

# 36ONE FR Retail Hedge Fund

## Minimum Disclosure Document

March 2024

(Class 1)

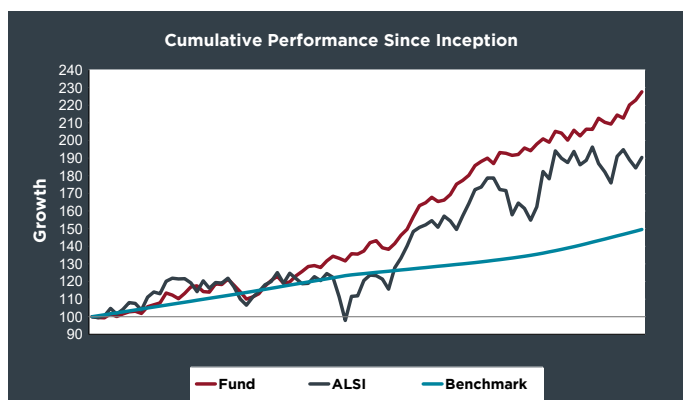
# 36ONE

Asset Management

**Investment Manager:** 36ONE Asset Management (Pty) Ltd  
**Fund Name:** 36ONE FR Retail Hedge Fund  
**ASISA Classification:** Retail Hedge Fund - South African - Long/Short Equity - Long Bias  
**Inception Date:** 01 December 2008  
**CISCA Inception Date:** 01 November 2016  
**Portfolio Size:** R 2,680 m  
**NAV Price:** R 649  
**Number of Units:** 4,689,959.91  
**ISIN:** ZAE000257648

### INVESTMENT OBJECTIVES:

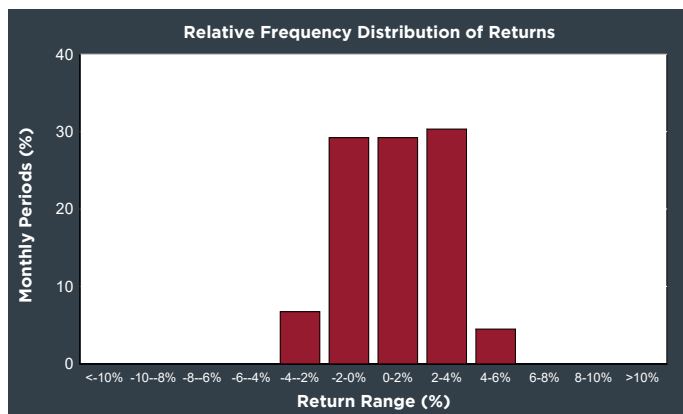
- Generate absolute returns over the long term regardless of market direction,
- Grow investors' capital in real terms over the long term,
- Reduce volatility of returns by managing the risks associated with investing in equities.



Cumulative Source: Apex Fund and Corporate Services SA as at March 2024

Index Source: Bloomberg as at March 2024

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.



Frequency Distribution Source: Apex Fund and Corporate Services SA as at March 2024

### INVESTMENT PERFORMANCE:

RETURN ANALYSIS	36ONE	Cash	ALSI
1 month	2.13%	0.62%	3.23%
3 months	7.03%	1.86%	-2.25%
1 year	13.72%	7.59%	1.55%
3 year p.a.	11.76%	5.43%	8.11%
5 year p.a.	13.56%	5.18%	9.68%
Since inception p.a.	11.73%	5.57%	9.07%
RISK ANALYSIS	36ONE	Cash	ALSI
Standard Deviation p.a.**	7.16%	0.41%	16.67%
Loss Deviation*	2.00%	n/a	7.02%
Gain Deviation*	4.30%	0.50%	10.58%
Sharpe Ratio*	1.03	-	0.17
Sortino Ratio*	2.95	n/a	0.37
Largest Drawdown	-9.34%	n/a	-21.72%
Best Month	5.20%	0.62%	13.98%
Worst Month	-3.62%	0.27%	-12.13%
Highest 12 Month Rolling Period	28.27%	7.59%	53.98%
Lowest 12 Month Rolling Period	-2.01%	3.31%	-18.42%
Gain Periods	57	89	49
Loss Periods	32	-	40
Correlation	1.00	-0.12	0.48
Value at Risk - 95%	3.21%	n/a	6.80%

Please note the figures from the Investment Performance table are from CISCA inception date.

\*Statistics based on 36 month rolling period.

\*\*Statistics based since inception date.

The annualised 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. 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.

<b>Hurdle/Benchmark:</b>	Standard Bank Call Rate
<b>Subscriptions:</b>	Daily
<b>Redemptions:</b>	Daily
<b>Service Fee:</b>	1.13% (excl. VAT)
<b>Performance Fee:</b>	20% of excess above benchmark over a rolling 1 year period, capped at 3.5%
<b>Minimum Investment:</b>	R250,000 lump sum or R2,000 monthly
<b>CIS Manager:</b>	FundRock Management Company (RF) (Pty) Ltd
<b>Administrators:</b>	Apex Fund and Corporate Services SA
<b>Total Expense Ratio (TER%):</b>	1.63%
<b>Transaction Cost Ratio (TC%):</b>	1.01%
<b>Total Investment Charges (TIC%):</b>	2.64%
<b>Performance Fee(PF) Included in TER:</b>	0.28%
<b>Income Distribution:</b>	
<b>Declaration:</b>	Last day of December
<b>Payment:</b>	December 2023 : 2325.04 cpu
<b>Auditors:</b>	Deloitte

## NET MONTHLY PERFORMANCE SINCE CISCA INCEPTION:

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD		
2016													-0.52	-0.14	-0.65
2017	2.27	-1.46	1.46	1.20	0.27	-1.18	3.76	1.03	0.99	5.20	-1.04	-1.81	10.96		
2018	2.74	3.25	0.53	-2.81	-0.27	4.12	-0.29	2.59	-2.93	-3.10	-3.62	1.10	0.90		
2019	1.62	3.83	2.69	2.02	-3.24	0.64	2.89	2.01	2.25	0.41	-0.83	2.90	18.38		
2020	2.02	-0.88	-1.13	3.11	-0.17	1.33	3.41	0.83	-2.84	-0.61	2.37	3.31	11.04		
2021	2.31	4.74	4.08	0.99	1.86	-1.42	0.49	1.91	3.46	1.22	1.65	3.04	27.04		
2022	1.27	0.99	-1.61	3.34	-0.22	-0.60	0.26	1.90	-0.78	1.95	1.49	-0.96	7.15		
2023	3.10	-0.48	-1.97	2.83	-1.58	1.89	-0.06	3.07	-1.09	-0.48	2.45	-0.83	6.87		
2024	3.50	1.25	2.13										7.03		

## RISK PROFILE: MEDIUM

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. 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 adviser.

## PORTFOLIO VALUATION & TRANSACTION CUT-OFF

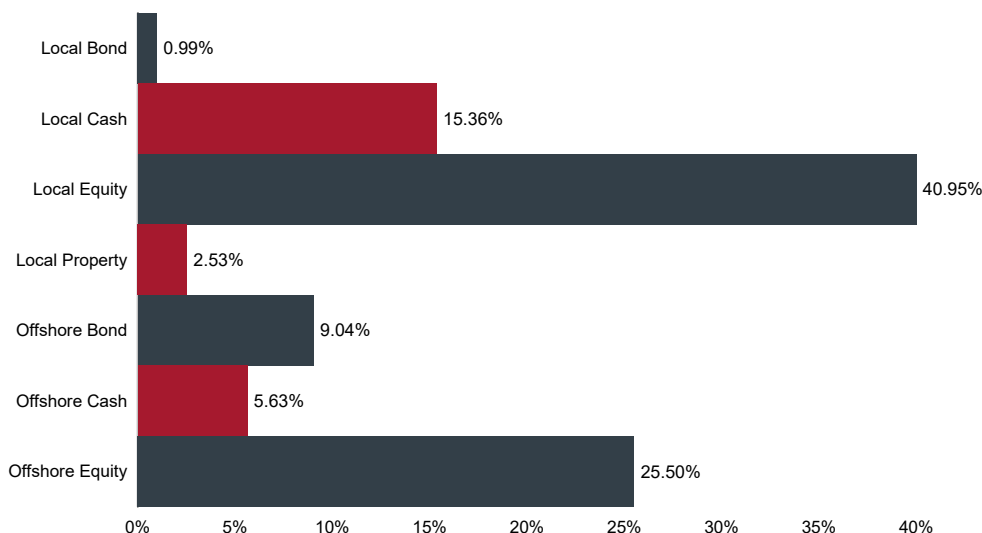
The portfolio is valued daily. The transaction cut-off time is 14:00pm on a business day. Investor instructions received after 14:00pm shall be processed the following business day.

## 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. The TER and transaction cost calculations are based on a 1 year rolling period. Fee calculations are based upon their most recent published figures, being the date of this report.

## PORTFOLIO ALLOCATION REPORT

### CURRENT ASSET ALLOCATION



### QUARTERLY PORTFOLIO & MARKET COMMENTARY BY THE INVESTMENT MANAGER

South African markets were weaker in the first quarter, following a strong finish to 2023. The FTSE/JSE All Share Index lost 2.2%. Bonds were negative and property was positive, outperforming the other asset classes for the quarter.

Global equity markets had a strong start to 2024 with broad-based gains. US markets were in the green with the S&P500 having its best start to a year since 2019. That market was supported by resilient economic data and better than expected corporate earnings. As expected, the US Federal Reserve (Fed) kept interest rates unchanged. However, Chairman Jerome Powell set a dovish tone at the March meeting, reiterating the forecast for three rate cuts later this year. The market had begun to doubt the number of rate cuts for this year as the last three readings of annualised US CPI came in above expectations. Powell addressed these higher readings and referred to them as a “bumpy ride” lower to target levels. Uncertainty remains regarding the timing of the first rate cut which the market initially expected to occur in March. Most major central banks kept interest rates unchanged this quarter and are likely to remain cautious as rate cuts begin in the second half of the year.

Outside of the US, performance was mostly positive. European equities rose along with the United Kingdom (albeit at a weaker pace). Asia was stronger as Japanese equities hit an over 30-year high, and Chinese equities rose from low levels. The United Kingdom entered a technical recession. The Euro zone narrowly avoided recession, with improving leading indicators showing that better growth lies ahead. China had some positive news in February. Strong travel data over the Lunar New Year was reported along with new stimulus measures announced by the Chinese government. These measures included curbs on short selling and a surprise 0.25% cut to the five-year loan prime rate.

The South African Reserve Bank, acting in line with major central banks, kept the local repo rate unchanged. The most important local event during the quarter was the Budget Speech delivered by Finance Minister, Enoch Godongwana. The speech did not have many surprises and was mostly focused on fiscal consolidation. Godongwana announced that the Government Finance Emergency Contingency Reserve Account (GFECRA) will be activated, with R150bn to be distributed to National Treasury. This amount will go towards reducing national debt servicing costs. This will support the fiscus in the short term, but reforms are required to stimulate sustainable real growth in the longer term.

The hedge fund's performance was positive for the quarter. The long and short books were positive. The largest contributors to the long book were Naspers, Grindrod and Kaspers. Absa, Remgro and Zeda detracted from performance. The short book's largest contributors were positions in South African PGM operators and offshore companies trading at elevated levels compared to their fundamentals.

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

### MANDATORY DISCLOSURES

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 the fees are calculated and applied. The manager does not provide any guarantee in respect to the capital or the return of the portfolio. Portfolios may be closed to new investors in order to manage it more efficiently in accordance with its mandate. Prices are published daily on our website.

Additional information, including key investor information documents, minimum disclosure documents, as well as other information relating to the portfolio, including 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 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 off-shore 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 potential limitations on the availability of market information.

The Manager ensures fair treatment of investors by not offering preferential fee or liquidity terms to any investor within the same strategy. FundRock Management Company (RF) (Pty) Ltd (“the Manager”) is registered and approved in terms of the Collective Investment Schemes Control Act 45 of 2002. 36ONE Asset Management (Pty) Ltd (FSP No 19107) is authorised under the FAIS Act to provide discretionary investment management services to hedge funds. The Manager is registered and approved by the Financial Sector Conduct Authority under Cisca. FirstRand Ltd is the appointed trustee. The Manager retains full responsibility for the portfolio.

MANAGEMENT COMPANY	INVESTMENT MANAGER	TRUSTEE
FundRock Management Company (RF) (Pty) Ltd Registration No: 2013/096377/07 Pier Place, Heerengracht Street, Foreshore, Cape Town, South Africa T: +27 21 202 8282 Email: information@apexfs.group Website: www.fundrock.com	36ONE Asset Management (Pty) Ltd An Authorised Financial Services Provider, FSP No. 19107 Registration No: 2004/035570/07 140 West Street, Sandton 2196 T: +27 10 501 0250 Email: support@36one.co.za	FirstRand Ltd, Johannesburg (acting through its RMB Custody and Trustee Services Division) T: +27 87 736 1732

## FUND RISK

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**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:** A 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 material impact the returns of the portfolio more so than diversified portfolios.

**Correlation Risk:** 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.

**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.

## GLOSSARY

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**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).

**Sharpe Ratio:** The ratio of excess return over the risk-free rate divided by the total volatility of the portfolio.

**Sortino Ratio:** The ratio of excess return over the risk-free rate divided by the downside deviation of the portfolio.

**Standard Deviation/Volatility:** The deviation of the return of the portfolio relative to its average.

**Derivative/Financial Instrument:** A contract that derives its value (positive or negative) from another asset.

**Drawdown:** The greatest peak to trough loss until a new peak is reached.

**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.

**Value at Risk (VaR):** Value at risk is the minimum loss percentage that can be expected over a specified time period at a predetermined confidence level.

**Frequency Distribution:** How often returns occur within a specified band.