

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)	620.7%	585.7%	313.2%
Since inception p.a.	9.5%	9.3%	6.7%
Latest 10 year p.a.	8.2%	8.2%	5.9%
Latest 5 year p.a.	7.9%	7.8%	5.5%
Latest 1 year	12.8%	13.7%	8.1%
Year to date	5.5%	5.6%	3.9%
Month	1.4%	5.2%	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)*

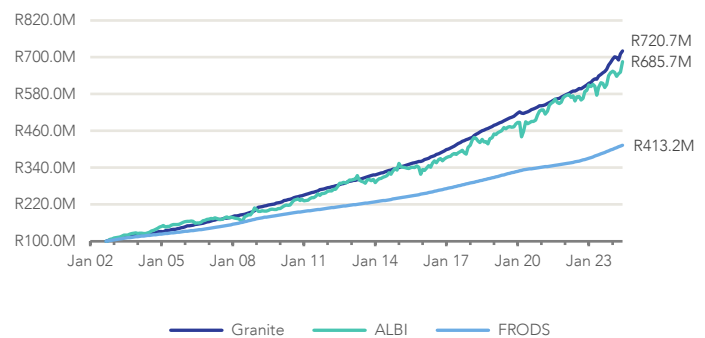
	Fund	ALBI	FRODS
Average Annual Return	9.2%	8.9%	6.6%
Highest Annual Return	17.3%	23.6%	12.3%
Lowest Annual Return	4.1%	(5.6)%	3.3%
Annualised Standard Deviation	1.8%	7.3%	0.6%
Downside Deviation	1.4%	5.2%	
Maximum Drawdown	(1.5)%	(9.8)%	
Sharpe Ratio	1.51	0.34	
Sortino Ratio	2.03	0.48	
% Positive Months	97.3%	69.7%	100.0%
Correlation (ALBI)	0.16		
99% Value at Risk (P&L %)	(0.3)%		

GENERAL INFORMATION

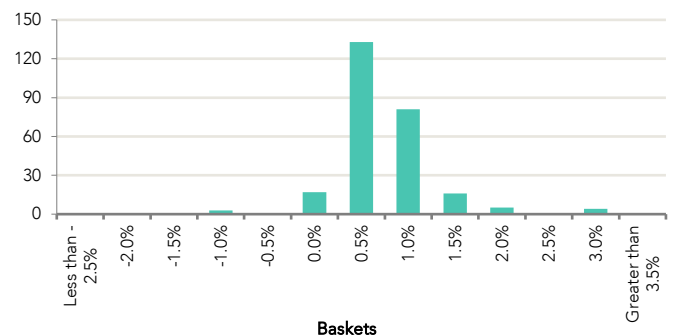
Investment Structure	Limited liability en commandite partnership
Disclosed Partner	Coronation Management Company (RF) (Pty) Ltd
Inception Date	01 October 2002
Hedge Fund CIS launch date	01 October 2017
Year End	30 September
Fund Category	South African Fixed Income Hedge Fund
Target Return	Cash + 3%
Annual Management & Performance Fees	Annual Management and Performance Fees are agreed and levied outside of the Fund.
Total Expense Ratio (TER)†	0.15% (excluding management and performance fees)
Transaction Costs (TC)†	0.03%
Fund Size (R'Millions) ‡	R224.63
Fund Status	Open
NAV (per unit)	106.97 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 May 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 30 June 2024.

GROWTH OF R100m INVESTMENT*



HISTOGRAM OF MONTHLY NET RETURNS



PORTFOLIO LIQUIDITY

	Days to Trade
Long	14.2
Short	1.7

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	40
Number of short positions	0

MONTHLY COMMENTARY

The Fund* returned 1.4% in June, taking the one-year return to 12.8%. This places the Fund 4.7% ahead of cash over 12 months.

In South Africa (SA), headline inflation remained unchanged at 5.2% y/y in May, while core inflation was also unchanged at 4.6% y/y. The main trends remain broadly intact - food inflation edged lower but seems close to bottoming, fuel prices were slightly higher but will ease in coming months, and core goods prices were unchanged.

Monetary Policy is tentatively looking supportive for duration assets, with market-implied interest rate expectations now approximating our views for a shallow cutting cycle starting towards the end of this year.

In the run-up to June, the Fund approached the impending national election results very cautiously – and appropriately so. With the extreme moves seen in domestic fixed income markets in the ensuing weeks (arguably not resolved yet), being extremely risk-conscious was undoubtedly the correct approach. While these substantial moves could be viewed as a stream of opportunities left on the table, we would argue this would be an inappropriate framing. The nature of the electoral surprises that emerged, as well as the elevated veil of poor information (and misinformation) that fell over the weeks following, made for an environment where appropriately constructing well-considered risk exposures within the domestic FI markets – none of which were immune to the vagaries of the political intrigue – wasn't especially feasible.

The Fund did deploy some risk through the active overlay over the month and the end result was a modest collection of tactical trades – some hits, some misses. But risk was never extended aggressively here – and this was the best trade of all.

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

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