



CORONATION AFRICA FUND

30 JUNE 2010

KEY BENEFITS

- Experienced managers and specialist Africa unit
- Actively managed portfolio of African equities
- Proven ability to identify and exploit untapped investment opportunities
- Regionally diversified portfolio with exposure to diverse economies
- Long-term capital growth

INVESTOR PROFILE

The fund is suitable for:

- Investors seeking exposure to growth and expansion in Africa
- Investors looking to increase capital over a 3 – 5 year period
- Investors who are able to withstand short-term market fluctuations in pursuit of maximum total returns over the long term.



CORONATION AFRICA FUND

Africa represents the next frontier of untapped investment opportunity. This resource-rich continent offers a diversity of economies and an increasingly attractive diversifier for global portfolios

The Coronation Africa Fund provides investors with access to the best investment opportunities across the African markets. The fund aims to deliver capital growth through a focus on stock picking. It is a flexible fund primarily focused on listed African equities. It may hold cash and interest bearing assets where appropriate.

FUND OBJECTIVE

The fund aims to maximise returns, in USD terms, from investments on the African continent subject to adequate levels of risk and liquidity.

INVESTMENT APPROACH

The fund follows a valuation driven investment philosophy, with a strong focus on potential downside risk in each investment made. The portfolio is constructed from the bottom-up with a focus on holding those shares which offer the most attractive fair value relative to current market prices. In calculating fair values through our proprietary research, we place the emphasis on normalised earnings and/or free cash flows rather than current earnings, using a long-term time horizon rather than focusing on current news flow and price momentum. Significant research is conducted across all markets and stocks before allocating funds to any investment. Given the scarcity of information within many of the African markets, our analysts spend a vast amount of time doing in-country research, in keeping with the Coronation approach to investment research.

The Coronation Africa Fund is a fully discretionary mandate, comprising public and pre-IPO listed equities. The fund holds between 20 - 45 stocks in the portfolio, and will tolerate a tail of smaller positions, given liquidity constraints.

PORTFOLIO STRUCTURE

The portfolio is constructed on a clean-slate basis with no reference to benchmarks. Risk management is an integral part of the portfolio construction process. The portfolio has a liquidity overlay.

The strategic regional allocation is as follows:

- 25% North Africa
- 25% Pan Africa
- 50% South Africa – we target companies with growing Africa capabilities

The fund is UCITS III compliant and denominated in US dollars.

The investments are limited to:

- Equities
- Derivatives
- Fixed income instruments

GENERAL INFORMATION

■ Launch date	1 August 2008
■ Fund domicile	Dublin, Ireland
■ Listing	Irish Stock Exchange
■ Base currency	US dollars
■ Investment minimum	US\$15 000
■ Liquidity	Weekly
■ Redemption notice	1 business day preceding the dealing day
■ Redemption payout	3 days after dealing day under normal circumstance

Listing information:

- Irish Stock Exchange
- ISIN: IE00B2RGH034
- Bloomberg ticker: CORAFRA ID
- Sedol: B2RGH03

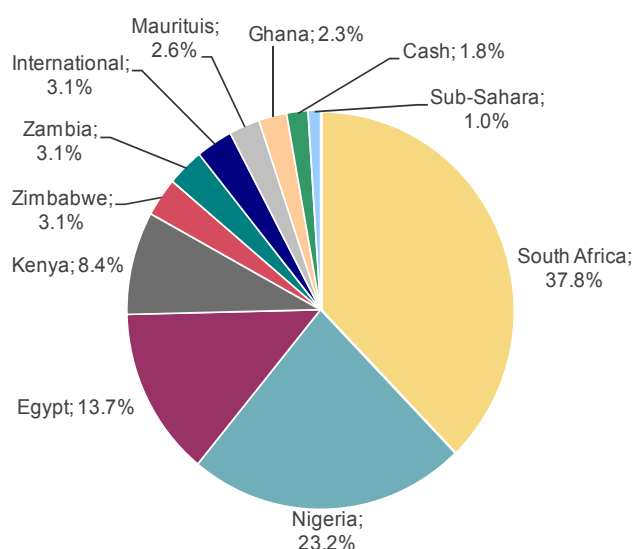
PERFORMANCE (US\$) as at 30 JUNE 2010 (net of fees)

	Africa Fund	US\$ Libor + 2.5%
3 months	-5.1%	0.7%
6 months	6.4%	1.4%
YTD	6.4%	1.4%
1 Year	22.7%	2.9%
Since inception (p.a.) (August 2008)	11.4%	3.6%

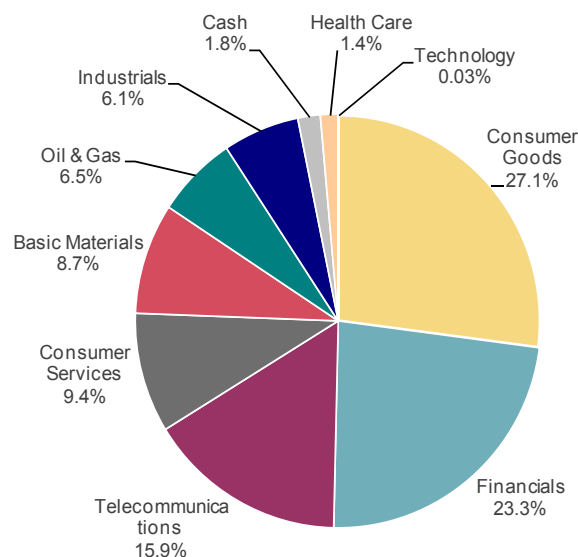
MONTHLY PERFORMANCE as at 30 JUNE 2010 (net of fees)

	2008		2009		2010	
	Fund	BM	Fund	BM	Fund	BM
January			-11.6%	0.3%	3.6%	0.2%
February			-3.4%	0.3%	-0.3%	0.2%
March			8.0%	0.3%	8.6%	0.2%
April			14.6%	0.3%	1.8%	0.2%
May			16.3%	0.3%	-4.4%	0.3%
June			3.3%	0.3%	-2.5%	0.3%
July			6.2%	0.3%		
August	0.7%	0.4%	4.5%	0.2%		
September	-11.2%	0.5%	3.2%	0.2%		
October	-17.8%	0.5%	0.6%	0.2%		
November	-1.8%	0.5%	0.4%	0.2%		
December	9.4%	0.3%	-0.3%	0.2%		

GEOGRAPHIC ALLOCATION



SECTOR ALLOCATION



PORTFOLIO MANAGERS

- PETER LEGER:** *BSc Eng (Chem); BCom (Hons) Investments; CFA*
Peter joined Coronation in April 2005 as a portfolio manager for aggressive domestic and global balanced funds. He has 10 years experience in the financial markets in Africa as both a portfolio manager and research analyst. Prior to Coronation, Peter managed UK-listed South African focused funds for global investors.
- PETER TOWNSHEND:** *B.Sc. Geology (Hons); MBA, Edinburgh University*
Peter started his career as a geologist with AngloGold in Mali and South Africa and later became consulting geologist for the company in Namibia. Thereafter he spent six years as an analyst with Barnard Jacobs Mellet in South Africa, during which time he was rated number 1 gold sector analyst by a survey of sell-side analysts. Prior to joining Coronation in 2008 Peter was an analyst with an African hedge fund.

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QUARTERLY COMMENTARY

"Remember one thing about democracy. We can have anything we want and at the same time, we always end up with exactly what we deserve." Edward Albee – American Playwright

The fund had a weak quarter, falling 5.12% against our LIBOR +2.5% hurdle return of 0.74%. Year to date, the fund's return of 6.41% has comfortably beaten its 1.43% hurdle.

South Africa remains our largest exposure (37.8%), followed by Nigeria (23.2%) and Egypt (13.7%). In South Africa, MTN, Naspers and Standard Bank were all weak through the quarter, impacting our performance. In Nigeria, our large positions in the brewers have continued to perform while banking stocks have been volatile and our positions have proved no different. We remain convinced of the long-term potential of all these companies, however, and are comfortable sitting through the short-term noise to see our fair value realised.

And we expect a lot of noise in the coming months. Africa is a continent with over 50 countries, so elections are a recurring theme. Democracy is also in its infancy and elections tend to be much more lively affairs than the western observer is used to. With electoral processes affecting some of the larger countries and markets next year (Nigeria, Egypt, Kenya & possibly Zimbabwe) the newswires will be humming and not all the news will be good.

In Nigeria, the transition of power to Vice President Goodluck Johnathan following President Yar'Adua's death has been relatively smooth. It appears that Johnathan (a southerner) wishes to stand in next year's presidential elections. To do so, he must convince his own Peoples Democratic Party of his candidature and overturn the (relatively

recent) convention of rotating power between northern and southern candidates. This will not be easy and he has little time in which to achieve this. Given Nigeria's importance in Africa and the lively public debate that occurs in the country, this will be a keenly observed process.

Further north, Egypt has displayed a solid economy that has managed to grow through recent difficult times. Egypt's greatest challenges lie in politics. President Mubarak is now 82 years old, and there is a question as to whether he will stand for re-election in next year's presidential election. No clear successor has been nominated, and with President Mubarak having held office since 1981, this political transition needs to be closely monitored. Government carries a significant cost load via the food and energy subsidies, and the inevitable scaling back of these over time will complicate any reform process.

Kenya's constitutional referendum in August will test the uneasy coalition between President Mwai Kibaki and Prime Minister Raila Odinga. Both are supporting constitutional reform, while the more conservative political elements in Kenya are lobbying for a 'No Vote'. The 2007 election was marred by violence, and the referendum presents some risk of political fallout.

We are mindful of the impact volatile politics and government actions can have on the businesses we invest in. But, we take some comfort from the fact that our investment process tends to steer us towards conservatively managed, stable and resilient businesses that have survived and thrived through the many upheavals that this continent has experienced.

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