

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 | Cash** |
|------------------------------|--------|--------|--------|
| Since inception (cumulative) | 680.4% | 666.5% | 336.9% |
| Since inception p.a. | 9.6% | 9.5% | 6.8% |
| Latest 10 year p.a. | 8.5% | 8.4% | 6.0% |
| Latest 5 year p.a. | 8.6% | 11.7% | 5.7% |
| Latest 3 year p.a. | 10.2% | 9.8% | 7.2% |
| Latest 1 year p.a. | 11.6% | 20.2% | 7.8% |
| Year to date | 2.4% | 0.7% | 1.8% |
| Month | 1.0% | 0.2% | 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.

**South Africa Rand Overnight Deposit Rate.

PERFORMANCE & RISK STATISTICS (Since inception)

| | Fund* | ALBI | Cash** |
|-------------------------------|--------|--------|--------|
| Average Annual Return | 9.3% | 9.2% | 6.7% |
| Highest Annual Return | 17.3% | 26.1% | 12.3% |
| Lowest Annual Return | 4.1% | (5.6)% | 3.3% |
| Annualised Standard Deviation | 1.8% | 7.3% | 0.6% |
| Downside Deviation | 1.3% | 5.2% | |
| Maximum Drawdown | (1.5)% | (9.8)% | |
| Sharpe Ratio | 1.54 | 0.37 | |
| Sortino Ratio | 2.07 | 0.52 | |
| % Positive Months | 97.4% | 70.0% | 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 |
| Benchmark ± | Cash |
| 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)‡ | R223.86 |
| Fund Status | Open |
| NAV (per unit) | 105.79 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 |

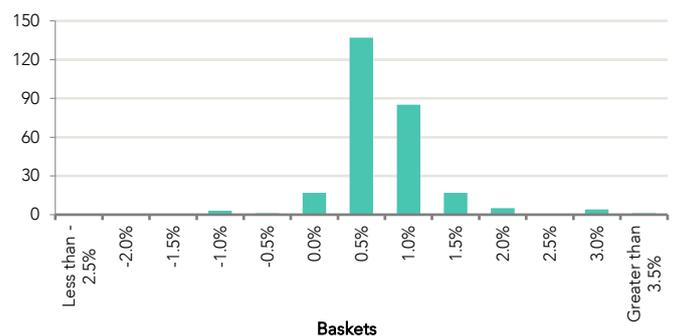
±The benchmark of the hedge fund has been included to align with industry standards.

†TER and TC data is provided for the 1 year ending 28 February 2025. 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 March 2025.

GROWTH OF R100m INVESTMENT



HISTOGRAM OF MONTHLY NET RETURNS



PORTFOLIO LIQUIDITY

| | Days to Trade |
|-------|---------------|
| Long | 7.4 |
| Short | 1.5 |

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 | 47 |
| Number of short positions | 5 |

MONTHLY COMMENTARY

The Fund returned 1.0%* in March, taking its one-year return to 11.6%. This places the Fund 3.9% ahead of cash over 12 months.

The South African Reserve Bank (SARB) left the repo rate unchanged at 7.5% at the March MPC meeting. Two members voted for a 25bps cut while four voted to hold, signalling a change in the unanimous voting observed in the past meetings. The SARB lowered inflation forecasts for 2025 and noted that growth has been disappointing, having reduced expectations for domestic demand. The MPC seems to be showing a clear preference for higher real rates and a more restrictive stance than seems warranted – despite the lowering of inflation forecasts, well-anchored expectations at the target, and disappointing domestic demand.

SA headline inflation remained unchanged at 3.2% y/y in February, while core inflation slowed to 3.4% y/y from 3.5% y/y. Increases in food and non-alcoholic beverages, housing and household utilities were offset by a decline in fuel prices. Broadly, several factors have helped bring the forecast profile for CPI lower over the past few months. These include currency resilience, falling international oil prices, low food inflation, weak rentals, and the impact of the reweighted CPI basket which increased the weight of some of the lower inflation components.

The Fund was particularly busy over March with a wide range of trades implemented in the active overlay. As befitting the environment, these were all tactical in nature and straddled the domestic fixed income opportunity set broadly. As such, there were no overarching themes or exposures that dominated the overlay's trading activity. Positions were carefully sized to reflect prevailing volatility and risk conditions, resulting in a reasonably large number of trades implemented over the month, held for reasonably short periods and each reasonably modestly sized. The net result was an array of winners and losers, but a totally satisfactory outcome overall as steady net gains accumulated throughout the month.

In another notable move, the Fund's active overlay risk taking was entirely curtailed at the end of March in the face of immediate and substantial risk events both within SA and externally. Subsequent developments have vindicated this extreme approach. The present market and economic backdrop remains one of elevated precariousness, but fortunately the Fund is in a favourable position to elevate risk-taking as opportunities present themselves. One such ascendent opportunity set that has piqued our interest is the re-pricing of offshore credit. While pitfalls are plentiful and valuations aren't universally attractive by any measure – despite the weakness seen – for the patient and purposeful there is a burgeoning set of prospects arising.

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

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