

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)	758.8%	814.0%	366.8%
Since inception p.a.	9.6%	9.9%	6.8%
Latest 10 year p.a.	8.8%	10.4%	6.1%
Latest 5 year p.a.	9.5%	12.2%	6.4%
Latest 3 year p.a.	11.1%	14.3%	7.6%
Latest 1 year p.a.	10.0%	19.2%	6.9%
Year to date	0.5%	(3.4)%	1.6%
Month	(1.5)%	(6.8)%	0.5%

*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 were 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	9.5%	9.7%	6.7%
Highest Annual Return	17.3%	28.2%	12.3%
Lowest Annual Return	4.1%	(5.6)%	3.3%
Annualised Standard Deviation	1.8%	7.4%	0.6%
Downside Deviation	1.5%	5.5%	
Maximum Drawdown	(1.5)%	(9.8)%	
Sharpe Ratio	1.52	0.42	
Sortino Ratio	1.81	0.56	
% Positive Months	97.2%	70.9%	100.0%
Correlation (ALBI)	0.22		
99% Value at Risk (P&L %)	(0.3)%		

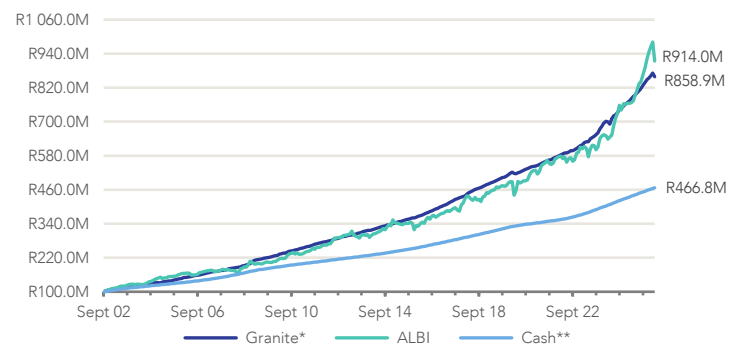
GENERAL INFORMATION

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)†	0.07% (excluding management and performance fees)
Transaction Costs (TC)†	0.02%
Fund Size (R'Millions) ‡	R284.58
Fund Status	Open
NAV (per unit)	106.50 cents
Base Currency	ZAR
Dealing Frequency	Monthly
Income Distribution	Annual (with all distributions reinvested)
Minimum Investment	R1 million
Notice Period	5 business days
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
Transfer Agency	Intembeko Investment Administrators
Portfolio Managers	Nishan Maharaj, Adrian van Pallander, and Seamus Vasey

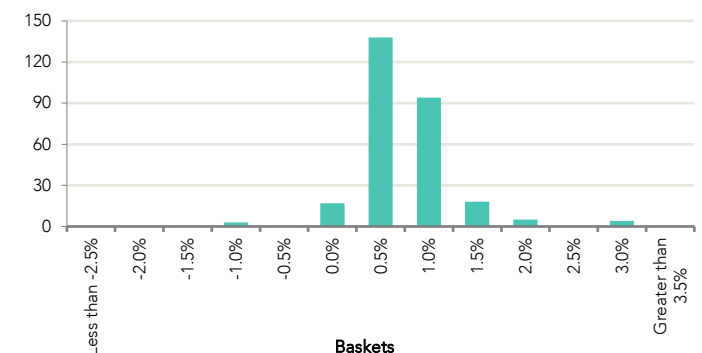
±The benchmark of the hedge fund has been included to align with industry standards.

†TER and TC data is provided for the 1 year ending 28 February 2026. 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 2026.

GROWTH OF R100m INVESTMENT



HISTOGRAM OF MONTHLY NET RETURNS



PORTFOLIO LIQUIDITY

	Days to Trade
Long	6.2
Short	1.3

INCOME DISTRIBUTIONS (cents per unit)

Declaration Date	Amount	Dividend	Interest
30-Sep-25	9.57	0.01	9.56

STRATEGY STATISTICS

Number of long positions	44
Number of short positions	10

MONTHLY COMMENTARY

The Fund returned -1.5*% in March, taking the one-year return to 10.1%. This places the Fund 3.2% ahead of cash over 12 months.

The global macroeconomic landscape shifted dramatically in March as the US–Iran conflict, which erupted in late February, sent energy prices surging and forced every major central bank to pause its easing cycle. What had been a relatively benign disinflationary environment through January gave way to renewed stagflation concerns, particularly for energy-importing economies in Europe and Asia. The geopolitical tensions remain ongoing, and financial markets are now pricing in rate hikes to help curb inflationary shocks.

The South African economy grew 0.4% quarter on quarter (q/q) in the fourth quarter of 2025 (Q4-25) from a revised 0.3% q/q in Q3-25. Full-year 2025 GDP growth reached 1.1%, the strongest since 2022, up from a revised 0.5% in 2024. From the production side, positive gains were observed in the finance and business services and trade sectors, while the manufacturing and mining industries dragged growth. From the demand side, household consumption, government spending and fixed investment sustained positive momentum, though inventories and net exports weighed on growth. Despite the Q4-25 improvement, growth risks have shifted to the downside as the impact of a potentially protracted rise in oil prices on inflation and consumption, and any possible fuel shortages on overall activity remain a concern.

The South African Reserve Bank (SARB) voted unanimously to keep the repo rate unchanged at 6.75% at the March MPC meeting. The SARB noted the outlook for inflation had deteriorated, with fuel prices expected to increase considerably in the coming months. Forecasting inflation and GDP growth has become a difficult task given the volatile global markets. Furthermore, the SARB signalled that rate hikes remain on the table if conditions deteriorate further, assessing two possible US–Iran conflict scenarios: a short-term two-month disruption and a prolonged one-year scenario, both implying the need for higher interest rates.

Headline inflation ticked down to 3.0% y/y in February from 3.5% y/y in January, while core inflation also reduced to 3.0% y/y from 3.4% y/y. The decline was driven by lower fuel costs, easing food inflation, and favourable base effects. Housing and utility costs kept inflation up, and the new global energy price risks are expected to keep inflation high in the coming months.

As South Africa exits a turbulent first quarter, the bond market has shifted from a story of stretched valuations and narrow upside to one of renewed opportunity born out of geopolitical disruption. The Iran conflict and the closure of the Strait of Hormuz have repriced risk across the curve, but in doing so have restored a more appropriate margin of safety. Crucially, the domestic reform thesis — fiscal consolidation, contained inflation expectations, and SARB credibility — remains fundamentally intact, even as the near-term inflation impulse from the oil shock clouds the path for monetary policy.

The Fund had a particularly challenging month in March as the sharpness and severity of the crisis in the Middle East swept across global macro markets. The intra-month volatility (and sometimes even intra-day) was as extreme within the domestic FI markets as in any crisis episode within recent memory. The Fund held a couple of attractive strategic allocations – exposures that provide an above economic return when held to maturity – but was ultimately forced to cut these as the mark-to-market losses were sizeable. Thus, while these assets are especially attractive to the Fund – and became even more so over the month! – they were certainly not immune to market volatility, and the need to dampen the month’s drawdown necessitated removing these.

Indeed, this is a key feature of the Fund and is amply demonstrated over the course of March: the daily mark-to-market of the portfolio completely and immediately represents the market risk held by the Fund. While this isn’t necessarily the most important risk carried by the portfolio, the Fund does still have an obligation to manage this within reasonable bounds. As a consequence, the Fund’s net activity over the month was the reduction of risk and closing of open positions, rather than leaning further into the longer-term opportunities presented by the chaos unleashed by the global energy crisis. That aside, the Fund has multiple attractive avenues that it has pursued and certainly hasn’t relegated itself to the sidelines with as much bountiful dislocation currently available within the domestic FI space alone.

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

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