

INVESTMENT OBJECTIVE

The Coronation Granite Plus 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 Plus 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 4%. 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 Plus Hedge Fund may invest in international investments. The fund may use leverage but such leverage shall be limited to 10 (ten) 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 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 where appropriate. Investment in derivatives is permitted for efficient investment management of the fund.

FUND RETURNS*

	Fund	ALBI	FRODS
Since inception (cumulative)	77.9%	67.5%	37.7%
Since inception p.a.	10.4%	9.3%	5.6%
Latest 5 year p.a.	10.4%	8.8%	5.5%
Latest 3 year p.a.	11.8%	8.7%	6.2%
Latest 1 year p.a.	14.1%	15.6%	8.1%
Year to date	5.7%	9.7%	4.6%
Month	0.2%	4.0%	0.7%

*Fund Returns 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 investment management fees, performance fees and expenses.

PERFORMANCE & RISK STATISTICS (Since inception)*

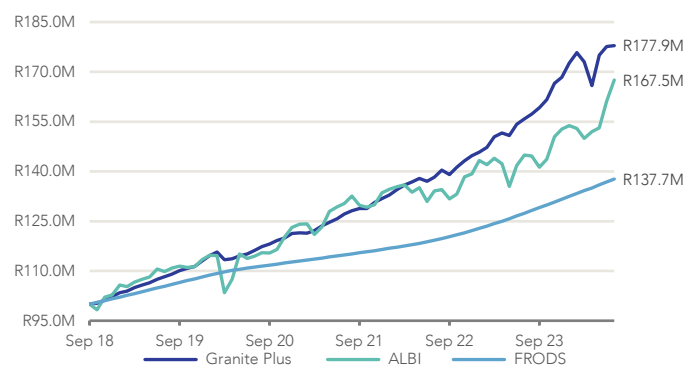
	Fund	ALBI	FRODS
Average Annual Return	10.3%	7.7%	5.3%
Highest Annual Return	19.4%	17.0%	8.1%
Lowest Annual Return	4.9%	(3.0)%	3.3%
Annualised Standard Deviation	3.9%	8.4%	0.5%
Downside Deviation	4.7%	7.4%	
Maximum Drawdown	(5.7)%	(9.8)%	
Sharpe Ratio	1.21	0.43	
Sortino Ratio	1.02	0.49	
% Positive Months	88.6%	70.0%	100.0%
Correlation (ALBI)	0.39		
99% Value at Risk (P&L %)	(0.7)%		

GENERAL INFORMATION

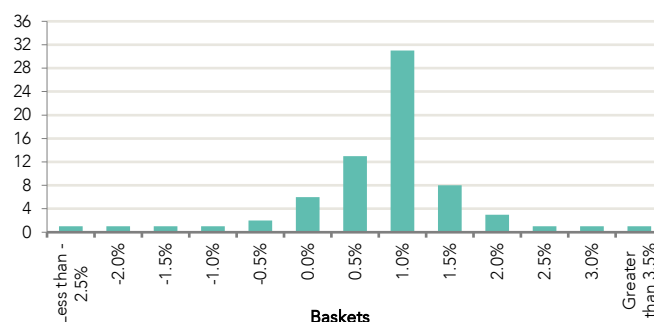
Investment Structure	Limited liability en commandite partnership
Disclosed Partner	Coronation Management Company (RF) (Pty) Ltd
Inception Date	01 October 2018
Hedge Fund CIS launch date	01 October 2018
Year End	30 September
Fund Category	South African Fixed Income Hedge Fund
Target Return	Cash + 4%
Annual Management & Performance Fees	Annual Management and Performance Fees are agreed and levied outside of the Fund.
Total Expense Ratio (TER)[†]	0.21% (excluding management and performance fees).
Transaction Costs (TC)[†]	0.05%
Fund Size (R'Millions)[‡]	R158.27
Fund Status	Open
NAV (per unit)	119.01 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 30 June 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 July 2024.

GROWTH OF R100m INVESTMENT*



HISTOGRAM OF MONTHLY NET RETURNS



PORTFOLIO LIQUIDITY

	Days to Trade
Long	12.5
Short	2.6

INCOME DISTRIBUTIONS (cents per unit)

Declaration Date	Amount	Dividend	Interest
30-Sep-23	11.77	0.00	11.77

STRATEGY STATISTICS

Number of long positions	41
Number of short positions	5

MONTHLY COMMENTARY

The Fund* returned 0.2% in July, taking the one-year return to 14.1%. This places the Fund 6.1% ahead of cash over 12 months.

The South African Reserve Bank (SARB) left policy rates unchanged at 8.25% at the July MPC meeting. Despite the hold, the tone of the statement was more dovish, acknowledging an improved inflation outlook, moderating inflation expectations (albeit still too high), and a somewhat more constructive growth forecast. Additionally, the SARB put through a downward revision to its headline inflation forecast, moving the average to 4.9% in 2024 from a previous forecast of 5.1%. Markets are pricing in a rate cut in September, considering the strong currency, and easing of near-term inflation pressures.

Headline inflation slowed to 5.1% y/y in June from 5.2% y/y in May, while core also reduced to 4.5% y/y from 4.6% y/y. The decline was supported by a softer food price, falling fuel costs, and very weak housing rentals measures.

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 the cabinet. South African (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's bond yields have seen significant compression, with the margin of safety narrowing significantly, both on an absolute basis and relative to the emerging market peer group. There might be slightly more left in the SA bond rally, but we believe that SA bonds now trade at or very close to fair value. A more positive shift in underlying fundamentals is needed to justify tighter valuations and outperformance. From an outright perspective, the underperformance of ILBs in the recent SA fixed income rally has increased their attractiveness, warranting consideration for maturities of less than 10 years, even ahead of nominal bonds.

The Fund largely trod water over July. Downward performance pressure emanated from the exposure to ILBs in the Fund, where inflation accrual over the month was quite materially negative. This was anticipated and is a necessary short-term cost to bear in order to benefit from the medium-term positive outlook. Another source of weakness came from aggressive moves in monetary policy pricing in SA, largely reflecting big adjustments in the US, leaking through into short-rate expectations globally. Despite this, the Fund remains well equipped with an unused risk budget to position for any further lurches into unreasonable interest rate pricing for policy moves from the SARB over the next few quarters.

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

REGULATORY DISCLOSURE AND DISCLAIMER

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