



# Protea Worldwide Flexible FR QI Hedge Fund

## Minimum Disclosure Document - Class 1

30 June 2024

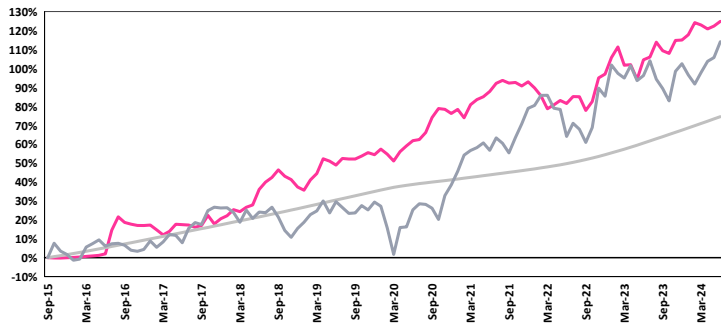
### Fund Profile

The fund is a flexible long/short equity hedge fund with the objective of generating above-average returns by following a 'quantamental' investment approach, combining traditional fundamental analysis with quantitative investment techniques. The investment manager systematically identifies individual mispriced securities whilst ensuring sufficient diversification to guard against inappropriate risk concentration. The fund has exposure to listed securities worldwide.

### Investment Strategy

The portfolio is managed as a long/short hedge fund, focused on extracting alpha returns from equity markets worldwide. Its core strategy is to be long undervalued equities and short overvalued equities whilst ensuring that there is sufficient diversification to guard against inappropriate risk concentration. The equities are selected by following a "quantamental" investment approach, which combines a traditional fundamental understanding of the fair value of listed equity shares with analysis of the business's competitive environment, economic growth, broad economic themes and relative valuations.

### Cumulative Performance Since Inception



Protea Worldwide Flexible FR QI Hedge Fund JIBAR 3M Index All Share Index (Total Return)  
Fund Source: Apex Fund and Corporate Services SA Ltd as at June 2024  
Index Source: Bloomberg as at June 2024

### Return Analysis (ZAR)

|                              | Fund   | JIBAR 3M Index | All Share Index (Total Return) |
|------------------------------|--------|----------------|--------------------------------|
| 1 Year                       | 9.94%  | 8.70%          | 9.14%                          |
| 2 Years (annualised)         | 11.32% | 7.98%          | 14.24%                         |
| 3 Years (annualised)         | 6.19%  | 6.68%          | 10.96%                         |
| 5 Years (annualised)         | 8.59%  | 5.99%          | 10.57%                         |
| Since Inception (annualised) | 9.70%  | 6.57%          | 9.09%                          |

### Risk Analysis

|                                     | Fund   | JIBAR 3M Index | All Share Index (Total Return) |
|-------------------------------------|--------|----------------|--------------------------------|
| Sharpe Ratio                        | 0.46   | n/a            | 0.28                           |
| Sortino Ratio                       | 0.99   | n/a            | 0.54                           |
| Standard Deviation                  | 8.84%  | 0.46%          | 14.90%                         |
| Best Month                          | 12.26% | 0.71%          | 13.98%                         |
| Worst Month                         | -4.58% | n/a            | -12.13%                        |
| Highest Rolling 12 Months           | 25.19% | 8.72%          | 53.98%                         |
| Lowest Rolling 12 Months            | -7.54% | 3.63%          | -18.42%                        |
| Largest Cumulative Drawdown         | -8.20% | n/a            | -21.72%                        |
| % Positive Months (Since Inception) | 61.90% | 100.00%        | 56.19%                         |
| Correlation (Monthly)               | 0.03   |                |                                |
| Value at Risk (VaR) 95%             | 3.74%  |                |                                |

The above benchmark(s) are for comparison purposes with the fund's performance. The fund does not follow the benchmark(s).

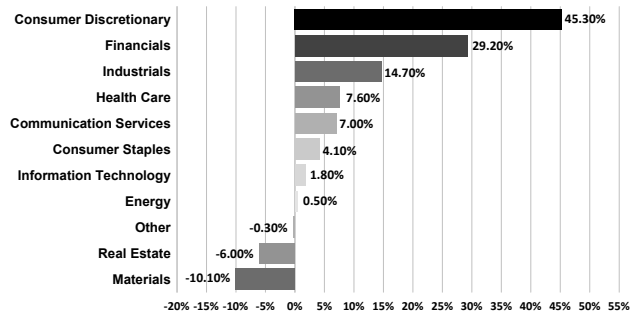
### Fund Details

|  |   |
|--|---|
| <b>Risk Profile:</b>                                       | High  |
| <b>Portfolio Manager:</b>                                  | Jean Pierre Verster   |
| <b>Fund size (in Millions):</b>                            | R305.75   |
| <b>NAV Price (Inception):</b>                              | R1,000  |
| <b>NAV Price (as at month-end):</b>                        | R2,611.18   |
| <b>Number of Units:</b>                                    | 117,859.12  |
| <b>ISIN Number:</b>  | ZAE000271565  |
| <b>Inception Date:</b>                                     | 1 October 2015  |
| <b>CISCA Inception Date:</b>                               | 1 September 2016  |
| <b>ASISA Classification:</b>                               | Qualified Investor Hedge Fund - Worldwide - Long/Short Equity - Long Bias                                     |
| <b>Hurdle:</b>   | 3 month JIBAR   |
| <b>Minimum Investment:</b>                                 | R1 000 000  |
| <b>Service Fee:</b>  | 1.23% p.a (excl.VAT)<br>*Includes Base fee/Investment Management Fee of 1%                                    |
| <b>Performance fee (uncapped):</b>                         | 20% of the total performance above the high water mark, subject to a hurdle rate of 3 month JIBAR (excl. VAT) |
| <b>Cost Ratios (incl. VAT) as at March 2024</b>            |   |
| <b>Total Expense Ratio (TER%):</b>                         | 4.82%   |
| <b>Performance Fee (PF) Included in TER:</b>               | 2.84%   |
| <b>Transactions Costs Ratio (TC%):</b>                     | 0.09%   |
| <b>*Total Investment Charges (TIC%):</b>                   | 4.91%   |
| <b>*Total Investment Charges (TIC%) = TER (%) + TC (%)</b> |   |
| <b>Income Distribution (Declaration):</b>                  | Last day of December  |
| <b>Distribution Total for the past 12 months:</b>          | 0.00 cpu for December 2023  |
| <b>Investment Manager Contact Details:</b>                 | Protea Capital Management (Pty) Ltd   |
| <b>Telephone Number:</b>                                   | +27 11 822 2154   |
| <b>Website:</b>  | www.proteacapitalmanagement.com   |
| <b>Auditor:</b>  | Deloitte  |

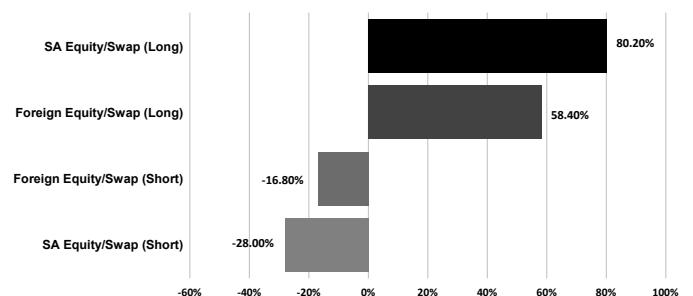
### Portfolio Objective

The long-term investment objective of the portfolio is to achieve consistent absolute returns by investing according to a long/short equity investment strategy.

### Sector Allocation



### Asset Allocation





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#### Increase in NAV Attributable to Investors

|             | Jan    | Feb    | Mar    | Apr    | May    | Jun    | Jul    | Aug    | Sep    | Oct    | Nov    | Dec    | Total         |
|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------------|
| <b>2015</b> |        |        |        |        |        |        |        |        |        | -0.17% | -0.04% | 0.16%  | <b>-0.05%</b> |
| <b>2016</b> | 0.19%  | 0.20%  | 0.34%  | 0.27%  | 0.28%  | 0.78%  | 12.26% | 6.15%  | -2.42% | -0.78% | -0.59% | -0.04% | <b>17.02%</b> |
| <b>2017</b> | 0.25%  | -2.16% | -2.34% | 1.68%  | 3.30%  | -0.18% | -0.20% | -0.98% | 0.74%  | 4.60%  | -3.68% | 2.35%  | <b>3.09%</b>  |
| <b>2018</b> | 1.32%  | 2.61%  | -0.84% | 1.87%  | 0.96%  | 6.41%  | 2.84%  | 1.79%  | 2.80%  | -2.30% | -1.24% | -2.76% | <b>13.89%</b> |
| <b>2019</b> | -1.24% | 3.98%  | 2.43%  | 5.39%  | -0.83% | -1.35% | 2.32%  | -0.18% | 0.01%  | 1.03%  | 1.16%  | -0.69% | <b>12.43%</b> |
| <b>2020</b> | 1.92%  | -1.71% | -2.34% | 3.26%  | 1.98%  | 1.71%  | 0.36%  | 2.29%  | 4.78%  | 2.73%  | -0.23% | -1.25% | <b>14.09%</b> |
| <b>2021</b> | 1.23%  | -2.48% | 3.98%  | 1.49%  | 0.83%  | 1.51%  | 2.29%  | 0.81%  | -0.72% | 0.15%  | -0.95% | 1.16%  | <b>9.51%</b>  |
| <b>2022</b> | -1.69% | -2.18% | -3.70% | 1.15%  | 1.29%  | -0.87% | 2.03%  | -0.05% | -3.93% | 2.66%  | 6.83%  | 1.04%  | <b>2.11%</b>  |
| <b>2023</b> | 4.42%  | 2.73%  | -4.58% | 0.15%  | -3.84% | 5.32%  | 0.70%  | 3.84%  | -2.11% | -0.68% | 3.29%  | 0.10%  | <b>9.13%</b>  |
| <b>2024</b> | 1.30%  | 2.95%  | -0.57% | -0.93% | 0.69%  | 1.13%  |        |        |        |        |        |        | <b>4.60%</b>  |

\*The inception date for the portfolio is 1 October 2015. The historical performance figures until the end of 31 August 2016 reflect performance achieved prior to CISCAs regulation. The portfolio has been transitioned under CISCAs regulations on 1 September 2016 and has since been managed as a regulated product. The annualized total return is the average return earned by an investment each year over a given time period, since date of the launch of the fund. Actual annual figures are available from the manager on request. The highest and lowest 1 year returns represent the highest and lowest actual returns achieved during a 12 month rolling period year since the original launch date of the portfolio. The performance figures given show the yield on a Net Asset value ("NAV") basis. The yield figure is not a forecast. Performance is not guaranteed and investors should not accept it as representing expected future performance. Individual investor performance may differ as a result of initial fees, time of entry/actual investment date, date of reinvestment, and dividends withholding tax. Performance is calculated for a lump sum investment on a Net Asset Value basis. The performance figures are reported net of fees with income reinvested. Jean Pierre Verster took over as portfolio manager from 1 September 2016 and the performance before September 2016 does not necessarily reflect his investment style and approach.

#### Market Commentary

The fund was up by more than 1% for the month of June, while the FTSE/JSE All-Share Total Return Index returned 4.1%. The MSCI World Index (on a total return basis) was down by 1.2% in Rands (ZAR), and up by 2.0% in US Dollars (USD) for the month. The ZAR strengthened by 3.3% against the USD over the course of June. In terms of our sub-strategies, Longs contributed 2.6%, while Shorts detracted 0.6%. Special Situations contributed 0.5% and Futures & Options made no contribution for the month. Currency translation detracted 1.4% from the fund's reported return in ZAR.

Longs listed in the USA, Switzerland, South Africa, Japan, and in Australia contributed positively for the month. Longs listed in Canada, Great Britain, the Eurozone, Denmark, Norway, Sweden, Singapore, and in Hong Kong detracted from June's performance. Our top Longs for the month were two South African banks and a specialist retailer. Our worst-performing Longs were a European leisure vehicle manufacturer, an American building products retailer, and a global motor vehicle manufacturer. We believe that "SA Inc." shares still represent a very attractive investment opportunity, even after the sharp bounce in shares of many domestically-focused companies during June. Our Eurozone Longs had a negative impact on the fund this month due to political uncertainty in France. We trimmed many of our USA Longs as their prices rose above our estimate of fair value. Year-to-date, Longs have contributed 7.2% to the fund's return.

Shorts listed in Great Britain, the Eurozone, Switzerland, Denmark, Norway, and in Sweden contributed positively for the month. Shorts listed in the USA and in South Africa detracted from the fund's June return. Our top Shorts for the month were a global brewer, a diversified miner, and a precious metals mining group. Our worst-performing Shorts were a South African food retailer, a financial services group, and a specialist retailer. Year-to-date, Shorts have contributed marginally to the fund's return.

We held no Special Situation or Future & Option positions in the fund during the past month. Year-to-date, Currency translation has detracted 1.1% from the fund's reported return in ZAR.

Many of our top contributors over the past year were large detractors for June, indicating how market movements over the short-term can diverge meaningfully from movements over the long-term. We view such divergences as opportunities for long-term gain.

**Please Note: The above commentary is based on reasonable assumptions and is not guaranteed to occur.**

#### Portfolio Valuation & Transaction Cut-Off

To invest in the portfolio, e-mail [proteacapital@apexfs.group](mailto:proteacapital@apexfs.group)

Portfolios are valued monthly. The cut off time for processing investment subscription is 10:00am on the last day of the month prior to enable processing for investment on the first day of the next month.

#### Risk Profile

**Risk Level:** Low Low-Medium Medium Med-High High

The risk category shown is not guaranteed and may change over time. The lowest category does not mean the investment is risk free. There may be other special areas of risk relating to the investment including liquidity risk, credit risk, market risk, and settlement risk. FundRock Management Company (RF) (Pty) Ltd, ("the manager"), and the investment manager do not render financial advice. Our risk indicator does not imply that the portfolio is suitable for all types of investors. You are advised to consult your financial adviser.

#### Total Expense Ratio

A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER may not necessarily be an accurate indication of future TER's. Transaction Costs are a necessary cost in administering the financial product and impacts financial product returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of financial product, the investment decisions of the investment manager and the TER.



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 **Fund Risk**

|                                       |   |
|---------------------------------------|---|
| <b>Leverage Risk:</b>                 | The Fund borrows additional funds, trades on margin or performs short sale trades to amplify investment decisions. This means that the volatility of a hedge fund portfolio can be many times that of the underlying investments due to leverage on a fund.   |
| <b>Derivative Risk:</b>               | Derivative positions are financial instruments that derive their value from an underlying asset. Derivatives are exposed to implicit leverage which could result in magnified gains and/or losses on the portfolio.   |
| <b>Counterparty Credit Risk:</b>      | Counterparty risk is a type of credit risk and is the risk of default by the counterparty associated with trading derivative contracts. An example of counterparty credit risk is margin or collateral held with a prime broker.  |
| <b>Volatility Risk:</b>               | Volatility refers to uncertainty and risk related to size of change of an instrument or portfolio. It is a statistical measure of the dispersion of returns for a given security or market index. Volatility is proportional to the directional exposure of a portfolio and is measured by Value at risk (VaR) which is a statistical technique used to measure and quantify the level of volatility. |
| <b>Concentration and Sector Risk:</b> | A large proportion of total assets invested in specific assets, sectors or regions. Concentrated positions or concentrated sectors in a portfolio will material impact the returns of the portfolio more so than diversified portfolios.  |
| <b>Correlation Risk:</b>              | A measure that determines how assets move in relation to each other. Correlation risk arises when the correlation between asset-classes change. Correlation risk also arises when the correlation within an asset-class changes. Examples of correlation within asset classes include equity pairs trading, fixed income curve trading and commodities pairs trading.                                 |
| <b>Equity Risk:</b>                   | The market price of shares varies depending on supply and demand of the shares. Equity risk is the risk of loss due to the drop in the market price of shares.  |
| <b>Currency/Exchange Rate Risk:</b>   | Assets of a fund may be denominated in a currency other than the Base Currency of the fund and changes in the exchange rate between the Base Currency and the currency of the asset may lead to a depreciation of the value of the fund's assets as expressed in the Base Currency.   |

 **Glossary**

|   |   |
|---|---|
| <b>Net Asset Value (NAV):</b>           | Means net asset value, which is the total market value of all assets in a portfolio including any income accruals and less and deductible expenses such as audit fees, brokerage and service fees.  |
| <b>Annualised Return:</b>               | Is the weighted average compound growth rate over the performance period measured.  |
| <b>Highest &amp; Lowest Return:</b>     | The highest and lowest rolling twelve-month performance of the portfolio since inception.   |
| <b>Total Expense Ratio (TER):</b>       | Reflects the percentage of the average Net Asset Value (NAV) of the portfolio that was incurred as charges, levies and fees related to the management of the portfolio. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TER's. |
| <b>Transaction Costs (TC):</b>          | Is the percentage of the value of the Fund incurred as costs relating to the buying and selling of the Fund's underlying assets. Transaction costs are a necessary cost in administering the Fund and impacts Fund returns.   |
| <b>Total Investment Charge (TIC):</b>   | Should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of Fund, investment decisions of the investment manager.  |
| <b>Total Investment Charges (TIC%):</b> | = TER (%) + TC (%): The Total Investment Charges (TIC), the TER + the TC, is the percentage of the net asset value of the class of the Financial Product incurred as costs relating to the investment of the Financial Product. It should be noted that a TIC is the sum of two calculated ratios (TER+TC).                                 |
| <b>Leverage/Gearing:</b>                | The use of securities, including derivative instruments, short positions or borrowed capital to increase the exposure beyond the capital employed to an investment.   |
| <b>Alpha:</b>                           | Denoted the outperformance of the fund over the benchmark.  |
| <b>Sharpe Ratio:</b>                    | The ratio of excess return over the risk-free rate divided by the total volatility of the portfolio.  |
| <b>Sortino Ratio:</b>                   | The ratio of excess return over the risk-free rate divided by the downside deviation of the portfolio.  |
| <b>Standard Deviation:</b>              | The deviation of the return of the portfolio relative to its average.   |
| <b>Drawdown:</b>                        | The greatest peak to trough loss until a new peak is reached.   |
| <b>Correlation:</b>                     | A number between -1 and 1 indicating the similarity of the dispersion of returns between the portfolio and another asset or index with 1 being highly correlated, -1 highly negatively correlated and 0 uncorrelated.   |
| <b>Value at Risk (VaR):</b>             | Value at risk is the minimum loss percentage that can be expected over a specified time period at a predetermined confidence level.   |



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### **Mandatory Disclosures**

Investment Manager: Protea Capital Management (Pty) Ltd, Registration Number: 2015/327243/07 is an authorised Financial Services Provider (FSP49796) under the Financial Advisory and Intermediary Services Act (No.37 of 2002), to act in the capacity as investment manager. This information is not advice, as defined in the Financial Advisory and Intermediary Services Act (NO.37 of 2002). Please be advised that there may be representatives acting under supervision. Physical Address: 7 Northridge Avenue, Sunnyridge, Germiston, 1401. Postal Address: 7 Northridge Avenue, Symridge, Germiston, 1401. Telephone Number: +27 11 822 2154. Website: [www.proteacapitalmanagement.com](http://www.proteacapitalmanagement.com). Management Company: FundRock Management Company (RF) (Pty) Ltd(the "Manager"),Registration Number: 2013/096377/07, is authorised in terms of the Collective Investment Schemes Control Act (CISCA) to administer Collective Investment Schemes (CIS). Physical Address: Pier Place, Heerengracht Street, Foreshore, Cape Town, South Africa. Telephone Number:+27 21 202 8282. Website:[www.fundrock.com](http://www.fundrock.com), Trustee: FirstRand Bank Limited, (acting through its RMB Custody and Trustee Services Division). Physical Address: 3 Merchant Place, Ground Floor, Corner Fredman and Gwen Streets, Sandton 2146, Telephone: +27 87 736 1732

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