

CITADEL MULTI-STRATEGY H4 RETAIL HEDGE FUND B

Minimum Disclosure Document

June 2021
Issue date: 28 July 2021

INVESTMENT OBJECTIVE

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

POLICY

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 across asset classes as well as in both physical and synthetic positions in asset classes (the latter via derivatives), 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. To this end 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



ASSET ALLOCATION (EFFECTIVE EXPOSURE)

	Holding	3 months ago
Net Equity Exposure	-12.9%	-15.8%
SA Short Term Fixed Interest	54.7%	39.4%
Net Bond Exposure	0.0%	0.0%

COUNTER PARTY EXPOSURES

	Holding	3 months ago
Persec	40.6%	29.3%
Standard Bank	0.1%	0.1%

UNDERLYING FUNDS

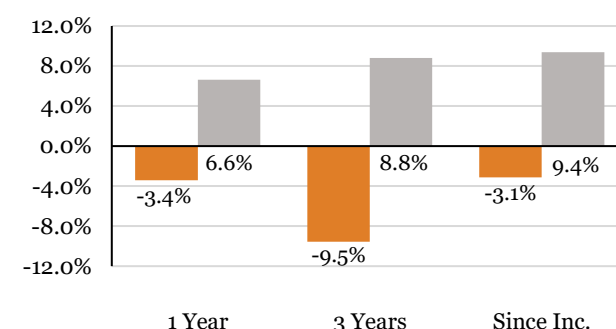
	Holding	3 months ago
Citadel SA Income H4 Fund	28.4%	20.5%
Citadel SA Money Market H4 Fund	26.2%	18.9%

FUND FACTS

Portfolio Manager	George Herman
Benchmark	SA Cash + 3% p.a.
Launch date	31 August 2016
Fund size	R84.62 million
Share class size	R65.92 million
Domicile	South Africa
Currency	Rand
Annual management fee	1.25% p.a. (ex VAT)
Initial fee/Exit fee	0.00%
Number of participatory interests	896 820.92
Net asset value per participatory interest	7 350.01 cents
Minimum initial investment	R5 000.00
Status	Class B, Distributing
Dealing	Monthly
Fund classification	Multi-Strategy Retail Hedge Fund
Price frequency	Monthly
Valuation time and date	End of day on the last day of the month
Transaction cut off times:	
Subscriptions	17:00 on the 10 th business day before month end
Redemptions	1 calendar month notice period
Income declaration dates	31 March and 30 September
Income payment dates	1st business day after declaration date
Distributions over the last 12 months	
- 31 March 2021:	52.14 cents per unit
- 30 September 2020:	159.57 cents per unit

FUND PERFORMANCE

Citadel Multi-Strategy H4 Retail Hedge Fund B
SA Cash + 3% p.a.



The graph above reflects the actual percentage performance of the fund and notional performance of the benchmark, based on a lump sum contribution on the launch date of the fund. 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.

EFFECTIVE EXPOSURE

	Holding	3 months ago
Gross Exposure	105.0%	75.4%
Net Exposure	15.4%	4.6%

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FUND COMMENTARY

The Citadel Multi-Strategy H4 Retail Hedge Fund ('the fund') slipped 1.3% during Q2-2021. The FTSE/JSE Top 40 Index was down 0.8% during the quarter, as technology and basic material counters struggled to gain traction. The fund retains a cautious tilt to provide protection if the market should retrace from current levels.

The fund continues to adhere to its policy.

MONTHLY PERFORMANCE TABLE

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Benchmark YTD
2021	0.1%	-3.4%	-1.5%	0.1%	-0.2%	-1.1%							-6.0%	3.2%
2020	3.3%	-1.3%	-16.1%	-7.9%	-1.9%	-7.2%	2.3%	1.2%	2.1%	-0.2%	-0.4%	-2.1%	-26.3%*	7.9%
2019	1.8%	-1.2%	-1.2%	0.6%	1.0%	-0.1%	1.3%	0.1%	3.5%	1.0%	1.5%	-0.8%	7.8%	10.1%
2018	0.5%	1.0%	-1.7%	3.5%	2.4%	3.0%	0.5%	1.0%	-0.8%	-2.4%	-1.2%	2.1%	7.9%**	10.1%
2017	-0.7%	1.5%	-0.2%	-0.2%	0.8%	1.2%	-2.2%	-1.0%	1.0%	-2.2%	0.6%	2.6%	1.2%	10.4%
2016									1.7%	0.7%	2.0%	0.7%	5.2%	3.4%

*Lowest annual return for the periods shown

**Highest annual return for the periods shown

TOTAL INVESTMENT CHARGES:

Three year annualised as per ASISA Standard

Period (annualised)	1 April 2018	to	31 March 2021
Class B Distributing	Total Expense Ratio (TER)	Transaction Costs (TC)	Total Investment Charges (TER + TC)
	2.02%	0.47%	2.50%
	of the value of the fund was incurred as expenses relating to the administration of the fund. No performance fees are charged.	of the value of the fund was incurred as costs relating to the buying and selling of the assets underlying the fund	of the value of the fund was incurred as costs relating to the investments of the fund

Total Expense Ratio (TER) and Transaction Costs (TC)

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 TERs. The TER does not include Transaction Costs, which are shown separately. Transaction Costs are a necessary cost in administering the fund and impacts fund 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.

TOTAL EXPENSE RATIO:

One year, as at financial year-end, as per Board Notice 92 of 2014

1 April 2020 to 31 March 2021
Total Expense Ratio (TER)
1.57%
of the value of the fund was incurred as expenses relating to the administration of the fund.

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 +27 21 670 9100) 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.

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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.

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.

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 LSPs, 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.

Limitation of liability

This document has been compiled for information purposes only and does not take into account the needs or circumstances of any person or constitute advice of any kind. It is not an offer to sell or an invitation to invest. The information and opinions in this document have been recorded by Citadel and the manager in good faith from sources believed to be reliable, but no representation or warranty, express or implied, is made as to their accuracy, completeness or correctness. Citadel and the manager accordingly accept no liability whatsoever for any direct, indirect or consequential loss arising from the use of this document or its contents.

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.

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Additional information

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