

## INVESTMENT OBJECTIVE

The Coronation Multi-Strategy Arbitrage Hedge Fund makes use of arbitrage strategies in the pursuit of attractive risk-adjusted returns, independent of general market direction. The fund is expected to have low volatility with a very low correlation to equity markets. Stock-picking is based on fundamental in-house research. Factor-based and statistical arbitrage models are used solely for screening purposes. Active use of derivatives is applied to reduce risk and implement views efficiently. The risk profile of the fund is expected to be low due to its low net equity exposure and focus on arbitrage-related strategies. The portfolio is well positioned to take advantage of low probability/high payout events and will thus generally be long volatility through the options market. The fund's target return is cash plus 5%. The objective is to achieve this return with low risk, providing attractive risk-adjusted returns through a low fund standard deviation.

## INVESTMENT PARAMETERS

Net exposure is capped at 30%, of which 15% represents true directional exposure in the alpha strategy. Gross exposure is limited to 300%, allowing the fund to benefit from arbitrage-related strategies that do not require significant capital. The gross exposure is calculated by total value of longs plus total absolute value of the shorts as percentage of the market value of the fund. If derivatives are used in the portfolio, then its true effective exposure should be incorporated when calculating net and gross exposure. The Portfolio is precluded from raising any debt funding over and above that achieved in terms of the long/short process. There are mandated limits per strategy. 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 NET OF FEES

	Fund	Capped SWIX*	ALBI	Cash
Since inception (cumulative)	763.9%	1441.9%	402.4%	241.1%
Since inception p.a.	11.6%	14.9%	8.6%	6.4%
Latest 10 year p.a.	9.6%	8.8%	7.2%	5.5%
Latest 5 year p.a.	10.9%	6.1%	7.1%	5.1%
Latest 1 year	15.9%	3.8%	4.9%	5.4%
Year to date	1.5%	4.5%	2.0%	1.1%
Month	(0.2)%	(2.3)%	(0.9)%	0.5%

## PERFORMANCE &amp; RISK STATISTICS

	Fund	Capped SWIX*	ALBI	Cash
Average Annual Return	11.8%	15.8%	8.7%	6.4%
Highest Annual Return	34.6%	72.7%	21.2%	11.3%
Lowest Annual Return	(18.5)%	(35.6)%	(5.6)%	3.3%
Annualised Standard Deviation	6.6%	15.0%	7.2%	0.5%
Downside Deviation	7.0%	10.0%	5.2%	
Maximum Drawdown	(19.9)%	(38.3)%	(9.8)%	
Sharpe Ratio	0.78	0.57	0.29	
Sortino Ratio	0.74	0.85	0.41	
% Positive Months	79.7%	65.3%	69.1%	
Correlation (Capped SWIX*)	0.31			
Correlation (ALBI)	0.21			
99% Value at Risk (P&L %)	(1.0)%			

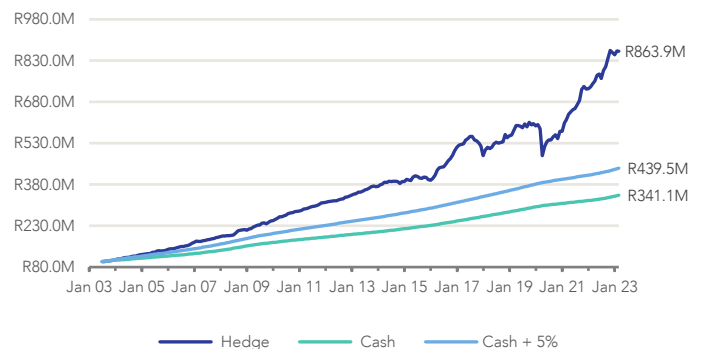
\*JSE Capped Shareholder Weighted Index from 01 July 2011, with JSE Capped All Share Index applicable from inception to 30 June 2011.

## GENERAL INFORMATION

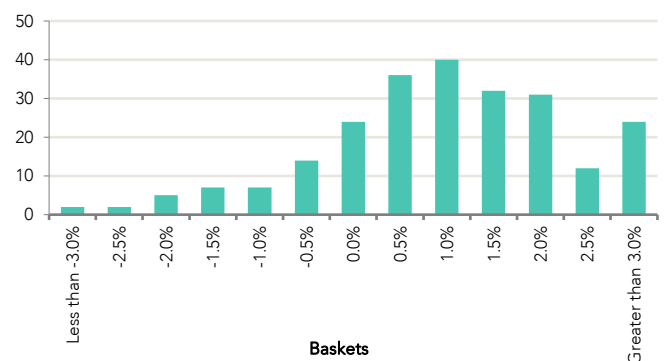
<b>Investment Structure</b>	Limited liability en commandite partnership
<b>Disclosed Partner</b>	Coronation Management Company (RF) (Pty) Ltd
<b>Inception Date</b>	01 July 2003
<b>Hedge Fund CIS launch date</b>	01 October 2017
<b>Year End</b>	30 September
<b>Fund Category</b>	South African Multi-Strategy Hedge Fund
<b>Target Return</b>	Cash + 5%
<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>	3.65%
<b>Transaction Costs (TC)<sup>†</sup></b>	1.68%
<b>Fund Size (R'Millions)<sup>‡</sup></b>	R401.26
<b>Fund Status</b>	Open
<b>NAV (per unit)</b>	629.47 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>	KPMG Inc.
<b>Prime Broker</b>	N/A
<b>Custodian</b>	Nedbank Ltd
<b>Administrator</b>	Sanne Fund Services SA (Pty) Ltd
<b>Portfolio Managers</b>	Neville Chester & Nic Stein

<sup>†</sup>TER and TC data is provided for the 1 year ending 31 January 2023. 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 28 February 2023.

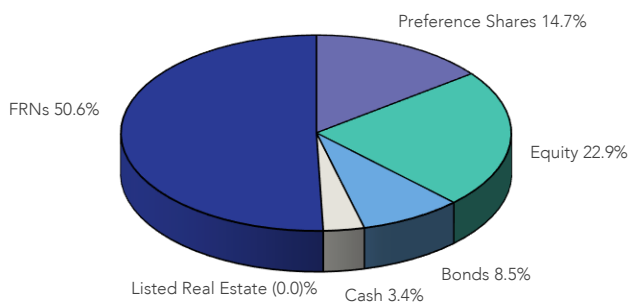
## GROWTH OF R100m INVESTMENT



## MONTHLY RETURN DISTRIBUTION



## ASSET ALLOCATION



## EXPOSURE BY UNDERLYING STRATEGY

	Long	Short	Net	Gross
Alpha	13.9%	0.0%	13.9%	13.9%
Market Neutral	58.1%	(58.0)%	0.1%	116.1%
Merger Arbitrage	11.7%	0.0%	11.7%	11.7%
NAV Arbitrage	9.7%	(9.7)%	(0.0)%	19.4%
Residual Hedge	73.7%	0.0%	73.7%	73.7%
Short	0.0%	(2.6)%	(2.6)%	2.6%
Total (excl. cash)	167.0%	(70.4)%	96.6%	237.4%
Cash	3.4%	0.0%	3.4%	3.4%
Total (incl. cash)	170.4%	(70.4)%	100.0%	240.8%

## INCOME DISTRIBUTIONS (cents per unit)

Declaration Date	Amount	Dividend	Interest
30-Sep-22	5.69	2.76	2.93

## PORTFOLIO LIQUIDITY

	Days to Trade
Long	14.0
Short	0.9

## MONTHLY COMMENTARY

The Fund had a muted month delivering a small decline of 0.2% for the month. All the underlying portfolios also had muted returns either small positives or small negatives without any discernible trend. Most capital markets were negative in the month as global markets increasingly see interest rates remaining higher for longer. This should result in greater differentiation in stock performance creating a good environment for stock picking.

## REGULATORY DISCLOSURE AND DISCLAIMER

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