CORONATION

GRANITE HEDGE FUND

QUALIFIED INVESTOR HEDGE FUND FACT SHEET AS AT 31 AUGUST 2024

CORONATION
TRUST IS EARNED™

INVESTMENT OBJECTIVE

The Coronation Granite Hedge Fund is managed as a long/short fixed income fund, investing in a diversified portfolio of securities, including derivative instruments, bonds and cash. The Coronation Granite Hedge Fund makes use of six core and distinct fixed income strategies, namely: Directional View Taking, Yield Curve Positioning, Corporate Credit Opportunities, Arbitrage Strategies, Quantitative and Relative Value Trades in the pursuit of producing consistent absolute returns independent of general market direction.

The fund is expected to have low volatility with a very low correlation to the All Bond Index (ALBI). Investment decisions are driven by fundamental proprietary in-house research. The fund's target return is cash plus 3%. The objective is to achieve this return with low risk, providing attractive risk-adjusted returns through a low fund standard deviation.

The fund may make use of derivative instruments for efficient portfolio management purposes.

INVESTMENT PARAMETERS

The Coronation Granite Hedge Fund may invest in international investments. The fund may use leverage but such leverage shall be limited to 5 (five) times. The fund is precluded from raising any debt funding over and above that achieved in terms of the long/short process. Value at risk is monitored on a daily basis and is subject to an internal limit of 6% at a 95% confidence level, and 10% at a 99% level. The maximum modified duration of the fund may not exceed that of the ALBI. The portfolio will have maximum credit exposure limits with reference to credit classification bands, determined in accordance with the fund's Credit Exposure Guidelines. Limits per issuer within each credit classification band exist and are monitored on a daily basis. No writing of uncovered options will be permitted. The fund employs stop-loss strategies to facilitate capital preservation. The intention is to invest the majority of the fund in liquid tradable securities that are listed on BESA or the JSE. The fund may invest in unitised vehicles, in particular money market investment and exposure to small capitalisation shares may be achieved in this way. Investment in derivatives is permitted for efficient investment management of the fund.

FUND RETURNS*

	Fund	ALBI	FRODS
Since inception (cumulative)	632.5%	629.7%	318.7%
Since inception p.a.	9.5%	9.5%	6.8%
Latest 10 year p.a.	8.3%	8.5%	5.9%
Latest 5 year p.a.	8.0%	9.1%	5.5%
Latest 1 year	12.9%	18.6%	8.1%
Year to date	7.3%	12.3%	5.3%
Month	1.2%	2.4%	0.7%

*Fund Returns since inception to 30 September 2023 are for the A class (the most expensive fee class prior to the A class being closed on 30 September 2023) and was calculated net of fees and net of fund expenses. Fund Returns from 1 October 2023 to date are for the Z class. Fund Returns for the Z class are calculated net of fund expenses and gross of investment management and performance fees. Investment management and performance fees are individually agreed with each Qualified Investor prior to investment and are levied outside of the fund. Each Qualified Investor receives a monthly report indicating performance net of their individual fees and expenses.

PERFORMANCE & RISK STATISTICS (Since inception)*

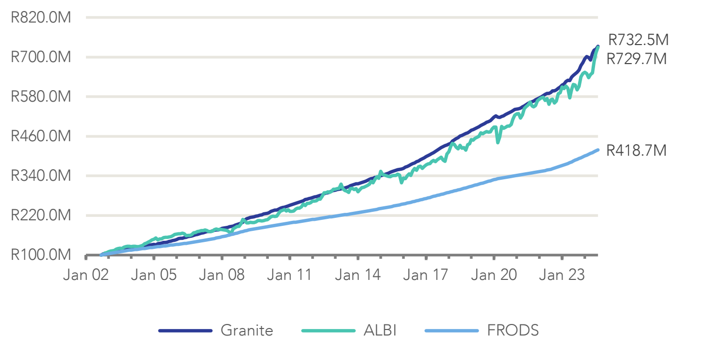
	Fund	ALBI	FRODS
Average Annual Return	9.3%	8.9%	6.6%
Highest Annual Return	17.3%	23.6%	12.3%
Lowest Annual Return	4.1%	(5.6)%	3.3%
Annualised Standard Deviation	1.8%	7.3%	0.6%
Downside Deviation	1.3%	5.2%	
Maximum Drawdown	(1.5)%	(9.8)%	
Sharpe Ratio	1.51	0.37	
Sortino Ratio	2.04	0.52	
% Positive Months	97.3%	70.0%	100.0%
Correlation (ALBI)	0.16		
99% Value at Risk (P&L %)	(0.3)%		

GENERAL INFORMATION

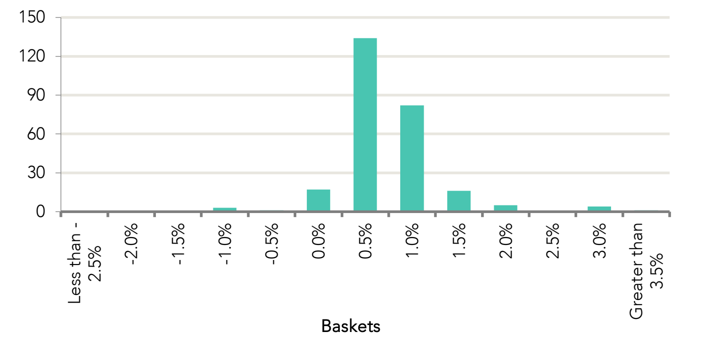
Investment Structure	Limited liability en commandite partnership
Disclosed Partner	Coronation Management Company (RF) (Pty) Ltd
Inception Date	01 October 2002
Hedge Fund CIS launch date	01 October 2017
Year End	30 September
Fund Category	South African Fixed Income Hedge Fund
Target Return	Cash + 3%
Annual Management & Performance Fees	Annual Management and Performance Fees are agreed and levied outside of the Fund.
Total Expense Ratio (TER)†	0.12% (excluding management and performance fees)
Transaction Costs (TC)†	0.03%
Fund Size (R'Millions)‡	R213.48
Fund Status	Open
NAV (per unit)	108.73 cents
Base Currency	ZAR
Dealing Frequency	Monthly
Income Distribution	Annual (with all distributions reinvested)
Minimum Investment	R1 million
Notice Period	1 month
Investment Manager	Coronation Alternative Investment Managers (Pty) Ltd (FSP 49893)
Auditor	KPMG Inc.
Prime Brokers	FirstRand Bank Ltd
Custodian	Nedbank Ltd
Administrator	JP Morgan Chase Bank, N.A., London Branch
Portfolio Managers	Nishan Maharaj, Adrian van Pallander, and Seamus Vasey

†TER and TC data is provided for the 1 year ending 31 July 2024. TER excludes manufactured dividend expenses and scrip borrowing costs, in line with the revised ASISA TER Hedge Fund Disclosure Standard. ‡Fund assets under management as at 31 August 2024.

GROWTH OF R100m INVESTMENT*



HISTOGRAM OF MONTHLY NET RETURNS



PORTFOLIO LIQUIDITY

	Days to Trade
Long	7.5
Short	3.3

INCOME DISTRIBUTIONS (cents per unit)

Declaration Date	Amount	Dividend	Interest
30-Sep-23	11.42	0.00	11.42

STRATEGY STATISTICS

Number of long positions	50
Number of short positions	9

MONTHLY COMMENTARY

The Fund returned 1.2%* in August, taking the one-year return to 12.9%. This places the Fund 4.8% ahead of cash over 12 months.

SA's economy grew by 0.4% q/q in Q2-24 from 0.0% q/q (upwardly revised) in Q1-24. From the production side, seven of 11 subsectors saw growth recover, while agriculture was weak following a period of drought, and mining also contracted. From the expenditure side, there was a decent recovery in household and government spending. This was offset by weak net trade and another contraction in gross fixed capital formation. Q2-24 growth points to a nascent recovery in economic activity off a weak base, but with poor momentum. The outlook for the rest of the year remains positive on the back of moderating inflation, which will provide support for real incomes, the possible uplift from two-pot system income, and the prospect of lower interest costs. Incremental easing of logistics constraints should help both transport and exports sectors at the margin, but a more meaningful contribution from capital expenditure is needed to build stronger, more enduring momentum. Disappointingly, the sustained support from suspended loadshedding has not yet been felt in the activity data.

Headline inflation eased to 4.6% y/y in July from 5.1% y/y in June, while core inflation reduced to 4.3% y/y from 4.5% y/y. The main reason for the headline moderation was lower food inflation, a fall in alcoholic beverages and tobacco prices, and a decline in transport costs. The outlook for headline inflation in the near term continues to improve, with the stronger currency supporting ongoing easing in retail fuel prices, aided by low food inflation. We expect the South African Reserve Bank to cut the repo rate by 25 basis points to 8.0% in September.

Global monetary policy remains conducive for risk assets, which should remain supportive of flows into emerging markets. SA has seen a significant reduction in risk premium following the formation of the Government of National Unity and the inclusion of the pro-reformist opposition into cabinet. SA inflation has benefited from both local and global factors and should support a shallow rate-cutting cycle starting towards the tail end of 2024. However, low growth, upside risks to inflation, and burgeoning deficits will continue to weigh on the longer-term outlook for SA, unless reform implementation is accelerated. SA long-term interest rates have seen significant compression, with the margin of safety narrowing significantly, both on an absolute basis and relative to the emerging market peer group. A more positive shift in underlying fundamentals is needed to justify tighter valuations and outperformance.

With a good run in real yields where the Fund had positioned for medium-term gains, profits were taken and strategic exposures reduced substantially over the course of August. Within the active overlay, the Fund had been more assertive in accumulating positions opposed to the relative aggression priced into SA's likely forthcoming easing cycle. Modest success was seen here, although these were difficult conversions, as the market has become increasingly hard to dissuade around the fairly elevated strength and depth of rate cuts expected to come from the SARB. Relative value trades of a more tactical nature and less immediately associated with monetary policy expectations provided more winners than losers over the month. Outright valuations have tightened meaningfully in SA interest rates, which creates an additional dynamic to inform tactical positioning in the coming weeks and into the year end. This, together with potential additional volatility in short-rates typical of this phase of the monetary policy cycle, suggests a light touch towards overlay exposures over September, and possibly beyond, to be the prudent approach.

*The Fund return is net of expenses and gross of fees.

REGULATORY DISCLOSURE AND DISCLAIMER