

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).

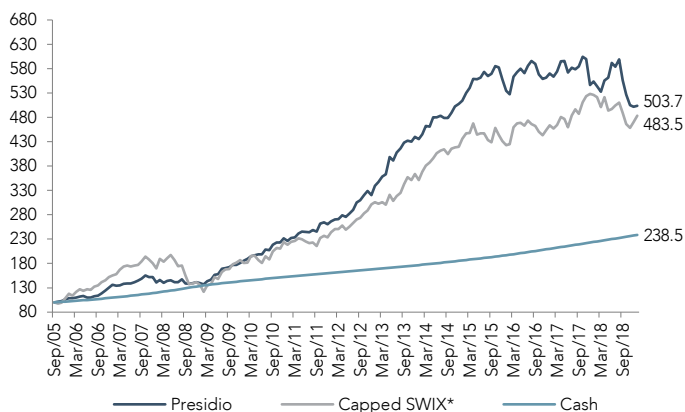
FUND RETURNS NET OF FEES

	Fund	Capped SWIX*	Cash
Since Inception (cumulative)	403.7%	383.5%	138.5%
Since Inception p.a.	12.9%	12.5%	6.7%
Latest 10 year p.a.	13.7%	13.6%	6.0%
Latest 7 year p.a.	9.5%	10.3%	5.8%
Latest 5 year p.a.	3.0%	6.6%	6.2%
Latest 3 year p.a.	(2.0)%	4.6%	6.6%
Latest 1 year p.a.	(9.1)%	(8.1)%	6.4%
Year to Date	0.4%	2.8%	0.5%
Month	0.4%	2.8%	0.5%

PERFORMANCE & RISK STATISTICS (Since inception)

	Fund	Capped SWIX*	Cash
Average Annual Return	14.7%	13.7%	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	0.63	0.42	
Sortino Ratio	0.87	0.69	
% Positive Months	68.1%	65.0%	100.0%
Correlation (Capped SWIX*)	66.7%		
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)	R1.65
Fund Status	Open
NAV (per unit)	494.85 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	31.2%	(11.7)%	19.5%
Basic Materials	24.9%	(7.4)%	17.4%
Consumer Services	32.6%	(22.7)%	9.9%
Technology	0.0%	0.0%	0.0%
Telecommunications	3.1%	(7.4)%	(4.3)%
Health Care	8.4%	0.0%	8.4%
Consumer Goods	24.2%	(2.7)%	21.5%
Industrials	2.8%	(3.8)%	(1.0)%
Oil & Gas	4.3%	0.0%	4.3%
Specialist Securities	0.6%	(1.0)%	(0.4)%
Option	0.0%	(5.9)%	(5.9)%
Total [‡]	132.1%	(62.6)%	69.5%

[‡]Excluding Cash and Commodities

TOP 10 LONG HOLDINGS

NASPERS LTD
BRITISH AMERICAN TOBACCO PLC
ANGLO AMERICAN PLC
ANHEUSER-BUSCH INBEV SA/NV
COM FINANCE RICHMONT SA
SPAR GROUP LTD
QUILTER PLC
SASOL LTD
ANGLOGOLD ASHANTI LTD
SHOPRITE HOLDINGS LTD

STRATEGY STATISTICS

Long exposure	132.1%
Short exposure	(62.6)%
Net exposure	69.5%
Beta adjusted net exposure	59.4%
Gross exposure	194.7%
Number of long positions	49
Number of short positions	28
Top 10 longs % NAV	64.0%
Average net exposure since inception	62.5%
Average gross exposure since inception	167.8%

PORTFOLIO LIQUIDITY

	Days to Trade
Long	2.4
Short	0.5

INCOME DISTRIBUTIONS

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

MONTHLY COMMENTARY

The fund had a poor month, returning 0.4% in January, underperforming the JSE Capped Shareholder Weighted Index ('Capped SWIX') that returned 2.8%. The main positive contributors (on a relative basis) on the long side was Anglo American Platinum (+18.6%), Investec (+10.2%) and Standard Bank Group (+9.1%). On the short side, declines in several discretionary retailers and a mobile communications company contributed to relative outperformance. In terms of detractors, longs in Woolworth Holdings (-8.8%), Sasol (-5.8%) and Mediclinic International (-8.3%) as well as short positions in a large commercial bank and an iron ore producer cost performance.

The annualised return of the fund since inception is 12.9% versus 12.5% for the Capped SWIX and cash of 6.7%. This has been achieved with an average net equity exposure of 62.5% and volatility of 9.7%. At the end of January, the net exposure of the fund was 69.5%, higher than the fund's long-term average. Returns from the local market has been muted over the last 3 years and while the economic environment for domestic businesses remain challenging, valuations have become more attractive. As a result, we believe the expected, risk-adjusted returns from equities are attractive and will outperform cash.

DISCLAIMER

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