

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	FRODS
Since inception (cumulative)	560.7%	511.1%	292.4%
Since inception p.a.	9.4%	9.0%	6.7%
Latest 10 year p.a.	7.8%	7.3%	5.7%
Latest 5 year p.a.	7.1%	7.9%	5.3%
Latest 1 year	9.9%	7.9%	7.5%
Year to date	8.4%	3.2%	6.3%
Month	1.0%	1.7%	0.7%

*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 was 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.

PERFORMANCE & RISK STATISTICS (Since inception)*

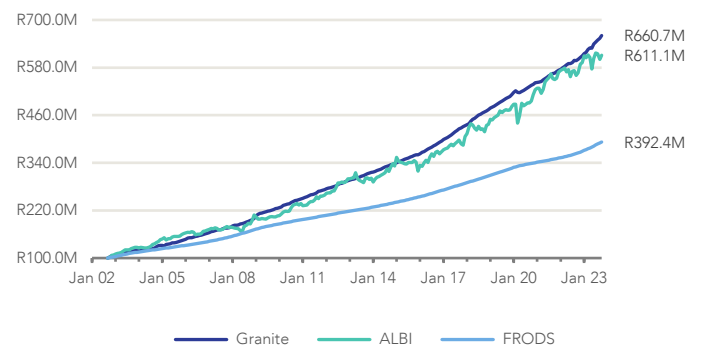
	Fund	ALBI	FRODS
Average Annual Return	9.2%	8.8%	6.6%
Highest Annual Return	17.3%	23.6%	12.3%
Lowest Annual Return	4.1%	(5.6)%	3.3%
Annualised Standard Deviation	1.7%	7.3%	0.6%
Downside Deviation	1.1%	5.3%	
Maximum Drawdown	(1.2)%	(9.8)%	
Sharpe Ratio	1.57	0.31	
Sortino Ratio	2.33	0.43	
% Positive Months	98.0%	69.6%	100.0%
Correlation (ALBI)	0.14		
99% Value at Risk (P&L %)	(0.3)%		

GENERAL INFORMATION

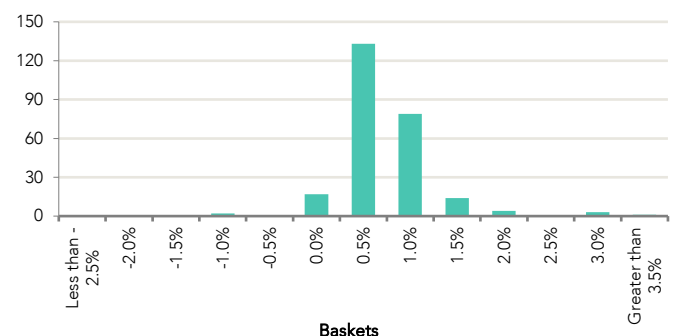
Investment Structure	Limited liability en commandite partnership
Disclosed Partner	Coronation Management Company (RF) (Pty) Ltd
Inception Date	01 October 2002
Hedge Fund CIS launch date	01 October 2017
Year End	30 September
Fund Category	South African Fixed Income Hedge Fund
Target Return	Cash + 3%
Annual Management & Performance Fees	Annual Management and Performance Fees are agreed and levied outside of the Fund.
Total Expense Ratio (TER)[†]	0.22% (excluding management and performance fees)
Transaction Costs (TC)[†]	0.02%
Fund Size (R'Millions) [‡]	R218.51
Fund Status	Open
NAV (per unit)	98.07 cents
Base Currency	ZAR
Dealing Frequency	Monthly
Income Distribution	Annual (with all distributions reinvested)
Minimum Investment	R1 million
Notice Period	1 month
Investment Manager	Coronation Alternative Investment Managers (Pty) Ltd (FSP 49893)
Auditor	KPMG Inc.
Prime Brokers	Absa Bank Ltd and FirstRand Bank Ltd
Custodian	Nedbank Ltd
Administrator	Apex Fund and Corporate Services SA (Pty) Ltd
Portfolio Managers	Nishan Maharaj, Adrian van Pallander, and Seamus Vasey

[†]TER and TC data is provided for the 1 year ending 30 September 2023. 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 October 2023.

GROWTH OF R100m INVESTMENT*



HISTOGRAM OF MONTHLY NET RETURNS



PORTFOLIO LIQUIDITY

	Days to Trade
Long	70.2
Short	1.8

INCOME DISTRIBUTIONS (cents per unit)

Declaration Date	Amount	Dividend	Interest
30-Sep-23	11.42	0.00	11.42

STRATEGY STATISTICS

Number of long positions	36
Number of short positions	0

MONTHLY COMMENTARY

The Fund* returned 1.0% in October, taking the one-year return to 9.9%. This places it 2.4% ahead of cash over 12 months.

In South Africa (SA), the Minister of Finance presented the Medium-Term Budget Speech Policy (MTBPS) in early November. In his address, he detailed a renewed and concerted effort to consolidate expenditure, detailing attempts to protect spending on social grants, healthcare, and education; while cutting costs, ceasing underperforming grants, and forcing government departments and public entities to absorb some of the unbudgeted increases in wage demands. Revenue collections were revised down due to weaker growth and lower commodity prices, while tax buoyancy was revised down over the medium term. Along with higher spending, primarily related to government wages and the rise in debt service, National Treasury now sees the deficit widening to 4.7% of GDP, up from 4.6% in the previous year. The public sector borrowing requirement was revised up to accommodate the larger deficit, higher interest costs, and planned redemptions. The debt-to-GDP ratio is expected to rise to 74.7% in the 2023 financial year, up from 70.9% from that of 2022.

Headline inflation accelerated to 5.4% year on year (y/y) in September from 4.8% y/y in August, while core inflation slowed to 4.5% y/y from 4.8% y/y. Rising fuel prices and an increase in food inflation after four months of deceleration pushed headline inflation up. The bigger story was the easing in core pressures, as the quarterly survey of housing prices saw an easing in both rental and owners' equivalent rent. We are expecting headline inflation to rise again in October, but it should slow again in November as fuel prices adjust, before rising again in January. The South African Reserve Bank is meeting at the end of November, and we expect the repo rate to be left unchanged.

SA's fundamental outlook continues to be plagued by inflation that will remain above the midpoint of the target band, a deteriorating fiscal outlook, and very little confidence in the current administration's ability to correct the trajectory. Local assets have continued to trade poorly, with the risk premium already embedded in local bonds remaining elevated. The recent turmoil in global bond markets has added a further spanner to the works, as the prospect of higher rates for longer and a deteriorating debt outlook weigh on interest rates globally.

At the beginning of October, our assessment of risk premia across the various nooks and crannies of the domestic fixed income landscape was tactically very bullish. Additional buffers across inferred term, inflation, and country risk premia were seen as unusually attractive and the Fund accumulated a spectrum of such exposures. These took the form of outright receivers (especially in forward-space); curve flatteners, and short break-even trades, as well as exposures focused on short-dated monetary policy expectations, which were also implicitly elevated. This valuation judgement proved solid, but the swiftness with which these risk premia were wound back to more reasonable levels was surprising. Indeed, by the middle of the month, the Fund had taken profit on the vast bulk of these tactical trades and attention was directed towards carefully building longer-term, strategic exposures that the Fund is likely to maintain for an extended horizon.

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

REGULATORY DISCLOSURE AND DISCLAIMER

The content of this document and any information provided may be of a general nature and is not based on any analysis of the investment objectives, financial situation or particular needs of any potential investor. As a result, there may be limitations as to the appropriateness of any information given. It is therefore recommended that any potential investor first obtain the appropriate legal, tax, investment or other professional advice and formulate an appropriate investment strategy that would suit the risk profile of the potential investor prior to acting upon such information and to consider whether any recommendation is appropriate considering the potential investor's own objectives and particular needs. Neither Coronation Fund Managers Limited nor any subsidiary of Coronation Fund Managers Limited (collectively "Coronation") is acting, purporting to act and nor is it authorised to act in any way as an adviser. Any opinions, statements or information contained herein may change and are expressed in good faith. Coronation does not undertake to advise any person if such opinions, statements or information should change or become inaccurate. Coronation Management Company (RF) (Pty) Ltd is an approved manager of Collective Investments Schemes. Collective Investment Schemes are generally medium to long-term investments. The value of participatory interests may go down as well as up and past performance is not necessarily a guide to the future performance of the Fund. Hedge Fund strategies can result in losses greater than the market value of the Fund, however investor's losses are limited to capital invested or contractual commitments. Hedge Funds may invest into illiquid instruments which may result in longer periods for investors to redeem units in a portfolio. The ability of a portfolio to repurchase is dependent upon the liquidity of the portfolio and cash of the portfolio. All income, capital gains and other tax liabilities that may arise as a result of participating in this investment structure remain that of the investor. Coronation reserves the right to close the Fund to new investors in order to ensure the Fund is more efficiently managed in line with our clients' mandates. The investor acknowledges the inherent risk associated with an investment in the Fund and agrees that Coronation will not be liable for the consequences of the market influences and consequent changes in unit prices. Collective Investments are traded at ruling prices and can engage in borrowing and scrip lending. A schedule of fees and charges and maximum commissions is available on request from the Manager. The Manager provides no guarantee either in respect of capital preservation or investment return. The Fund's net asset value and price per participatory interest is available at any time on request as well as published monthly in the Fund Fact Sheet, available on www.coronation.com. Investors and potential investors may contact the Manager for the latest version of the application form, annual report, and any additional information required on the Fund, free of charge. Coronation Fund Managers Limited is a full member of the Association for Savings and Investment SA (ASISA). Coronation Asset Management (Pty) Ltd (FSP 548), Coronation Investment Management International (Pty) Ltd (FSP 45646) and Coronation Alternative Investment Managers (Pty) Ltd (FSP 49893) are authorised financial services providers. Coronation Life Assurance Company Limited is a licenced insurer under the Insurance Act, No.18 of 2017.