

## 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

Period	Fund	Capped SWIX*	Cash
Since Inception (cumulative)	608.7%	420.7%	163.9%
Since Inception p.a.	13.6%	11.4%	6.5%
Latest 10 year p.a.	12.1%	9.1%	5.6%
Latest 7 year p.a.	7.2%	5.8%	5.9%
Latest 5 year p.a.	5.8%	4.3%	6.0%
Latest 3 year p.a.	8.6%	(0.3)%	5.6%
Latest 2 year p.a.	18.6%	3.8%	5.2%
Latest 1 year	18.1%	6.4%	3.9%
Year to Date	4.5%	3.1%	0.3%
Month	4.5%	3.1%	0.3%

## PERFORMANCE &amp; RISK STATISTICS (Since inception)

	Fund	Capped SWIX*	Cash
Average Annual Return	13.8%	11.2%	6.6%
Highest Annual Return	44.6%	48.9%	11.3%
Lowest Annual Return	(15.7)%	(35.6)%	3.9%
Annualised Standard Deviation	10.2%	15.1%	0.5%
Downside Deviation	7.3%	10.2%	
Maximum Drawdown	(17.0)%	(38.3)%	
Sharpe Ratio	0.70	0.32	
Sortino Ratio	0.97	0.47	
% Positive Months	69.6%	63.0%	100.0%
Correlation (Capped SWIX*)	68.1%		
99% Value at Risk (P&L %)	(2.1)%		

## 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

<b>Investment Structure</b>	Limited liability en commandite partnership
<b>Disclosed Partner</b>	Coronation Management Company (RF) (Pty) Ltd
<b>Inception Date</b>	01 October 2005
<b>Hedge Fund CIS launch date</b>	01 October 2017
<b>Year End</b>	30 September
<b>Fund Category</b>	South African Long Short Equity Hedge Fund
<b>Target Return</b>	Cash + 7%
<b>Performance Fee Hurdle Rate</b>	Cash + high-water mark
<b>Annual Management Fee</b>	1% (excl. VAT)
<b>Annual Outperformance Fee</b>	15% (excl. VAT) of returns above cash, capped at 3%
<b>Total Expense Ratio (TER)<sup>†</sup></b>	1.30%
<b>Transaction Costs (TC)<sup>†</sup></b>	0.72%
<b>Fund Size (R'Billions)<sup>‡</sup></b>	R2.01
<b>Fund Status</b>	Open
<b>NAV (per unit)</b>	673.72 cents
<b>Base Currency</b>	ZAR
<b>Dealing Frequency</b>	Monthly
<b>Income Distribution</b>	Annual (with all distributions reinvested)
<b>Minimum Investment</b>	R5 million
<b>Notice Period</b>	1 month
<b>Investment Manager</b>	Coronation Alternative Investment Managers (Pty) Ltd (FSP 49893)
<b>Auditor</b>	Ernst & Young Inc.
<b>Prime Brokers</b>	N/A
<b>Custodian</b>	Nedbank Ltd
<b>Administrator</b>	Sanne Fund Services SA (Pty) Ltd
<b>Portfolio Managers</b>	Karl Leinberger & Quinton Ivan

<sup>†</sup>TER and TC data is provided for the 1 year ending 31 December 2020. TER excludes manufactured dividend expenses and scrip borrowing costs, in line with the revised ASISA TER Hedge Fund Disclosure Standard. <sup>‡</sup>Fund Size is as at 31 January 2021.

## SECTOR EXPOSURE

	Long	Short	Net
Consumer Services	41.8%	(8.7)%	33.1%
Technology	0.6%	0.0%	0.6%
Basic Materials	30.2%	(5.8)%	24.5%
Consumer Goods	9.4%	(6.8)%	2.6%
Health Care	5.1%	(2.6)%	2.5%
Financials	24.2%	(14.9)%	9.3%
Future	0.0%	(4.2)%	(4.2)%
Option	0.0%	(4.4)%	(4.4)%
Industrials	4.0%	(1.3)%	2.7%
Telecommunications	0.0%	(5.2)%	(5.2)%
Specialist Securities	0.0%	(1.2)%	(1.2)%
Oil & Gas	2.2%	0.0%	2.2%
<b>Total<sup>‡</sup></b>	<b>117.4%</b>	<b>(55.0)%</b>	<b>62.4%</b>

<sup>‡</sup>Excluding Cash and Commodities

## TOP 10 LONG HOLDINGS

NASPERS LTD
ANGLO AMERICAN PLC
BRITISH AMERICAN TOBACCO PLC
FIRSTSTRAND LTD
QUILTER PLC
EXXARO RESOURCES LTD
WOOLWORTHS HOLDINGS LTD
ASPEN PHARMACARE HOLDINGS LTD
SPAR GROUP LTD
MOMENTUM METROPOLITAN HOLDINGS LTD

## STRATEGY STATISTICS

Long exposure	117.4%
Short exposure	(55.0)%
Net exposure	62.4%
Beta adjusted net exposure	62.6%
Gross exposure	172.4%
Number of long positions	35
Number of short positions	22
Top 10 longs % NAV	77.2%
Average net exposure since inception	63.3%
Average gross exposure since inception	167.6%

## PORTFOLIO LIQUIDITY

	Days to Trade
Long	1.9
Short	-0.2

## INCOME DISTRIBUTIONS (cents per unit)

Declaration Date	Amount	Dividend	Interest
30-Sep-20	8.78	6.61	2.18

## MONTHLY COMMENTARY

The fund had a very good start to the year, increasing 4.5% (net of fees) for the month of January, outperforming the JSE Capped Shareholder Weighted Index ("Capped SWIX") that increased by 3.1%. This was achieved with a net exposure that averaged 66.3% for the month. The main positive contributors (on a relative basis) on the long side were Naspers (+15.2%), Aspen Pharmacare Holdings (+14.1%) and Woolworths Holdings (+13.6%). On the short side, declines in a South African retail bank, an iron ore producer, and an African entertainment company, contributed to relative outperformance. In terms of detractors, longs in Northam Platinum (-9.3%), Firststrand (-6.4%) and Nedbank Group (-5.5%) as well as short positions in a South African supermarket chain, a South African healthcare company and a luxury goods holding company, cost performance.

The annualised return of the fund (net of fees) since inception is 13.6% versus 11.4% for the Capped SWIX and cash of 6.5%. This has been achieved with an average net equity exposure of 63.3% and volatility of 10.2%. At the end of January, the net exposure of the fund was 62.4%, slightly below the fund's long-term average. While we believe the current portfolio is well-positioned to produce attractive risk-adjusted returns going forward, we have been reducing net exposure. We remain of the view that the return from equities is more attractive than cash.

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