

CITADEL WORLDWIDE MULTI-STRATEGY H4 RETAIL HEDGE FUND B

INVESTMENT OBJECTIVE AND POLICY

The Citadel Worldwide Multi-Strategy H4 Retail Hedge Fund is a multi-strategy, multi-asset class, hedge fund which has the objective of generating consistent, uncorrelated returns.

The fund will invest in different asset classes and apply different strategies in order to maximise decorrelation with traditional asset classes. The portfolio may invest in both physical and synthetic positions in asset classes and use derivatives to enable effective portfolio management and construction. The fund may also invest in unlisted assets as well as other collective investment scheme portfolios. The manager may use leverage in the fund either via borrowing or derivatives.

The commitment approach will be used to ensure that leverage is contained within 200% of the total net asset value of the fund relative to the market.

RISK REWARD PROFILE



FUND INFORMATION

MDD Date	30/06/2023
MDD Issue Date	18/07/2023
Portfolio Manager	George Herman
Benchmark	50% SA Cash, 50% US Cash (hedged to ZAR)
Fund Classification	Multi-Strategy Retail Hedge Fund
ISIN	ZAE000223996
Launch Date	31/08/2016
Base Currency	South African Rand
Domicile	South Africa
Initial/Exit Fee	0.00%
Annual Management Fee (ex VAT)	1.25% p.a.
Price Frequency	Monthly
Valuation Time and Date	End of the day on the last day of the month
Dealing Frequency	Monthly
Subscription Cut Off Time	17:00 on the 10th business day before month end
Redemption Cut Off Time	1 Calendar month notice period
Minimum Initial Investment	R 5 000
NAV per Participatory Interest	7 848.81 cents
Number of Participatory Interests	1 091 720.65
Status	Class B, Distributing
Income Declaration Dates	31 March and 30 September
Income Payment Dates	1 st business day after declaration date

FUND & SHARE CLASS SIZE

Fund Size (R millions)	85.69
Share Class Size (R millions)	85.69

DISTRIBUTIONS OVER THE LAST 12 MONTHS

31/03/2024	216.31 cents per unit
30/09/2023	205.81 cents per unit

COUNTER PARTY EXPOSURE

Peresec	1.4%
BNY	19.6%
Investec	0.0%
Standard Bank	10.9%

ASSET ALLOCATION (EFFECTIVE EXPOSURE) ¹

Net Equity Exposure	18.9%
SA Short Term Fixed Interest	0.0%
Net Bond Exposure	3.2%

¹The asset allocation above excludes the 17.2% investment in the CAM Bastion Fund, a Guernsey domiciled fund.

EFFECTIVE EXPOSURE

Gross Exposure	44.6%
Net Exposure	39.9%

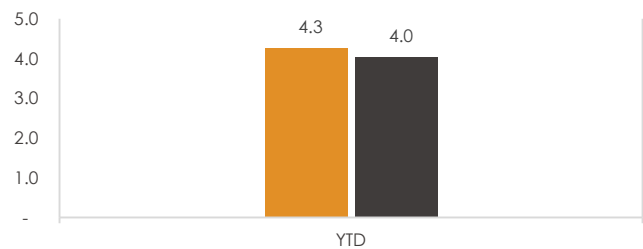
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FUND PERFORMANCE (%)

	FUND	BENCHMARK
YTD	4.3	4.0
1 Year	8.9	8.3
Since Inception	8.9	8.3

The graph above reflects the actual percentage performance of the fund and notional performance of the benchmark, based on a lump sum contribution on 1 July 2023 (inception of measurement of new investment policy). Performance of both the fund and the benchmark is annualised over periods longer than one year. Performance is shown net of all fund charges and expenses and includes the reinvestment of distributions.

CALENDAR YEAR PERFORMANCE (%)



■ Citadel Worldwide Multi-Strategy H4 RHF B
 ■ 50% SA Cash, 50% US Cash (hedged to ZAR) (Total Return Index)

MONTHLY PERFORMANCE (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2024	1.1	0.9	1.0	0.3	1.0	-0.1							4.3
2023							-0.4	1.4	1.5	1.1	0.6	0.1	4.4 ²

²For the period 1 July 2023 to 31 December 2023

*Lowest annual return for the periods shown

**Highest annual return for the periods shown

RISK STATISTICS³

	FUND	BENCHMARK
Standard Deviation	2.1%	0.1%
Sharpe Ratio	0.3	0.1
Maximum Drawdown	-0.4%	N/A
Positive Months	83.3%	100.00%

³Risk Statistics are calculated from 1 July 2023

Standard Deviation: statistical measurement of the dispersion of fund returns relative to its own average return over the measured period

Sharpe Ratio: a measure of how much risk a fund had to bear to earn excess return over the risk-free rate. The higher the Sharpe Ratio, the better the fund's historical risk adjusted return

Maximum Drawdown: the fund's maximum peak to trough decline during the measured period, as a percentage

Positive Months: the number of months the fund delivered a positive return during the measured period, as a percentage

INVESTMENT CHARGES

Three year annualised as per ASISA Standard
 1 April 2021 to 31 March 2024

TOTAL EXPENSE RATIO (TER)⁴ 1.82%
 of the value of the fund was incurred as expenses relating to the administration of the fund. No performance fees are charged

TRANSACTION COSTS (TC) 0.37%
 of the value of the fund was incurred as costs relating to the buying and selling of the assets underlying the fund

TOTAL INVESTMENT CHARGE (TER + TIC) 2.19%
 of the value of the fund was incurred as costs relating to the investments of the fund

One year TER as at financial year-end, as per Board Notice 92 of 2014
 1 April 2022 to 31 March 2023

TER⁴ 1.85%
 of the value of the fund was incurred as expenses relating to the administration of the fund

⁴ A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return

FUND COMMENTARY

The FTSE/JSE Top 40 Index rose 7.9% in Q2-2024. The resource sector led the way early in the quarter, before handing the baton to SA Inc stock, largely financials, which rallied strongly following positive election sentiment. Global Equities (MSCI ACWI USD) were up 2.9% in the quarter (measured in USD), but down 0.9% (measured in ZAR) due to a rand rally post-election results. SA bonds (FTSE/JSE All Bond Index) was also a beneficiary of a return in positive SA sentiment during the quarter, rallying 7.5%. The Citadel Multi-Strategy H4 Retail Hedge Fund returned 1.2% in Q2-24, bringing the year-to-date return to 4.3%. The fund is now well diversified across three distinctly different strategies, both locally and globally. The fund continues to adhere to its policy.

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INFORMATION AND DISCLOSURES

About the manager, trustee/custodian and scheme

This portfolio was established by H4 Collective Investments (RF) (Pty) Ltd, registration number 2002/009140/07 (“the manager”) of The Citadel, 15 Cavendish Street, Claremont, 7708 (telephone 086 000 7993) as a portfolio of the H4 Retail Hedge Fund Scheme (“the scheme”). The trustee/custodian of the scheme is the Standard Bank of South Africa Limited (Registration number: 1962/000738/06) of 8th Floor, North Tower, The Towers, 2 Hertzog Boulevard, Foreshore, Cape Town, 8001 (telephone +27 21 401 2383).

About the investment manager

The manager has appointed Citadel Investment Services Proprietary Limited, registration number 1996/006847/07 (“Citadel”), as the investment manager of the portfolio. Citadel is licensed as a hedge fund financial services provider in terms of the Financial Advisory and Intermediary Services Act, 2002.

Legal structure of the portfolio

The portfolio is established as a trust by way of a supplemental deed to the main deed of the scheme, executed by the manager and the trustee/custodian and approved by the Financial Sector Conduct Authority in terms of the Collective Investment Schemes Control Act, 2002. The assets of the portfolio may be held by the trustee/custodian or by another bank or by the nominee of the portfolio’s prime broker.

Risk warning

The risk and return profile of a fund illustrates the amount of risk undertaken by an investor in the hope of achieving a particular return on an investment. The generally accepted principle is that potential return rises with an increase in risk. The risk and return profile on the face of this document is based on the historical performance of the fund. In addition to the risk warnings included elsewhere in this document, it is important to note that there are many other risks associated with investing in collective investments. These can include but are not limited to the following: general market risks (such as general movements in interest rates; external factors [war, natural disasters and such like]; changes to the law and regulatory frameworks; governmental policy changes; global, regional or national economic developments), risks related to a specific security (like the possibility of a company’s credit rating being downgraded); and loss in the purchasing power of an investment as a result of an increase in the price of consumer goods (known as inflationary risks).

The portfolio may invest in foreign securities. There are potential material risks associated with investing in foreign securities. These include but are not limited to: potential constraints on liquidity and the repatriation of funds, macroeconomic risks, political and social instability, foreign exchange risks, tax risks, settlement risks and potential limitations on the availability of market information, all of which may have an impact on fund performance. In addition, risks associated with investing in emerging markets (which are generally less mature than those in developed markets) include but are not limited to currency risks, the possibility of expropriation, confiscatory taxation or nationalisation of assets and the establishment of foreign exchange controls which may include the suspension of the ability to transfer currency from a given country.

Hedge funds use complex hedging strategies that include the use of leverage to increase the exposure of the portfolio beyond the capital that is employed to an investment. Leveraging includes the use of derivatives. Derivatives derive their value from the value of an underlying asset. The use of leveraging within a portfolio involves risk because depending on how the leveraging is structured, the portfolio’s losses or gains may be unlimited. Other risks include counterparty risk and liquidity risk. Counterparty risk is the risk that the other party to a transaction may not be able to perform their obligations. Liquidity risk means that during volatile periods, the tradability of certain instruments may be impeded. A retail hedge fund portfolio’s gross exposure to the market may be up to a maximum of 200% of the total net asset value of the portfolio.

General disclosures

This document is the minimum disclosure document required by Board Notice 92 of 2014 published under the Collective Investment Schemes Control Act 45 of 2002. This portfolio was established for a specific group of investors and may not be available for direct investment by the general public. Collective investment schemes are generally medium to long-term investments. The value of participatory interests or the investment may go down as well as up. Past performance is not necessarily a guide to future performance. Collective Investment schemes are traded at ruling prices and can engage in borrowing and scrip lending. A schedule of fees and charges and maximum commission is available on request from the manager. No performance fees are currently levied in any of the portfolios by the manager. Neither the manager nor Citadel provides any guarantee either with respect to the capital or the return of the portfolio. The manager has the right to close the portfolio to all new investments or to new investors in order to manage it more efficiently in accordance with its mandate. Where any forecasts or commentary about the expected future performance of asset classes or the market in general are made in this document, please note that neither Citadel nor H4 guarantee that such forecasts or commentary will occur.

Performance disclosures

The performance calculated and shown is that of the portfolio. Individual investor performances may differ as a result of initial fees (if applicable), the actual investment date, the date of reinvestment and dividend withholding tax. Where periods of longer than one year are used in calculating past performance, certain figures may be annualised. Annualisation is the conversion of a rate of any length of time into a rate that is reflected on an annual basis. All since-inception performance returns are calculated from the launch date of the portfolio. Due to a change in the fund’s investment policy in June 2023, all since-inception returns and fund performance is measured from 1 July 2023.

Disclosures in respect of third-party-named portfolios

This portfolio is a third-party-named portfolio. A third-party-named portfolio bears the name of both the manager and the investment manager. The manager retains full legal responsibility for the third-party-named portfolio.

CITADEL WORLDWIDE MULTI-STRATEGY H4 RETAIL HEDGE FUND B

Calculation of the NAV and price

The value of participatory interests is calculated on a NAV basis. The NAV is the total value of all assets in the portfolio including any income accruals and less any deductible expenses (which may include audit fees, brokerage, service fees, securities transfer tax and bank charges). The price of participatory interests is calculated by dividing the NAV by the number of participatory interests in issue. The portfolio is available via certain LISPs, who levy their own fees. Investors in this portfolio may thus be liable for an initial fee and/or annual service fee levied by the third party administrator that is not reflected in the initial charge (where applicable) or NAV calculation. Prices are published monthly on the MDD.

Limitation of liability

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Complaints process

Any complaint must be set out in writing and include all relevant information and documents in the complainant's possession. The complaint must be addressed to the manager's compliance officer and posted or hand-delivered to the manager's physical address above or sent by email to info@H4CI.co.za. The complaint will be investigated internally and the complainant will be advised of the outcome of the complaint.

Additional information

Citadel and the manager are members of ASISA. Figures quoted are from Citadel, Morningstar, Datastream, Bloomberg, MSCI and FTSE International Limited ("FTSE") © FTSE 2016. "FTSE®" is a trade mark of the London Stock Exchange Group Companies and is used by FTSE under license. "JSE" is a trade mark of the JSE Limited and is used by FTSE under license. The STeFI 3 month index is calculated by FTSE in conjunction with the JSE. All intellectual property rights in the index values and constituent list vest in the FTSE and the JSE. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE/JSE Indices and/or FTSE ratings or underlying data. No further distribution of JSE Indices Data is permitted without the JSE's express written consent. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices or any securities or financial products. This document is not approved, endorsed, reviewed or produced by MSCI. None of the MSCI data is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Please speak to your advisor should you require any additional information on this portfolio. Should you so require, the application form and the latest annual report of the manager and of the portfolio will be provided to you free of charge.