	(0.30)	(0.1)	
Downside Deviation	3.7%	2.9%	
Positive Months	52.2%	47.8%	

TOP 10 HOLDINGS

As at 30 Sep 2011	% of Fund
Vodafone Group Plc	3.3%
Safeway Inc	3.3%
Great Wall Motor Company Ltd	3.3%
Google Inc	3.1%
Microsoft Corp	2.7%
Community Health Systems	2.6%
Interpublic Group	2.4%
PPR	2.3%
Cisco Systems Inc	2.3%
Anheuser-Busch InBev	2.2%

RISK AND RETURNS VS BENCHMARK AND MSCI WORLD (USD)

	Fund	Benchmark	MSCI World
Since Launch (unannualised)	3.4%	7.6%	5.0%
Since Launch (annualised)	1.8%	3.9%	2.6%
Latest 1 year (annualised)	(6.6%)	(0.3%)	(3.8%)
Year to date	(9.1%)	(4.7%)	(11.8%)
Annualised Deviation	15.0%	12.1%	17.9%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30 Sep 2011	03 Oct 2011	0.27	0.23	0.04
30 Sep 2010	01 Oct 2010	0.12	0.12	0.00

MONTHLY PERFORMANCE - ZAR RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2011	8.1%	(0.2)%	(2.6)%	1.1%	3.1%	(1.4)%	(1.1)%	1.1%	3.0%				11.2%
Fund 2010	0.3%	1.5%	(1.6)%	1.3%	(3.9)%	(2.2)%	0.6%	(0.5)%	2.8%	2.7%	(2.3)%	(2.6)%	(4.0)%
Fund 2009											(2.2)%	2.7%	0.5%

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 USP 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 for the relevant 12-month period, the minimum fee applies. 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.

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 ending 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.

Total Expense Ratio (TER)²	1.89% per annum, which includes a performance fee of 0.04%
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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.