CORONATION

GRANITE HEDGE FUND

QUALIFIED INVESTOR HEDGE FUND FACT SHEET AS AT 30 NOVEMBER 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)	656.0%	663.9%	326.6%
Since inception p.a.	9.6%	9.6%	6.8%
Latest 10 year p.a.	8.5%	8.5%	6.0%
Latest 5 year p.a.	8.3%	10.0%	5.6%
Latest 3 year p.a.	9.9%	11.4%	6.7%
Latest 1 year p.a.	12.0%	19.3%	8.0%
Year to date	10.7%	17.6%	7.3%
Month	1.2%	3.1%	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)*

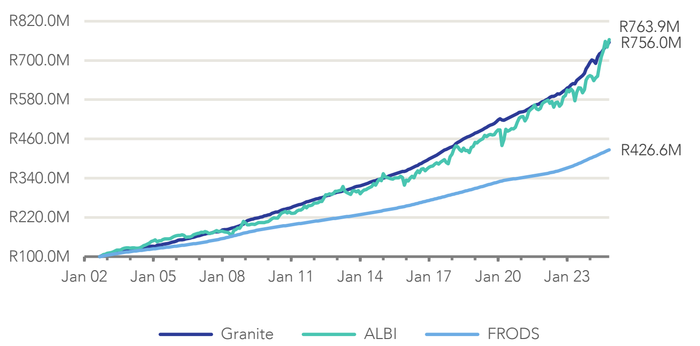
	Fund	ALBI	FRODS
Average Annual Return	9.3%	9.1%	6.6%
Highest Annual Return	17.3%	26.1%	12.3%
Lowest Annual Return	4.1%	(5.6)%	3.3%
Annualised Standard Deviation	1.8%	7.4%	0.6%
Downside Deviation	1.3%	5.2%	
Maximum Drawdown	(1.5)%	(9.8)%	
Sharpe Ratio	1.53	0.39	
Sortino Ratio	2.07	0.54	
% Positive Months	97.4%	69.9%	100.0%
Correlation (ALBI)	0.17		
99% Value at Risk (P&L %)	(0.3)%		

GENERAL INFORMATION

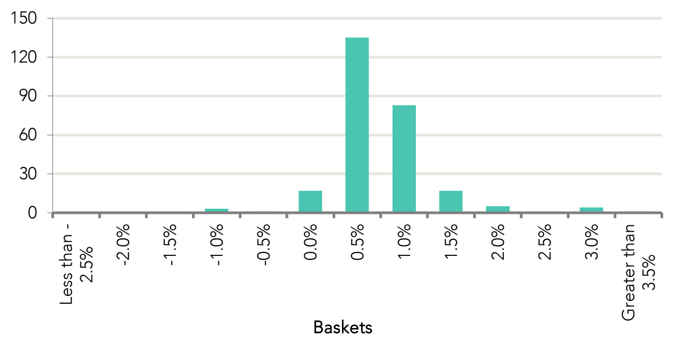
Investment Structure	Limited liability en commandite partnership
Disclosed Partner	Coronation Management Company (RF) (Pty) Ltd
Inception Date	01 October 2002
Hedge Fund CIS launch date	01 October 2017
Year End	30 September
Fund Category	South African Fixed Income Hedge Fund
Target Return	Cash + 3%
Annual 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)‡	R218.06
Fund Status	Open
NAV (per unit)	102.48 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 31 October 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 November 2024.

GROWTH OF R100m INVESTMENT*



HISTOGRAM OF MONTHLY NET RETURNS



PORTFOLIO LIQUIDITY

	Days to Trade
Long	6.2
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 1.2%* in November, taking the one-year return to 12.0%. This places the Fund 4.0% ahead of cash over 12 months.

The South African (SA) economy posted a surprise contraction of 0.3% q/q in Q3-24 from growth of 0.4% q/q in Q2-24. From the production side, weakness was concentrated in the agricultural sector, which experienced adverse weather conditions that resulted in poor field crop production. The transport and trade sectors also contracted while financial services expanded. From the demand side, exports and inventories detracted from growth, while household spending and a decline in imports added, although not sufficiently to offset the weakness. Overall, the performance of the economy is disappointing and reflective of very constrained domestic demand.

The market expects a largely cyclical uplift in growth in the fourth quarter of 2024, supported by lower inflation and policy rates and some spending associated with two-pot withdrawals. That said, this is unlikely to be sufficient to reach our 1.1% 2024 GDP forecast. Headline inflation eased to 2.8% y/y in October from 3.8 y/y in September, while core inflation slowed to 3.9% y/y from 4.1% y/y. The main driver of the slowdown was another large fall in retail fuel prices and strong base effects in food inflation. Price movements outside of food and fuel were modest, with non-alcoholic beverages, restaurants, and hotel prices moderately up. We expect inflation to remain at or below 4.5% until mid-2025.

At the November MPC meeting, the South African Reserve Bank voted unanimously to cut the repo rate by 25bps from 8% to 7.75%. The post-meeting statement highlighted that the SARB is moving with caution, given the uncertainty surrounding global monetary policy settings and volatile local currency movements. The MPC also noted that in the near term, growth-related data has been mixed, with the expectation that structural reforms in energy and logistics will lift growth in the medium term. There were few revisions to the inflation outlook, and risks were assessed to be balanced.

The election of Donald Trump as the next US president has created headwinds for global monetary policy. Easing is now expected to be less than previously expected due to the implication of global tariffs on inflation. SA interest rates have enjoyed renewed investor optimism following the formation of the GNU and on the heels of the global bond rally. SA inflation expectations have reduced significantly but are now fairly priced through repo rate expectations. The country's fiscal accounts remain at risk over the longer term, while current bond valuations discount a more optimistic outcome. ILBs still offer value relative to nominal bonds in the event that inflation materializes higher than forecast or if real yields follow nominal bond yields lower.

Fund activity during November was extremely diverse, with a strong hit rate achieved. The dominant bias for the overlay was to be net received/ long, which is the correct stance to adopt, as SA interest rates had a fairly strong and single-minded month from a directional perspective; and this was seen across markets and tenors. The only real disappointments lay with bond curve flatteners, which tended to be mostly directionless, albeit with some volatility. The favourable performance of the overlay was welcome, as the Fund has otherwise adopted a relatively defensive stance with respect to credit positioning – both in domestic and offshore markets – as a function of unattractive spread levels and sparsity of new, appealing opportunities. Thus, while short-dated fixed income instruments offer value in absolute terms and on a risk-adjusted basis (especially in an offshore context), this has left increasingly less room to take more substantial exposures in the Fund without compromising a prudent valuation-centred approach.

This deserves additional emphasis: the Fund is very defensively positioned and has significant liquidity and risk budget to deploy when opportunities arise. Currently, value has been primarily added through a large collection of diversified and small-scale tactical trading exposures – itself a prudent and constrained addition of risk to the portfolio. Furthermore, the Fund hasn't over-indexed itself to the SA sovereign either – a favourable trade of the past couple of months, but arguably closer to the end of its near-term re-rating than not. And finally, the Fund is not relying on excessive gearing to eke out additional performance in an increasingly thin spread environment – indeed, aggregate exposure in this respect into year-end is very contained. The Fund therefore continues to provide what it intends to deliver – and in a particularly responsible and attentive manner.

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

REGULATORY DISCLOSURE AND DISCLAIMER