

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 unlisted 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)	662.3%	661.2%	329.2%
Since inception p.a.	9.6%	9.6%	6.8%
Latest 10 year p.a.	8.5%	8.7%	6.0%
Latest 5 year p.a.	8.3%	9.6%	5.6%
Latest 3 year p.a.	10.0%	10.3%	6.9%
Latest 1 year p.a.	11.6%	17.2%	8.0%
Year to date	11.6%	17.2%	8.0%
Month	0.8%	(0.3)%	0.6%

*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)*

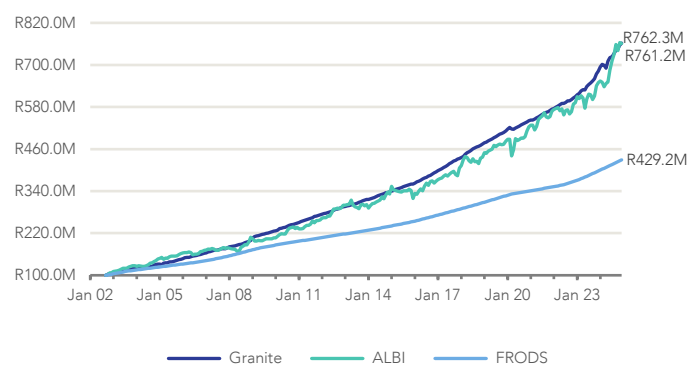
	Fund	ALBI	FRODS
Average Annual Return	9.3%	9.1%	6.6%
Highest Annual Return	17.3%	26.1%	12.3%
Lowest Annual Return	4.1%	(5.6)%	3.3%
Annualised Standard Deviation	1.8%	7.4%	0.6%
Downside Deviation	1.3%	5.2%	
Maximum Drawdown	(1.5)%	(9.8)%	
Sharpe Ratio	1.53	0.38	
Sortino Ratio	2.07	0.53	
% Positive Months	97.4%	69.7%	100.0%
Correlation (ALBI)	0.17		
99% Value at Risk (P&L %)	(0.3)%		

GENERAL INFORMATION

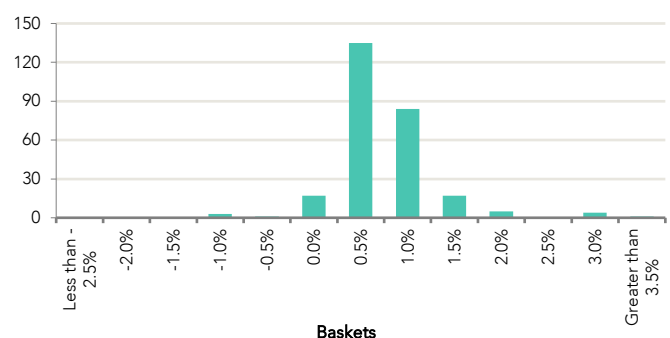
Investment Structure	Limited liability en commandite partnership
Disclosed Partner	Coronation Management Company (RF) (Pty) Ltd
Inception Date	01 October 2002
Hedge Fund CIS launch date	01 October 2017
Year End	30 September
Fund Category	South African Fixed Income Hedge Fund
Target Return	Cash + 3%
Annual Management & Performance Fees	Annual Management and Performance Fees are agreed and levied outside of the Fund.
Total Expense Ratio (TER)†	0.08% (excluding management and performance fees)
Transaction Costs (TC)†	0.03%
Fund Size (R'Millions) ‡	R219.78
Fund Status	Open
NAV (per unit)	103.33 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	Absa Bank Ltd and FirstRand Bank Ltd
Custodian	Standard Chartered Bank
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 30 November 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 December 2024.

GROWTH OF R100m INVESTMENT*



HISTOGRAM OF MONTHLY NET RETURNS



PORTFOLIO LIQUIDITY

	Days to Trade
Long	6.3
Short	0.0

INCOME DISTRIBUTIONS (cents per unit)

Declaration Date	Amount	Dividend	Interest
30-Sep-24	9.56	0.00	9.56

STRATEGY STATISTICS

Number of long positions	39
Number of short positions	0

MONTHLY COMMENTARY

The Fund returned 0.8%* in December, taking the one-year return to 11.6%. This places the Fund 3.7% ahead of cash over 12 months.

Headline inflation increased slightly to 2.9% y/y in November from 2.8% y/y in October, while core inflation slowed to 3.7% y/y from 3.9% y/y. The uptick was due to an increase in retail fuel prices which was partly offset by a moderation in food inflation. Elsewhere, transport costs fell while vehicle prices increased. The South African Reserve Bank (SARB) became verbally cautious about easing in November, stating specifically that any additional easing would be assessed based on the available data. Given the weak GDP figure, even excluding the debated collapse in agriculture, a cut in January should be justified by the CPI undershoot and clear economic weakness. That said, much will depend on where the currency trades up until the January MPC meeting, as this weighs heavily on the Committee's risk assessment.

Despite a wobbly end to the year, risk assets enjoyed a relatively strong 2024. SA government bonds shone as they outperformed their emerging and developed market counterparts. The road ahead is less certain. Inflation has remained well-behaved and is expected to stay close to the midpoint of the current target band. However, the SARB's reluctance to ease rates might prove a headwind to rates generally, let alone the economy, going forward. In addition, local growth has remained lacklustre, and the growth required to shed the burden of our current debt load remains much higher than baseline forecasts. The risk premium on SA bonds has been reduced considerably and is commensurate - if not somewhat optimistic - with SA's economic future. In addition, global risks remain high as the incoming US administration policy direction might push global bond yields even higher still through their impact on US rates.

Reflective of reduced market liquidity over the end-of-year season, the Fund's activities were accordingly tapered. Nonetheless, given the Fund's deliberate and notable defensiveness in taking credit, interest rate and market risk – in both domestic and offshore spheres – a reasonable monthly performance was achieved. As stressed previously, the Fund is very cautiously positioned and has significant liquidity and risk budget to deploy when opportunities arise. With the degree of additional insecurity that has metastasised across global markets over the last couple of months of 2024, this is a favourable position with which to embrace the new year.

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

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