

INVESTMENT OBJECTIVE

The investment objective of the Coronation Presidio Hedge Fund is to generate long-term, superior risk-adjusted returns from investing primarily in South African listed equities. The fund utilises a traditional long/short equity hedge fund structure with net exposure typically between 40% and 70% and moderate use of leverage with gross exposure in the 120% - 180% range. The fund invests in equities, both long and short, based on a bottom-up fundamental valuation-orientated analysis.

INVESTMENT PARAMETERS

In addition to investing in equities, the fund may hold cash and interest-bearing assets where appropriate and make use of derivative instruments for efficient portfolio management purposes. Exposure to underlying funds is permitted. The Fund currently invests only in the Coronation Money Market Fund (as a cash component). Net exposure is capped at 100% and gross exposure is limited to 300%. Unlisted South African equities (up to 10% of portfolio value at cost / 15% of portfolio market value).

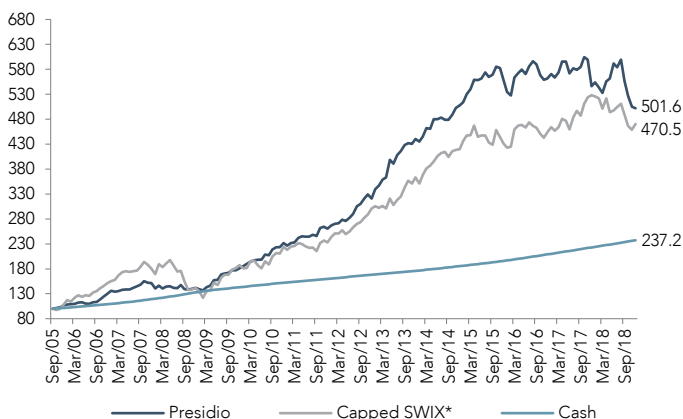
FUND RETURNS NET OF FEES

	Fund	Capped SWIX*	Cash
Since Inception (cumulative)	401.6%	370.5%	137.2%
Since Inception p.a.	12.9%	12.4%	6.7%
Latest 10 year p.a.	13.5%	12.8%	6.0%
Latest 7 year p.a.	9.8%	10.5%	5.8%
Latest 5 year p.a.	2.7%	5.3%	6.2%
Latest 3 year p.a.	(3.5)%	2.9%	6.6%
Latest 1 year p.a.	(8.2)%	(10.9)%	6.4%
Year to Date	(8.2)%	(10.9)%	6.4%
Month	(0.7)%	2.6%	0.5%

PERFORMANCE & RISK STATISTICS (Since inception)

	Fund	Capped SWIX*	Cash
Average Annual Return	14.9%	13.8%	6.8%
Highest Annual Return	44.6%	48.9%	11.3%
Lowest Annual Return	(15.7)%	(35.6)%	4.8%
Annualised Standard Deviation	9.7%	13.9%	0.5%
Downside Deviation	7.0%	8.4%	
Maximum Drawdown	(17.0)%	(38.3)%	
Sharpe Ratio	0.64	0.41	
Sortino Ratio	0.88	0.67	
% Positive Months	67.9%	64.8%	100.0%
Correlation (Capped SWIX*)	66.8%		
99% Value at Risk (P&L %)	(2.0)%		

GROWTH OF R100m INVESTMENT



*JSE Capped Shareholder Weighted Index from 01 July 2011, with JSE Capped All Share Index applicable from inception to 30 June 2011.

GENERAL INFORMATION

Investment Structure	Limited liability en commandite partnership
Disclosed Partner	Coronation Management Company (RF) (Pty) Ltd
Inception Date	01 October 2005
Hedge Fund CIS launch date	01 October 2017
Year End	30 September
Fund Category	Domestic Equity Hedge
Target Return	Cash + 7%
Performance Fee Hurdle Rate	Cash + high-water mark
Annual Management Fee	1% (excl. VAT)
Annual Outperformance Fee	15% (excl. VAT) of returns above cash, capped at 3%
Total Expense Ratio (TER) ¹	1.79%
Total Expense Ratio (TER) ²	4.54%
Transaction Costs (TC) [†]	0.86%
Fund Size (R'Billions)	R1.66
Fund Status	Open
NAV (per unit)	492.73 cents
Base Currency	ZAR
Dealing Frequency	Monthly
Income Distribution	Annual (with all distributions reinvested)
Minimum Investment	R5 million
Notice Period	1 month
Investment Manager	Coronation Asset Management (Pty) Ltd (FSP 548)
Auditor	Ernst & Young Inc.
Prime Brokers	N/A
Custodian	Nedbank Ltd
Administrator	Sanne Fund Services SA (Pty) Ltd
Portfolio Managers	Gavin Joubert & Quinton Ivan

[†]Data is provided for the 1 year ending 31 December 2018. ¹TER excludes manufactured dividend expenses. ²TER includes manufactured dividend expenses.

SECTOR EXPOSURE

	Long	Short	Net
Financials	31.4%	(13.7)%	17.7%
Basic Materials	19.8%	(9.2)%	10.6%
Consumer Services	33.9%	(18.1)%	15.8%
Technology			
Telecommunications	2.6%	(6.8)%	(4.3)%
Health Care	10.3%	0.0%	10.3%
Consumer Goods	27.1%	(1.8)%	25.4%
Industrials	2.6%	(2.4)%	0.2%
Oil & Gas	3.7%	0.0%	3.7%
Specialist Securities	0.6%	0.0%	0.6%
Option	0.0%	(4.5)%	(4.5)%
Total [‡]	132.0%	(56.5)%	75.5%

[‡]Excluding Cash and Commodities

TOP 10 LONG HOLDINGS

NASPERS LTD
BRITISH AMERICAN TOBACCO PLC
ANHEUSER-BUSCH INBEV SA/NV
ANGLO AMERICAN PLC
COMPAGNIE FINANCIERE RICHEMONT SA
QUILTER PLC
SHOPRITE HOLDINGS LTD
SPAR GROUP LTD
WOOLWORTHS HOLDINGS LTD
ANGLOGOLD ASHANTI LTD

STRATEGY STATISTICS

Long exposure	132.0%
Short exposure	(56.5)%
Net exposure	75.5%
Beta adjusted net exposure	62.3%
Gross exposure	188.5%
Number of long positions	47
Number of short positions	26
Top 10 longs % NAV	67.6%
Average net exposure since inception	62.4%
Average gross exposure since inception	167.7%

PORTFOLIO LIQUIDITY

	Days to Trade
Long	1.7
Short	0.4

INCOME DISTRIBUTIONS

Declaration Date	Amount	Dividend	Interest
30-Sep-18	0.14	0.08	0.06

MONTHLY COMMENTARY

The fund had a poor month, declining by 0.7% compared to the 2.6% return from the market (Capped Swix). On the long side, Anheuser Busch (-10.5%) and Aspen (-8.3%) were notable detractors. Anheuser Busch now trades on c. 15x this year's earnings (a very attractive valuation level in absolute terms and relative to global consumer staple peers) and we added to the fund's position during the month to take it to an 8% position. In what was a strong month for commodity stocks (as indeed the year has been despite China and trade war concerns) Anglogold (+30.6%) and Anglo American (+16.3%) were notable long contributors. It was generally a poor month for the fund's shorts with 2 telecommunication shorts appreciating by 11.6% and 5.2% respectively. The fund ended the month with net exposure over 70% (at the high end of its historical range) as a result of what we believe are generally attractive valuations given the multi-year poor performance from South African equities.

DISCLAIMER

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