

APELLO SKYBOUND FR QI HEDGE FUND

Minimum Disclosure Document Class A July 2023

INVESTMENT STRATEGY

The investment policy is to establish a diversified portfolio with diversified sources of return. This will be achieved through various strategies including, but not limited to, equity long/short, market neutral and fixed income strategies. Underlying positions undertake a diverse array of strategies and are ideally uncorrelated or have a very low correlation to one another and equity markets.

PORTFOLIO PROFILE

This fund is for the qualified investor seeking medium to long-term capital appreciation with the potential for income generation.

Returns are generated through exposure to a combination of local and offshore investments, including Private Debt and Private Equity investments both locally and offshore while hedging out any currency risks by using the forward currency market.

PORTFOLIO OBJECTIVE

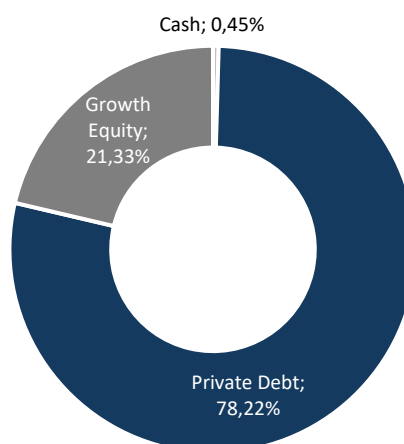
The portfolio's primary objective is to achieve uncorrelated returns to local stock markets and protect capital while having a longer-term investment view and a moderate tolerance to volatility.

INVESTMENT POLICY

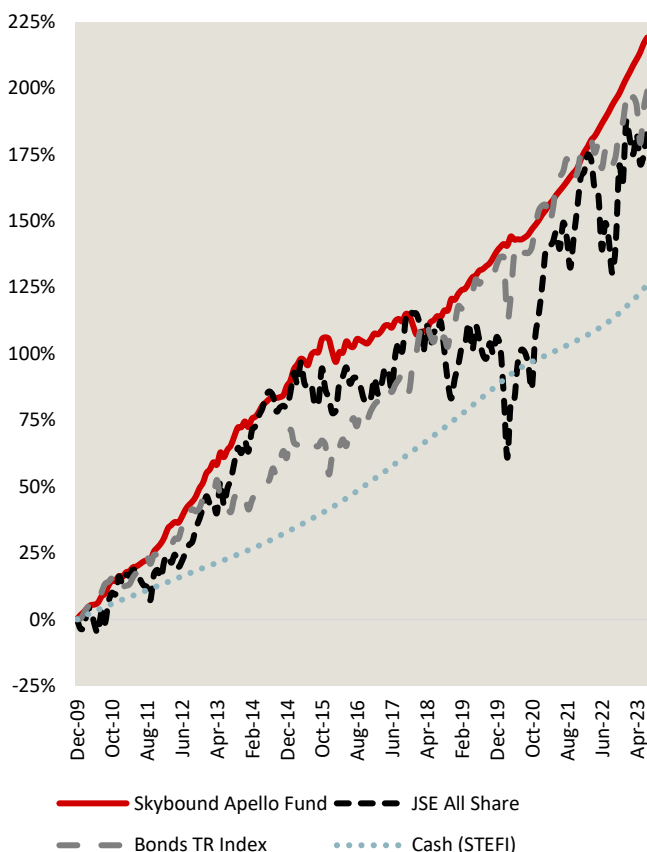
The Fund applies a multi strategy investment approach with the investment policy being to establish a diversified portfolio with diversified sources of return.

Investments of the Fund will be subject to the provisions and limitations of the Board Notice.

ASSET ALLOCATION : UNDERLYING FUND EXPOSURE (31 JULY 2023)



CUMULATIVE PORTFOLIO PERFORMANCE REPORT (NET OF FEES)



PERFORMANCE

SINCE INCEPTION PORTFOLIO PERFORMANCE REPORT NET OF FEES (ZAR)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
2010	1.63%	1.14%	1.56%	0.95%	0.16%	0.69%	2.15%	1.05%	2.69%	1.70%	-0.08%	1.62%	16.32%
2011	-0.34%	1.51%	0.41%	1.21%	0.30%	0.71%	0.79%	0.40%	0.05%	2.63%	1.21%	1.23%	10.55%
2012	1.80%	2.55%	0.94%	0.84%	-0.19%	1.61%	1.92%	1.26%	0.93%	1.33%	2.05%	1.40%	17.72%
2013	2.40%	0.94%	1.69%	-0.58%	2.93%	-1.10%	1.70%	1.04%	2.11%	1.93%	0.04%	1.28%	15.27%
2014	-1.21%	1.81%	0.45%	1.01%	1.38%	0.65%	0.71%	0.33%	-0.12%	0.15%	0.40%	1.86%	7.62%
2015	1.06%	2.29%	0.94%	1.08%	-0.36%	-0.86%	2.01%	0.57%	-0.08%	2.41%	0.37%	-0.34%	9.41%
2016	-2.40%	-1.83%	1.89%	-0.09%	2.11%	-0.82%	-0.17%	1.42%	-0.18%	-0.38%	-0.24%	0.82%	0.03%
2017	1.00%												1.00%

SINCE INCEPTION CISCA REGULATED PORTFOLIO PERFORMANCE REPORT NET OF FEES (ZAR)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
2017		-0.15%	0.64%	0.91%	0.11%	-0.44%	1.20%	0.35%	-0.42%	1.31%	-0.29%	-1.62%	1.58%
2018	-1.70%	0.28%	0.26%	0.32%	1.29%	0.41%	0.71%	-0.14%	1.14%	0.01%	1.98%	-0.12%	4.47%
2019	1.02%	0.65%	0.22%	0.97%	0.89%	0.36%	0.76%	0.25%	0.51%	0.46%	0.91%	0.97%	8.27%
2020	0.67%	0.49%	-0.26%	1.43%	-0.47%	0.06%	-0.04%	0.31%	0.45%	0.80%	0.66%	0.72%	4.92%
2021	0.86%	0.66%	0.83%	0.60%	0.79%	0.63%	0.61%	0.68%	0.69%	0.61%	0.60%	1.18%	9.09%
2022	1.05%	0.75%	0.92%	0.51%	0.79%	0.84%	0.78%	0.78%	0.89%	0.75%	0.71%	0.96%	10.18%
2023	0.91%	0.80%	0.86%	0.76%	0.81%	1.06%	0.71%						6.06%

ANNUALISED PERFORMANCE ¹

	PORTFOLIO	BENCHMARK	JSE ALL SHARE
1 Year	10.47%	7.07%	14.57%
2 Years	10.14%	5.66%	7.01%
3 Years	9.50%	5.07%	12.33%
4 Years	8.37%	5.46%	8.60%
5 Years	8.30%	5.83%	6.58%
10 Years	6.89%	6.29%	6.70%
Since original launch date²	8.92%	6.19%	8.03%
Highest 12 month rolling return	19.38%	7.68%	49.44%
Lowest 12 month rolling return	-1.11%	3.77%	-21.20%
Volatility (4Y)	1.17%	0.43%	17.95%

¹The annualised total return is the average return earned by an investment each year over a given period, since the 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 any single calendar year since the original launch date of the portfolio. The performance figure given shows the yield on a Net Asset Value ("NAV") basis. The return figure is not a forecast. Performance is not guaranteed, and investors should not accept it as representing expected future performance. The return shown for the portfolio is based on a lump-sum investment. Individual investor performance may differ as a result of initial fees, time of entry/actual investment date, date of reinvestment, and dividends withholding tax.

²The historical performance figures until the end of January reflect performance achieved before CISCA regulation. The portfolio was transitioned under CISCA regulations on 1 February 2017 and has since been managed as a regulated product.

*Portfolio mandate changed from Qualified Investor Hedge Fund-of-Funds to a Qualified Investor Hedge Fund as at May 2018

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

INVESTMENT TERMS

PORTFOLIO DETAILS	
INCEPTION DATE	01 January 2010
CISCA LAUNCH DATE	01 February 2017
RETURN OBJECTIVE	Cash + 2%
ASISA CLASSIFICATION	Qualified Investor Hedge Fund – Worldwide – Other
PORTFOLIO SIZE	ZAR 1,338,780,429.84
PARTICIPATORY INTEREST	4,354,626.73
NAV PER SHARE	ZAR 329.44
RISK PROFILE ¹	Medium – High
VOLATILITY	Moderate
BENCHMARK	STeFI Composite Index
PRICING	Monthly
PORTFOLIO VALUATION	Monthly
CURRENCY	ZAR
MINIMUM INVESTMENT	R1,000,000
SUBSCRIPTIONS	Monthly
REDEMPTION NOTICE PERIOD	1 calendar month, plus 5 calendar days prior to the repurchase pricing date
TRANSACTION CUT-OFF	Subscriptions to reach FundRock on the last day of the month prior, for investment on the first day of the next month, 10h00
DISTRIBUTION FREQUENCY	Annually (December)
LAST INCOME DISTRIBUTED	0 cents per Unit (CPU) – Dec 2022
SERVICE FEE	2.06% per annum*
*ANNUAL MANAGEMENT FEE (INCL IN SERVICE FEE)	1.85% per annum
PERFORMANCE FEE	15% on outperformance of the benchmark, uncapped
HURDLE RATE	10%
INITIAL FEE	0%
TOTAL EXPENSE RATIO ²	3.33%
PERFORMANCE FEE (PF) INCL IN TOTAL EXPENSE RATIO ³	0.12%
TRANSACTION COST	0.03%
TOTAL INVESTMENT COST	3.36%
MANAGEMENT COMPANY	FUNDROCK Management Company (RF) (Pty) Ltd (Reg. No. 2013/096377/07) Pier Place, Heerengracht Street, Foreshore, Cape Town, 8001, South Africa T. +27 (0) 21 402 1600 www.fundrock.com
PORTFOLIO MANAGER	Lee Dalley
ISIN	ZAE000240107
INVESTMENT MANAGER	Skybound Capital (Pty) Ltd (Reg. No. 2001/005987/07) 7 th floor, Letterstedt House, cnr. Main & Campground Roads, Newlands, 7700 T. +27 (0) 21 657 4999 F. +27 (0) 21 657 4988 Email. info@skyboundcapital.com An Authorised Financial Services Provider No. 35733
TRUSTEE	FirstRand Bank Limited (acting through its RMB Custody and Trustee Services Division) 3 Merchant Place, Ground Floor, Corner Fredman and Gwen Streets, Sandton, 2146 T. +27 (0) 87 736 1732

¹ This risk indicator is based on the risk measures allowed in the investment mandate. Historical data may not be a reliable indication of the future risk profile of the portfolio. 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. The Manager does not provide financial advice. Our risk indicator does not imply that the portfolio is suitable for all types of investors. Please consult your Financial Advisor.

² A higher TER does not necessarily imply a poor return, nor does a low TER suggest 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 impact financial product returns. It should not be considered in isolation as many other factors may affect returns over time, including market returns, the type of financial product, the investment decisions of the investment manager and the TER.

³ The performance fee incl in TER is the performance fee calculated on the Apello Skybound FR QI Hedge Fund without applying look through in the underlying holdings.

DISCLOSURES

MANDATORY DISCLOSURE

Collective Investment Schemes are generally medium to long-term investments. The value of participatory interests (units) may go down as well as up. Past performance is not necessarily a guide to future performance. Collective investments are traded at ruling prices and can engage in scrip lending and borrowing. A schedule of fees, charges minimum fees, and maximum commissions is available on request from the manager, as well as a detailed description of how performance fees are calculated and applied. The manager does not provide any guarantee on the capital or the return of the portfolio.

Excessive withdrawals from the fund may place the fund under liquidity pressure and in such circumstances, a process of ring-fencing of withdrawal instructions and managed payouts over time may be followed. Commission and incentives may be paid, and if so, are included in the overall costs.

Portfolios may be closed to new investors to manage it more efficiently in accordance with its mandate. Prices are published monthly on our website. Additional information, including key investor information documents, minimum disclosure documents, as well as other information relating to the basis on which the manager undertakes to repurchase participatory interests offered to it, and the basis on which selling and repurchase prices will be calculated, is available, free of charge, on request from the Manager. The Manager ensures fair treatment of investors by not offering a preferential fee or liquidity terms to any investor within the same strategy.

The value of an investment is dependent on numerous factors which may include, but not limited to, share price fluctuations, interest and exchange rates and other economic factors. Where funds are invested in offshore assets, performance is further affected by uncertainties such as potential constraints on liquidity and the repatriation of funds, macroeconomic risks, political risks, foreign exchange risks, tax risks, settlement risks and possible limitations on the availability of market information.

FundRock Management Company, ("the Manager") is registered and approved by the Financial Services Conduct Authority in terms of the Collective Investment Schemes Control Act 45 of 2002. The Manager retains full legal responsibility for the portfolio. Skybound Capital, FSP No 35733, is authorised under the Financial Advisory and Intermediary Services Act 37 of 2002 to provide discretionary investment management services to hedge funds.

HEDGE FUND RISK DISCLOSURE

Hedge fund strategies may include leverage, short-selling and short-term investments. Also, hedge fund portfolios often invest in unlisted instruments, low-grade debt, foreign currency and other exotic instruments. All of these expose investors to additional risk. However, not all hedge fund managers employ any or all of these strategies, and it is recommended that investors consult their advisers to determine which strategies are being used by the manager and which consequent risks arise.

FUND RISK

- **Leverage Risk:** 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.
- **Derivative Risk:** 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.
- **Counterparty Credit Risk:** 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.
- **Volatility Risk:** 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.

- **Concentration and Sector Risk:** A large proportion of total assets invested in specific assets, sectors or regions. Concentrated positions or concentrated sectors in a portfolio will materially impact the returns of the portfolio more so than diversified portfolios.
- **Equity Risk:** Applies to investment in shares or derivatives based on shares. 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. Equity risk can either be systematic risk which is risk to the entire market based on political and economic indicators or unsystematic risk which is company specific and includes risk relating to company profits, future prospects and general consensus on the company or sector.
- **Interest Rate Risk:** The values of bonds and other debt securities are inversely proportional to the change in interest rates. Interest rate risk is generally greater for investments with longer maturities as well as when the market does not expect a change in the interest rates.
- **Credit Default Risk:** The risk that the government entity or company that issued the bond will run into financial difficulties and won't be able to pay the interest or repay the principal at maturity. Credit risk applies to debt investments such as bonds. The higher credit rating the less likely the possibility of the issuing company defaulting.
- **Currency/Exchange Rate Risk:** 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

- **Net Asset Value (NAV):** 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.
- **Annualised Return:** is the weighted average compound growth rate over the performance period measured.
- **Highest & Lowest Return:** The highest and lowest rolling twelve-month performance of the portfolio since inception.
- **Total Expense Ratio (TER)** 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.
- **Transaction Costs (TC)** 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.
- **Total Investment Charge (TIC)** 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.
- **Total Investment Charges (TIC%) = 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).
- **Standard Deviation:** The deviation of the return of the portfolio relative to its average.
- **Correlation:** 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.

SOUTH AFRICA | Cape Town

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