

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)	728.6%	767.9%	352.1%
Since inception p.a.	9.6%	9.9%	6.8%
Latest 10 year p.a.	8.8%	9.8%	6.1%
Latest 5 year p.a.	9.3%	12.1%	6.0%
Latest 3 year p.a.	11.5%	15.7%	7.6%
Latest 1 year p.a.	11.7%	14.5%	7.3%
Year to date	8.7%	14.0%	5.3%
Month	1.4%	3.3%	0.5%

*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%	9.4%	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	1.58	0.42	
Sortino Ratio	2.11	0.59	
% Positive Months	97.5%	70.7%	100.0%
Correlation (ALBI)	0.17		
99% Value at Risk (P&L %)	(0.3)%		

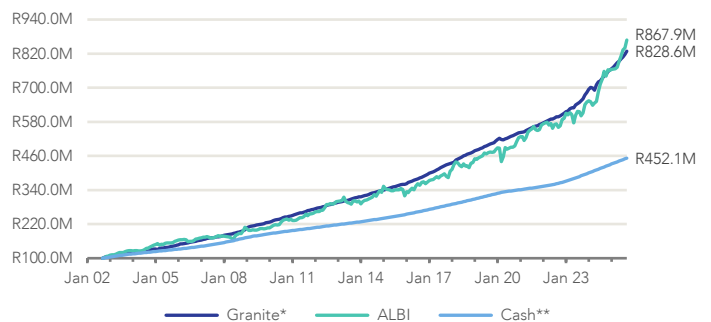
GENERAL INFORMATION

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) ‡	R237.01
Fund Status	Open
NAV (per unit)	112.32 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
Transfer Agency	Intembeko Investment Administrators
Portfolio Managers	Nishan Maharaj, Adrian van Pallander, and Seamus Vasey

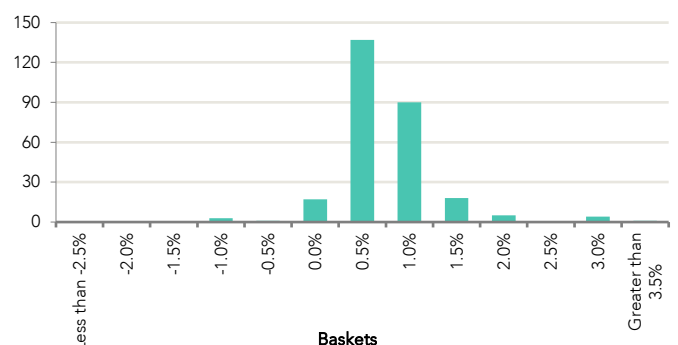
±The benchmark of the hedge fund has been included to align with industry standards.

†TER and TC data is provided for the 1 year ending 31 August 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 September 2025.

GROWTH OF R100m INVESTMENT



HISTOGRAM OF MONTHLY NET RETURNS



PORTFOLIO LIQUIDITY

	Days to Trade
Long	7.5
Short	0.9

INCOME DISTRIBUTIONS (cents per unit)

Declaration Date	Amount	Dividend	Interest
30-Sep-25	9.57	0.00	9.57

STRATEGY STATISTICS

Number of long positions	50
Number of short positions	2

MONTHLY COMMENTARY

The Fund returned 1.4%* in September taking the one-year return to 11.7%. This places the Fund 4.4% ahead of cash over 12 months.

The South African (SA) economy grew by 0.8% quarter on quarter (q/q) in the second quarter of 2025 (Q2-25) following a 0.1% q/q growth in the first quarter of the year. On the production side, growth was supported by the agricultural sector and a rebound in activity from a weak base in the mining, manufacturing and trade industries. Transport, storage, and communications detracted. On the expenditure side, positive contributions came from household and government spending, which were enough to offset weak gross fixed capital formation and negative net exports. If sustained, the Q2-25 momentum could lift real GDP above 0.8% in 2025, setting a more positive base for 2026. However, critical to this improvement will be a stronger recovery in private capital expenditure, which has picked up but remains fragile.

The South African Reserve Bank (SARB) left the repo rate unchanged at 7.0% at the September MPC meeting. The MPC noted resilient global growth despite ongoing geopolitical and tariff-related uncertainty. The Q2-25 GDP print was a positive surprise, prompting upward revisions to growth forecasts, while inflation numbers were also revised up from July's very low base to reflect higher food and fuel inflation and higher administrative prices.

SA headline inflation eased to 3.3% y/y in August from 3.5% y/y in July, while core increased to 3.1% y/y from 3.0% y/y. There was a surprise moderation in food prices and a reduction in transport costs, which helped limit headline gains. Services inflation remained steady, while administered prices and utilities costs increased. A combination of base effects and, at the margin, less favourable fuel price dynamics should see CPI tick up to 4.0% in the coming months, although August's print will help lower the trajectory. The latest inflation numbers create a less challenging trajectory for the MPC to navigate than before, and coupled with very contained core price pressures, supportive currency and oil price dynamics, and a moderation in the recent inflation expectations survey, should bolster the case for a cut.

The global landscape remains uncertain; however, emerging markets have continued to outperform developed markets. SA government bonds have flourished as local anxiety has eased and expectations for a lower inflation target have bolstered prospects for a lower repo rate. They are now trading slightly below fair value. Global bond flows have turned more supportive of emerging markets, given their relatively cleaner balance sheets, and could support further compression in bond yields if that trend sustains its momentum. The stack-up of risks suggests some caution is warranted in allocating more capital to outright SA interest rates at current yields. However, shorter maturity ILB's offer an attractive allocation alternative given the possibility of a lower real policy rate.

The Fund saw reduced tactical trading activity over September, although the success rate of these trades was satisfactorily high. However, it was the Fund's allocation to various inflation-linked assets that provided the respectable bump to performance over the month. In particular, the strategic holding of short-dated linker assets contributed a sizeable degree to alpha, with really quite limited market-risk taken. A useful addition to the Fund, although very much temporary, as outsized inflation carry is set to be less of a feature in the coming months.

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

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