CORONATION

GRANITE HEDGE FUND

QUALIFIED INVESTOR HEDGE FUND FACT SHEET AS AT 31 OCTOBER 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)	646.9%	641.2%	324.0%
Since inception p.a.	9.5%	9.5%	6.8%
Latest 10 year p.a.	8.3%	8.4%	6.0%
Latest 5 year p.a.	8.2%	9.4%	5.6%
Latest 3 year p.a.	9.7%	10.5%	6.6%
Latest 1 year p.a.	13.0%	21.3%	8.0%
Year to date	9.4%	14.1%	6.6%
Month	0.7%	(2.2)%	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)*

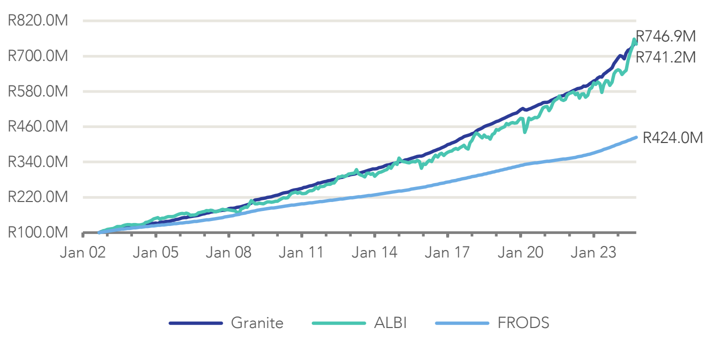
	Fund	ALBI	FRODS
Average Annual Return	9.3%	9.0%	6.6%
Highest Annual Return	17.3%	26.1%	12.3%
Lowest Annual Return	4.1%	(5.6)%	3.3%
Annualised Standard Deviation	1.8%	7.4%	0.6%
Downside Deviation	1.3%	5.2%	
Maximum Drawdown	(1.5)%	(9.8)%	
Sharpe Ratio	1.52	0.37	
Sortino Ratio	2.05	0.52	
% Positive Months	97.4%	69.8%	100.0%
Correlation (ALBI)	0.17		
99% Value at Risk (P&L %)	(0.3)%		

GENERAL INFORMATION

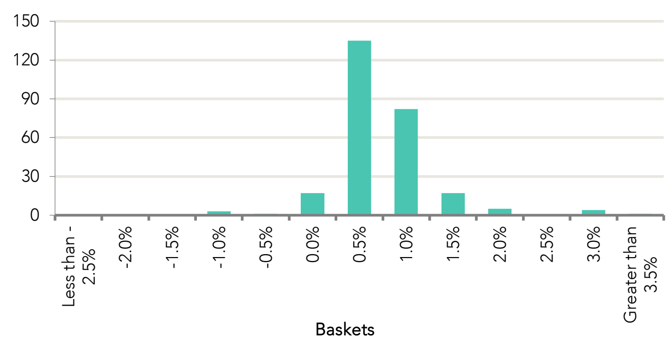
Investment Structure	Limited liability en commandite partnership
Disclosed Partner	Coronation Management Company (RF) (Pty) Ltd
Inception Date	01 October 2002
Hedge Fund CIS launch date	01 October 2017
Year End	30 September
Fund Category	South African Fixed Income Hedge Fund
Target Return	Cash + 3%
Annual Management & Performance Fees	Annual Management and Performance Fees are agreed and levied outside of the Fund.
Total Expense Ratio (TER)†	0.10% (excluding management and performance fees)
Transaction Costs (TC)†	0.03%
Fund Size (R'Millions)‡	R215.54
Fund Status	Open
NAV (per unit)	101.24 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 September 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 October 2024.

GROWTH OF R100m INVESTMENT*



HISTOGRAM OF MONTHLY NET RETURNS



PORTFOLIO LIQUIDITY

	Days to Trade
Long	9.3
Short	3.4

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	50
Number of short positions	15

MONTHLY COMMENTARY

The Fund returned 0.7%* in October, taking the one-year return to 13.0%. This places the Fund 5.0% ahead of cash over 12 months.

The Minister of Finance, Enoch Godongwana, tabled the Medium-Term Policy Budget Speech (MTPBS) in October. Thematically, the MTBPS aimed to align a dual message of ongoing sustainable consolidation targeting a debt stabilising primary surplus while realigning expenditure priorities towards raising investment. Revenue collection estimates were moderately revised down as value-added tax, personal income tax, and fuel levy collections have disappointed. The expenditure profile was revised up due to a higher wage bill, provisions for South African National Roads Agency debt repayment, and higher debt-service costs. Gross loan debt as a share of GDP is projected to stabilise at 75.5% in 2025/26, higher than the 75.3% estimate pencilled at the February Budget Review. No additional bailout funds were allocated to state-owned enterprises and Eskom's bailout package will be reduced by R2bn due to non-compliance with certain conditions. The MTPBS presented a lot of fiscal reforms, but timing and delivery (and political buy-in in some cases) remain uncertain.

Headline inflation eased to 3.8 y/y in September from 4.4% y/y in August, while core inflation remained unchanged at 4.1% y/y. The main driver for the slowdown was another large fall in retail fuel prices. Vehicle and food prices were flat, while rental inflation picked up a little off a low base but continued with a weak trend pace. The sharp downward revisions to CPI forecasts, coupled with ongoing evidence of weak underlying growth momentum, support a further 25bps cut at the November Monetary Policy Committee meeting, which will bring the year-end repo rate to 7.75%.

The global monetary policy easing cycle has boosted the wind in the sails of risky asset performance. Global and emerging market bond yields are all significantly lower than at the start of the year. SA fixed income markets 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 in through repo rate expectations. The country's fiscal accounts remain at risk over the longer term, and current bond valuations fully discount a more optimistic outcome. ILBs still offer value relative to nominal bonds in the event that inflation materialises higher than forecast, or if real yields follow nominal bond yields lower.

After four to five consecutive months of largely uni-directional fixed income markets (albeit with some volatility), October provided the first substantial reversal seen since the SA national elections in May. A combination of stretched domestic markets, a reversal of global monetary easing expectations and the precautionary increase in risk premia in the immediate run-up to the US election all served to push rates higher in SA, across the board. The retraction of interest rate cuts priced into SA was one of the most substantial adjustments seen in the month, motivated largely by external factors, but also egged on at the margin by messaging from the SARB Governor pushing the lower inflation target agenda. In the wake of the US election results – and the potentially seismic policy shifts this may bring in time – global fixed income markets have been volatile and without strong conviction, although arguably holding up much better than where US interest rate levels would typically have suggested global rates should have settled. Unfortunately, the rates uncertainty that a second Trump administration will likely bring about is unlikely to be resolved in the near term. This means quite a different risk environment for global fixed income markets – including SA – for the next few months, at the very least, relative to prior quarters. How this translates into domestic fixed income markets is unclear – but motivating a tighter rein on risk budgets is an essential first step to navigating what may potentially be a new regime for global rates markets.

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

REGULATORY DISCLOSURE AND DISCLAIMER