CORONATION

GRANITE HEDGE FUND

QUALIFIED INVESTOR HEDGE FUND FACT SHEET AS AT 31 MARCH 2024

CORONATION TRUST IS EARNED™

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 unitised 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)	599.1%	537.9%	305.3%
Since inception p.a.	9.5%	9.0%	6.7%
Latest 10 year p.a.	8.1%	7.7%	5.8%
Latest 5 year p.a.	7.7%	7.0%	5.4%
Latest 1 year	11.7%	4.2%	8.0%
Year to date	2.4%	(1.8)%	1.9%
Month	(0.3)%	(1.9)%	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)*

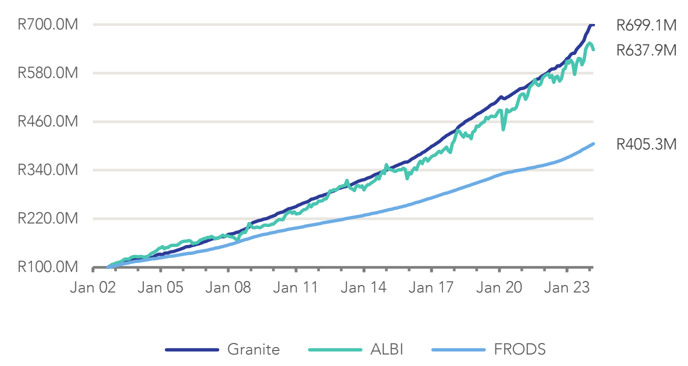
	Fund	ALBI	FRODS
Average Annual Return	9.2%	8.8%	6.6%
Highest Annual Return	17.3%	23.6%	12.3%
Lowest Annual Return	4.1%	(5.6)%	3.3%
Annualised Standard Deviation	1.7%	7.3%	0.6%
Downside Deviation	1.2%	5.2%	
Maximum Drawdown	(1.2)%	(9.8)%	
Sharpe Ratio	1.58	0.31	
Sortino Ratio	2.32	0.43	
% Positive Months	97.7%	69.4%	100.0%
Correlation (ALBI)	0.17		
99% Value at Risk (P&L %)	(0.3)%		

GENERAL INFORMATION

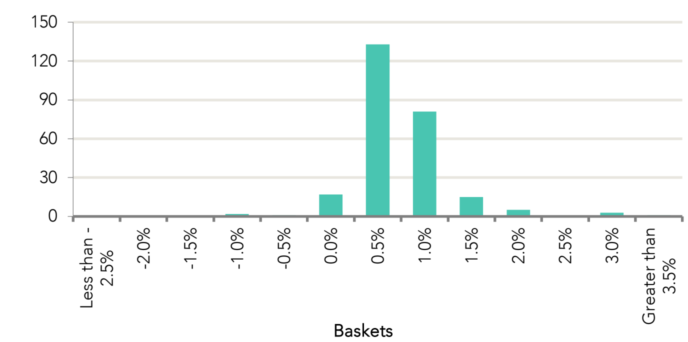
Investment Structure	Limited liability en commandite partnership
Disclosed Partner	Coronation Management Company (RF) (Pty) Ltd
Inception Date	01 October 2002
Hedge Fund CIS launch date	01 October 2017
Year End	30 September
Fund Category	South African Fixed Income Hedge Fund
Target Return	Cash + 3%
Annual Management & Performance Fees	Annual Management and Performance Fees are agreed and levied outside of the Fund.
Total Expense Ratio (TER)†	0.19% (excluding management and performance fees)
Transaction Costs (TC)†	0.03%
Fund Size (R'Millions)‡	R220.10
Fund Status	Open
NAV (per unit)	103.76 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	JP Morgan Chase Bank, N.A., London Branch
Portfolio Managers	Nishan Maharaj, Adrian van Pallander, and Seamus Vasey

†TER and TC data is provided for the 1 year ending 29 February 2024. 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 March 2024.

GROWTH OF R100m INVESTMENT*



HISTOGRAM OF MONTHLY NET RETURNS



PORTFOLIO LIQUIDITY

	Days to Trade
Long	11.5
Short	4.0

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	45
Number of short positions	17

MONTHLY COMMENTARY

The Fund* returned -0.3% in March, taking the one-year return to 11.7%. This places the Fund 3.7% ahead of cash over 12 months.

The economy expanded by 0.1% quarter on quarter (q/q) in the fourth quarter of 2023 from a contraction of 0.2% q/q in the third quarter of 2023. From the production side, mining and manufacturing production increased while agriculture, construction and domestic trade declined. On the expenditure side, household consumption and inventory accumulation increased, but this was offset by weak net trade, reduced government expenditure, and a decline in gross fixed capital formation. Overall, the economy grew by 0.6% in 2023 from growth of 1.2% in 2022.

The South African Reserve Bank (SARB) unanimously voted to leave the repo rate unchanged at 8.25% at the March MPC meeting. The MPC cited sticky inflation and elevated inflation expectations as the main reasons for keeping the repo rate unchanged. Food inflation has been on a decline, but there is concern that prices could rebound following reports of damage to the summer crops due to dry and hot weather conditions. The SARB slightly updated headline inflation to 5.1% from 5.0% for 2024, and left its projections unchanged for 2025 and 2026 at 4.6% and 4.5%, respectively.

Headline inflation increased to 5.6% y/y in February from 5.3% y/y in January, while core inflation ticked up to 5.0% y/y from 4.6% y/y. The increase in inflation was driven by higher medical aid insurance tariffs and an uptick in service inflation. Food inflation slowed down due to base effects, while transport costs increased on the back of high fuel prices. Elsewhere, prices were generally soft, with modest gains in apparel, household services, restaurants, and hotels.

The significant reduction in rate cut expectations over the last quarter has tainted the enthusiasm for risk assets. However, the monetary policy pivot remains in play and, as such, emerging markets should continue to see supportive flows into their markets. Idiosyncratic SA factors have led to further underperformance of SA assets relative to its emerging market peer group. Low growth, sticky inflation and burgeoning deficits will continue to weigh on the longer-term outlook for SA, unless reform implementation is accelerated through increased private sector participation.

This is undoubtedly a challenging period for the Fund. The impact of the swing in monetary policy expectations – initially in the US, but simultaneously reflected in many other markets including SA – has been both stealthy and severe. In episodes such as this, the extent of overshooting in markets can be especially elevated. This may not necessarily be problematic at all. Indeed, excessive momentum provides just the kind of opportunities that a fund such as Granite welcomes. However there is always a delicate balance to be maintained in accessing those opportunities before they're reversed and allowing the full extent of the mispricing to develop. March was an example of Granite getting this balance somewhat off. Hence, while the fundamental views expressed in the Fund's positioning remain entirely sound, there is the initial cost of accumulating these positions in the midst of a shake-out that proves much heftier than anticipated. The fortunate flipside to this is that the extent of the new opportunities that have arisen is substantial. While there will be near-term drawdowns to bear, the overall return-enhancing potential seen in domestic FI pricing at present is sizeable.

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

REGULATORY DISCLOSURE AND DISCLAIMER