

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*

	Fund	Capped SWIX*	ALBI	Cash
Since inception (cumulative)	867.7%	1455.2%	430.3%	270.6%
Since inception p.a.	11.6%	14.1%	8.4%	6.5%
Latest 10 year p.a.	9.6%	6.4%	7.7%	5.8%
Latest 5 year p.a.	10.2%	7.6%	7.0%	5.4%
Latest 1 year	12.8%	2.9%	4.2%	8.0%
Year to date	(0.1)%	(2.3)%	(1.8)%	1.9%
Month	(1.2)%	2.9%	(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*

	Fund	Capped SWIX*	ALBI	Cash
Average Annual Return	11.8%	15.2%	8.6%	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%	14.9%	7.3%	0.5%
Downside Deviation	6.7%	9.7%	5.2%	
Maximum Drawdown	(19.9)%	(38.3)%	(9.8)%	
Sharpe Ratio	0.76	0.51	0.25	
Sortino Ratio	0.75	0.79	0.35	
% Positive Months	79.1%	64.3%	68.3%	
Correlation (Capped SWIX*)	0.31			
Correlation (ALBI)	0.22			
99% Value at Risk (P&L %)	(1.1)%			

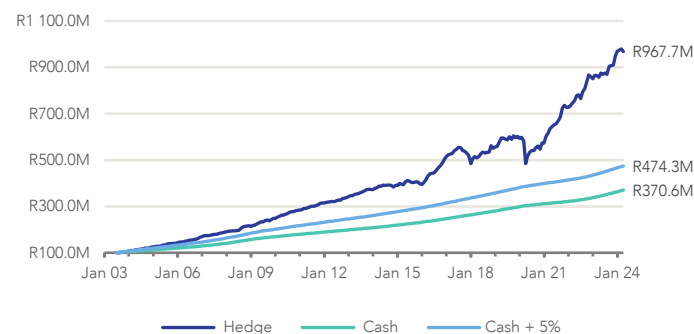
*JSE Capped Shareholder Weighted Index from 01 July 2011, with JSE Capped All Share Index applicable from inception to 30 June 2011.

GENERAL INFORMATION

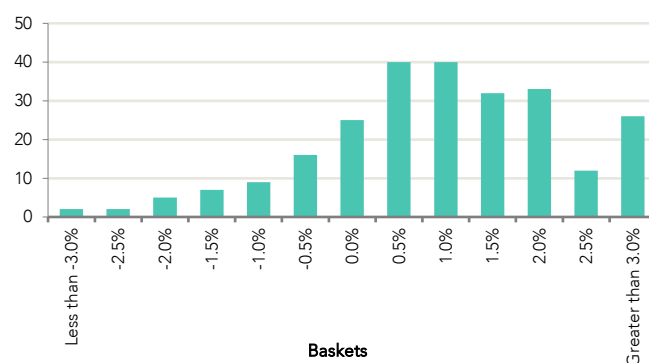
Investment Structure	Limited liability en commandite partnership
Disclosed Partner	Coronation Management Company (RF) (Pty) Ltd
Inception Date	01 July 2003
Hedge Fund CIS launch date	01 October 2017
Year End	30 September
Fund Category	South African Multi-Strategy Hedge Fund
Target Return	Cash + 5%
Annual Management & Performance Fees	Annual Management and Performance Fees are agreed and levied outside of the Fund.
Total Expense Ratio (TER)†	0.16% (excluding management and performance fees)
Transaction Costs (TC)†	1.43%
Fund Size (R'Millions)‡	R431.14
Fund Status	Open
NAV (per unit)	140.30 cents
Base Currency	ZAR
Dealing Frequency	Monthly
Income Distribution	Annual (with all distributions reinvested)
Minimum Investment	R5 million
Notice Period	1 month
Investment Manager	Coronation Alternative Investment Managers (Pty) Ltd (FSP 49893)
Auditor	KPMG Inc.
Prime Broker	N/A
Custodian	Nedbank Ltd
Administrator	JP Morgan Chase Bank, N.A., London Branch
Portfolio Managers	Neville Chester & Nic Stein

†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 Size is as at 31 March 2024.

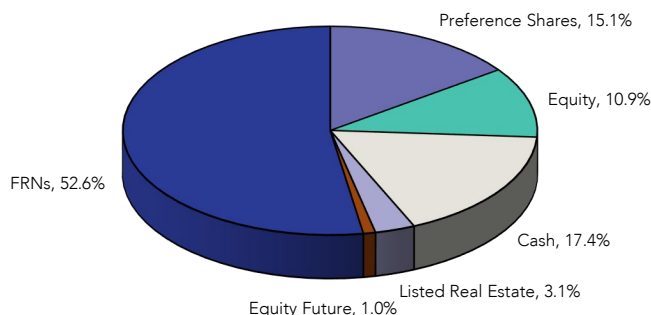
GROWTH OF R100m INVESTMENT*



MONTHLY RETURN DISTRIBUTION



ASSET ALLOCATION



EXPOSURE BY UNDERLYING STRATEGY

	Long	Short	Net	Gross
Alpha	14.9%	0.0%	14.9%	14.9%
Market Neutral	49.8%	(54.6)%	(4.8)%	104.4%
Merger Arbitrage	7.6%	0.0%	7.6%	7.6%
NAV Arbitrage	1.9%	(1.9)%	0.0%	3.8%
Residual Hedge	67.7%	0.0%	67.7%	67.7%
Short	0.0%	(2.7)%	(2.7)%	2.7%
Total (excl. cash)	141.8%	(59.2)%	82.6%	201.0%
Cash	17.8%	(0.4)%	17.4%	18.2%
Total (incl. cash)	159.6%	(59.6)%	100.0%	219.2%

INCOME DISTRIBUTIONS (cents per unit)

Declaration Date	Amount	Dividend	Interest
30-Sep-23	57.68	33.13	24.55

PORTFOLIO LIQUIDITY

	Days to Trade
Long	10.4
Short	0.1

MONTHLY COMMENTARY

The Fund* had a disappointing month with a return of -1.2%. The main driver was the Pairs portfolio, where across the board our chosen matched pairs came under pressure. The M&A Arbitrage portfolio also detracted although this should recover as deals close. Against this we had decent return from the Long Only and Residual portfolio which reduced the overall negative impact of the other strategies.

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

REGULATORY DISCLOSURE AND DISCLAIMER

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WHO CAN INVEST IN THE CORONATION MULTI-STRATEGY ARBITRAGE HEDGE FUND (the "Fund")

Qualified investors, as defined in Cisca, are eligible to invest in the Fund. A qualified investor is one that meets the following criteria:

- any person who invests a minimum investment amount of R1 million per hedge fund and who;
 - has demonstrable knowledge and experience in financial and business matters which would enable the investor to assess the merits and risks of a hedge fund investment; or
 - has appointed a FSP which has demonstrable knowledge and experience to advise the investor regarding the merits and risks of a hedge fund investment.

Please note that in terms of board notice 52 of Cisca, a retail investor hedge fund is not permitted to invest in the Fund.

In addition, the Fund has a minimum, up front, lump sum investment amount of R5 million.

WHAT IS THE PROCESS THAT MUST BE FOLLOWED IN ORDER TO INVEST?

Investors must:

- complete and sign the Application Form, Deed of Accession and provide FICA, CRS and FATCA documentation, where applicable; and
- pay the investment amount to the relevant Coronation company designated for collection thereof.

WHAT ARE THE CONSEQUENCES OF SIGNING THE DEED OF ACCESSION?

By signing the Deed of Accession, new investors become undisclosed partners in the Fund and agree to the terms and conditions of the partnership, as contained in the Partnership Agreement, for as long as they are investors in the Fund.

The investor's partnership interest is equal to the proportion which their capital contributions (i.e. their investments) over time bears to the aggregate capital contributions at any given time of all investors in the Fund. A copy of the Partnership Agreement will be provided to each new investor so that the investor can familiarize themselves with the Partnership Agreement prior to signing the Deed of Accession.

HOW ARE INVESTORS PROTECTED?

The regulatory framework governing the Fund, being Cisca (and specifically Board Notices 52 and 92) provides minimum requirements that must be complied with by the Manager and the Fund in relation to the management of the Fund and the investment activities of the Fund.

The Manager is committed to treating all investors in the Fund equally and fairly in line with the principles established under the Treating Customers Fairly framework.

In addition to the regulatory protections, the Fund's Partnership Agreement offers investors additional protection including but not limited to the following:

- The Manager must give the investors notice of any increase in the charges or fees or any change in the method of calculation thereof;
- The Manager is required to act diligently and with the utmost care in the best interests of the Partnership at all times;
- Limitations are placed on the Manager in terms of the Partnership Agreement in order to manage any conflicts of interest;
- All functions delegated by the Manager to third parties, including the Investment Manager, are regulated by written agreements;
- The Manager has discretion to impose an anti-dilution levy to make provision for market spreads and dealing costs, which levy is paid into the Fund and is designed to protect both the value of the Fund's underlying assets and the current investors' interests in the Fund;
- The Manager is limited from undertaking certain activities without the agreement of the investors. For example, the Manager may not waive any debt owing to or claimed by the Partnership without the consent of all investors;
- In line with Cisca, the Manager is required to obtain the approval of both the investors and the Registrar of Collective Investment Schemes if it wishes to change the level of exposure or value-at-risk limits for the Fund.
- All investors will be notified of any material changes to the investment strategy of the Fund; and
- Given that the Fund is structured as a limited liability partnership, the investors in the Fund are never exposed to any risk or liability that is greater than the value of their investment.

While Cisca permits the Manager to provide certain investors with preferential treatment, currently there is no preferential arrangement with any investor.

A detailed quarterly report is sent to investors via email within 15 business days of each quarter end. Investors may request a copy of the latest integrated annual report from Coronation or access it on <https://www.coronation.com/en-za/institutional/shareholder-information/>.

WHAT FEES ARE CHARGED TO INVESTORS?

Annual Management and Performance Fees are agreed and levied outside of the Fund. Each Qualified Investor receives a monthly report indicating performance net of their individual investment management fees, performance fees and expenses.

The Manager may at its discretion impose an anti-dilution levy to make provision for market spreads and dealing costs relating to the acquisition and disposal of assets. Further detail on this levy is set out in the Partnership Agreement. The levy is paid into the Fund for the benefit of all investors and becomes part of the property of the Fund.

WHAT ARE THE FUND'S EXPENSES?

The Manager shall pay all of its own operating and overhead costs as well as all costs and expenses arising from the Partnership business, with the exception of the following which the Partnership (investors) shall pay:

- Annual Management and Performance Fees which are agreed and levied outside of the Fund;
- regulatory levies;
- legal fees and costs arising in connection with litigation or regulatory investigations;
- audit costs;
- fees and expenses of the Partnership's attorneys in connection with advice relating to the Partnership's legal affairs;
- fees and expense reimbursements for normal and extraordinary consulting, advisory, legal, custodial, administrative, auditing and accounting services;
- costs and expenses of providing information and reports reasonably requested by any investor;
- any taxes, levies or imposts which may be assessed against the Partnership;
- commissions, brokerage fees, registration expenses and any other expenses incurred in the purchase or sale of investments;
- operating costs in respect of the administration of the Partnership Business;
- any other deductions, fees or charges permissible under Cisca and the Partnership Agreement as introduced by the Manager from time to time and notified to the investors in line with the requirements under Cisca (including but not limited to contribution, withdrawal and early withdrawal fees);
- an anti-dilution levy at the Manager's discretion, which levy will be paid into the Fund and which is aimed at protecting the value of the Fund's underlying assets and the investors' interests in the Fund;
- bank charges; and custodian fees.

HOW IS THE FUND PRICED?

The Manager issues participatory interests in the Fund at the net asset value price per participatory interest. The transaction cut-off time for receipt of instructions (both subscriptions and redemptions) is 14h00. The instruction will only be processed once supporting documents are received and the funds reflect in the Coronation bank account, provided that the Manager may impose a minimum notice period in terms of large flows.

The valuation is based on closing prices daily and at month-end.

The price per participatory interest is (the aggregate market value of the assets plus the aggregate of all income accruals and payments from the creation of new participatory interests less all permissible deductions) divided by (the total number of participatory interests).

The assets of the Fund are valued independently by the Fund Administrator. The investor may request the latest values if these are not enclosed with the application form.

HOW WAS THE PERFORMANCE INFORMATION INCLUDED IN THIS MDD CALCULATED?

Performance is calculated by Coronation for the Fund as at the last day of the month for a lump sum investment using the NAV price with income distributions reinvested. Performance figures are quoted after the deduction of all costs (including the Management Fees and trading costs) incurred within the fund. Note that clients' investor performance may differ as a result of the actual investment date, and whether or not they choose to re-invest distributions or not, where applicable. Performance is annualised for performance periods greater than 12 months using monthly compounding. Performances for periods under 12 months are not annualised. The actual annual figures are available from Coronation on request.

HOW IS LIQUIDITY MANAGED?

Investment Liquidity

Liquidity risk is defined as the risk of permanent capital loss that arises when adverse market conditions prevent the trading of an instrument. It can arise from the lack of enough market depth to absorb a given trade quantity without adverse price impacts and/or the lack of market breadth, preventing a trade from being initiated. Liquidity risk is primarily analysed by examining the liquidity risk profile of a fund using days-to-trade and weighted-average days to trade.

Liquidity risk is mitigated by ongoing monitoring of these metrics against firm-wide and portfolio-specific limits during both stressed and normal market conditions. In addition, much of a security's liquidity risk is addressed through the use of appropriate discounts in the valuation of an investment at initiation and in subsequent sizing decisions.

Funding Liquidity

In terms of the Fund's funding liquidity, the Partnership Agreement provides the Manager with sufficient controls to ensure that the Fund's liquidity is adequately protected from any volatility. Under normal circumstances, the Manager will process any ad hoc redemption request from an investor in line with the Partnership Agreement. The Manager may utilize side pocketing, gating and side letters in managing the liquidity of the Fund. This ensures that the sale of a large number of participatory interests will not force the Fund to sell the underlying investments at a price in the market which could have a negative impact on the remaining investors in the Fund. Subject to certain conditions, CISCA allows the Manager to suspend withdrawal requests in circumstances where the aggregate of all withdrawal requests received exceeds a certain percentage of the market value of the Fund.

As stated above, there are currently no special repurchase arrangements and no preferential treatment is given to any investor.

HOW DOES THE FUND USE LEVERAGE?

In terms of the Partnership Agreement, financial gearing may be utilized when appropriate in the discretion of the Investment Manager, as limited by the investment management agreement in place between the Manager and the Investment Manager.

The Coronation Multi-Strategy Arbitrage Hedge Fund has negligible net market exposure as it aims to add value independent of market direction. The use of leverage varies per underlying strategy with fixed income strategies having a higher gearing level. In addition to an overall gearing limit for the Fund, each strategy within the Fund is managed with separate limits. Typically, the Fund is managed with gross exposure in the 150% - 290% range, with an average total gross exposure of 208% since inception. The higher level of leverage is managed through closely matched pair trades to reduce market risk.

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