

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	Cash**
Since inception (cumulative)	701.5%	711.6%	344.5%
Since inception p.a.	9.6%	9.6%	6.8%
Latest 10 year p.a.	8.6%	9.2%	6.1%
Latest 5 year p.a.	8.9%	10.9%	5.8%
Latest 3 year p.a.	10.7%	13.4%	7.4%
Latest 1 year p.a.	11.2%	18.4%	7.6%
Year to date	5.1%	6.6%	3.6%
Month	0.9%	2.3%	0.6%

*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.

**South Africa Rand Overnight Deposit Rate.

PERFORMANCE & RISK STATISTICS (Since inception)

	Fund*	ALBI	Cash**
Average Annual Return	9.4%	9.3%	6.7%
Highest Annual Return	17.3%	26.1%	12.3%
Lowest Annual Return	4.1%	(5.6)%	3.3%
Annualised Standard Deviation	1.8%	7.3%	0.6%
Downside Deviation	1.3%	5.2%	
Maximum Drawdown	(1.5)%	(9.8)%	
Sharpe Ratio	1.55	0.39	
Sortino Ratio	2.08	0.55	
% Positive Months	97.4%	70.3%	100.0%
Correlation (ALBI)	0.17		
99% Value at Risk (P&L %)	(0.3)%		

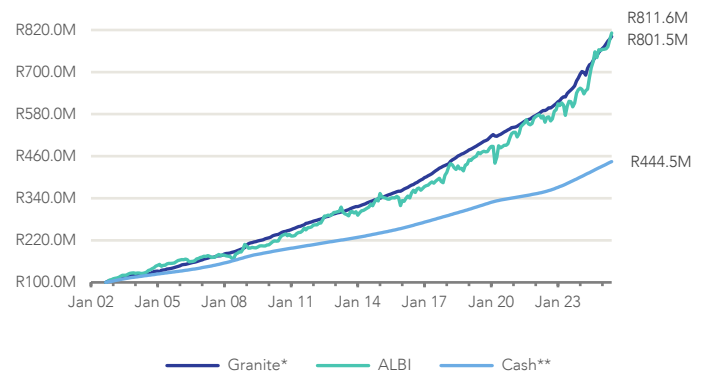
GENERAL INFORMATION

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
Benchmark ±	Cash
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)†	0.08% (excluding management and performance fees)
Transaction Costs (TC)†	0.02%
Fund Size (R'Millions) ‡	R229.59
Fund Status	Open
NAV (per unit)	108.65 cents
Base Currency	ZAR
Dealing Frequency	Monthly
Income Distribution	Annual (with all distributions reinvested)
Minimum Investment	R1 million
Notice Period	5 business days
Investment Manager	Coronation Alternative Investment Managers (Pty) Ltd (FSP 49893)
Auditor	KPMG Inc.
Prime Brokers	Absa Bank Ltd and FirstRand Bank Ltd
Custodian	Standard Chartered Bank
Administrator	JP Morgan Chase Bank, N.A., London Branch
Portfolio Managers	Nishan Maharaj, Adrian van Pallander, and Seamus Vasey

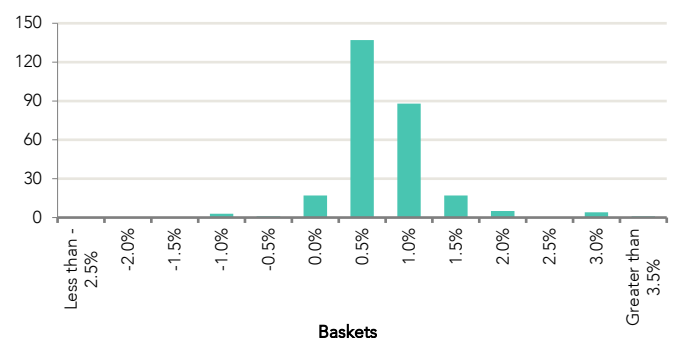
±The benchmark of the hedge fund has been included to align with industry standards.

†TER and TC data is provided for the 1 year ending 31 May 2025. 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 30 June 2025.

GROWTH OF R100m INVESTMENT



HISTOGRAM OF MONTHLY NET RETURNS



PORTFOLIO LIQUIDITY

	Days to Trade
Long	7.0
Short	2.1

INCOME DISTRIBUTIONS (cents per unit)

Declaration Date	Amount	Dividend	Interest
30-Sep-24	9.56	0.00	9.56

STRATEGY STATISTICS

Number of long positions	54
Number of short positions	5

MONTHLY COMMENTARY

The Fund returned 0.9%* in June taking the one-year return to 11.2%. This places the Fund 3.6% ahead of cash over 12 months.

June’s economic data was a bit of a mixed bag globally, with inflation readings remaining sticky and central banks taking a cautious approach to further easing. Geopolitical tension heightened between Israel and Iran, causing a temporary spike in oil prices. Geopolitical risks remain a possible hindrance for global markets performance in 2025. However, risk appetite for many global growth assets remained keen, prompting a continued compression in risk premia across fixed income asset classes, including emerging market rates. SA interest rate markets were a net beneficiary of these tailwinds, even as many of the original risks that provoked weakness earlier in Q2 were not especially satisfactorily resolved.

SA headline inflation remained unchanged at 2.8% y/y in May and core inflation was also unchanged at 3.0%. Food and non-alcoholic beverages contributed positively to headline inflation while transport costs detracted following a fall in fuel prices in May. Tensions in the Middle East have saw oil prices temporarily spike and the running under-recovery on retail fuel prices provided for a July fuel price hike. Nonetheless, several factors continue to underpin a benign outlook for inflation - food inflation remains modest; demand-related pricing is weak with rentals, in particular, a strong anchor to core inflation. We expect these trends to continue, however, base effects could see inflation accelerate modestly later in 2025. Markets continue to expect another rate cut from the SARB at the 31st July MPC meeting – a reasonable position to adopt given how both internal and external inflation risks have evolved in a subdued fashion since the last MPC meeting at the end of May.

The Fund opted to run a tight ship in June. Strategic active overlay exposures were maintained, although these were held at initial entry sizes, as their expected pay-offs were not considered to be imminent. And even as these were challenged over the month, the underlying views remained attractive. Prudent trade sizing enabled these positions to be sustained. Other active overlay movement was low-key overall; tactical trades with limited scale and mostly shorter holding periods. Directionally long exposures were the cleanest and most rewarded of domestic fixed income risks during June – but the ex ante risk of such trades wasn’t especially attractive at all. SA rates in outright terms have seen an exceptionally large degree of risk premia squeezed from them over the past three months. There are, however, still pockets of relative value to be gleaned from within the SA domestic market. In particular, real rates remain fairly elevated, while yield curve steepness is meaningful; arguably more than is reasonably required.

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

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