

Peregrine Capital Pure Hedge H4 QI Hedge Fund

MINIMUM DISCLOSURE DOCUMENT
31 October 2024

Fund objective

The goal of the Pure Hedge Fund is to offer investment stability and downside protection while growing investors' purchasing power. We aim to deliver returns above inflation over the medium term.

What does the fund invest in?

The fund can invest in a wide range of assets, such as listed shares, bonds and property, as well as cash and cash equivalents, both in South Africa and internationally.

Important fund characteristics and risks

The fund managers seek to identify undervalued securities that offer strong upside potential over the medium to longer term. We conduct rigorous research to understand the companies and securities that we invest in to determine their intrinsic value, which allows us to identify opportunities with the best expected returns. The fund typically invests in a wide range of assets, with a preference for shares and fixed income instruments. The fund managers strive to reduce risk through disciplined hedging practices and by maintaining high levels of liquidity to minimise correlation to the equity market.

The Pure Hedge Fund has never had a negative year since its inception in July 1998.

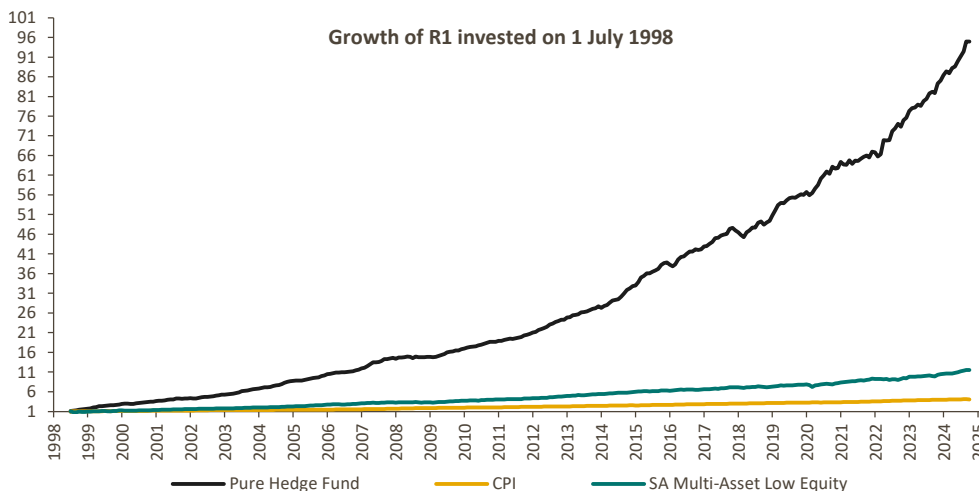
Who should consider investing in the fund?

The Pure Hedge Fund is suitable for you if:

- You want to achieve stable returns that exceed inflation and protect your capital
- You are comfortable to assume a low level of market risk
- You are ideally investing for at least two years

Net Returns	Pure Hedge Fund	SA Multi Asset- Low Equity Category	CPI
Cumulative			
Since inception	9400.20%	1054.39%	310.82%
Annualised			
Since inception	18.88%	9.73%	5.51%
Latest 15 years	12.38%	7.98%	5.04%
Latest 10 year	11.55%	7.18%	4.94%
Latest 5 years	11.26%	8.23%	4.92%
Latest 3 years	12.92%	8.66%	5.56%
Latest 1 years	16.10%	17.00%	3.85%
Year to date	11.69%	10.09%	3.02%

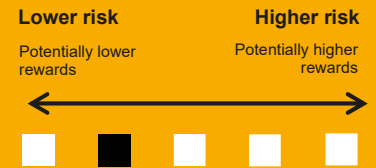
Risk measures	Pure Hedge Fund	SA Multi Asset- Low Equity Category	CPI
Maximum cumulative drawdown	-4.86%	-22.91%	-
Highest annual return	133.81%	40.59%	-
Lowest annual return	0.59%	-3.10%	-
% of positive months	85.44%	75.95%	-



The graph above is for illustrative purposes only and reflects actual fund performance and notional performance of the comparative indices, based on a lump sum contribution on the inception date of the fund. Performance is shown net of all fund charges and expenses and includes the reinvestment of distributions.



RISK PROFILE



KEY FACTS

Fund Managers
Jacques Conradie
David Fraser
Justin Cousins
Simon Steyn

Regulated QI Hedge Fund inception

December 2016

Fund inception

July 1998

Fund status

Open

Fund size

R 1.99 bn

Price per unit (cents)

19 751.37

Number of units

5 125 186.34

Fund class

Class A

Income distribution

Bi-annually

ISIN

ZAE000230496

JSE Code

PCPCA

CONTACT US

Email

info@peregrine.co.za

Website

www.peregrine.co.za

Issue date

11 November 2024

ASSET ALLOCATION

	SA	Foreign	Total
Equity	11.04%	6.79%	17.82%
Fixed Income	8.87%	8.63%	17.50%
Property	5.16%	-2.84%	2.32%
Cash, Collateral & FX, Interest Bearing CIS and Other	55.80%	6.55%	62.36%
	80.86%	19.14%	100.00%

Gross Exposure: 141.24%

NET RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Multi Asset-Low Equity Category
1998							12.98%	3.09%	9.13%	11.57%	6.13%	7.21%	61.36%	-10.69%
1999	4.84%	6.36%	9.64%	6.35%	11.55%	-0.09%	2.90%	4.09%	1.48%	0.39%	4.48%	1.63%	67.90%	40.59%
2000	7.91%	2.35%	-1.25%	-1.16%	-0.62%	5.72%	3.41%	0.98%	3.65%	1.42%	2.24%	1.41%	28.90%	6.46%
2001	4.89%	1.36%	0.87%	0.93%	4.67%	2.67%	0.46%	4.59%	0.28%	-1.83%	1.96%	0.38%	23.16%	18.77%
2002	0.74%	-1.15%	0.44%	3.78%	3.36%	0.88%	1.20%	1.74%	2.06%	2.98%	1.42%	2.96%	22.29%	11.67%
2003	0.82%	1.35%	1.29%	1.85%	2.68%	2.90%	4.56%	1.72%	0.97%	2.48%	2.56%	2.19%	28.46%	13.49%
2004	1.25%	2.02%	2.58%	0.07%	0.89%	3.25%	1.76%	1.79%	3.16%	3.45%	2.79%	2.15%	28.20%	13.43%
2005	1.52%	0.84%	-0.01%	0.02%	1.73%	1.54%	1.51%	1.87%	0.83%	1.11%	3.00%	1.62%	16.70%	15.58%
2006	3.24%	0.89%	1.34%	1.75%	0.51%	0.07%	0.17%	1.21%	0.13%	1.17%	2.00%	1.68%	15.07%	13.58%
2007	2.84%	0.78%	3.41%	4.08%	3.90%	0.21%	0.32%	1.75%	3.49%	0.32%	1.02%	1.17%	25.81%	9.36%
2008	-1.63%	2.32%	-0.21%	0.53%	1.13%	-0.73%	-2.12%	2.85%	-1.21%	-0.08%	0.26%	0.63%	1.61%	2.25%
2009	0.15%	-0.51%	0.37%	1.76%	1.18%	1.73%	2.87%	0.69%	0.78%	1.54%	-0.30%	1.92%	12.81%	9.85%
2010	1.36%	1.26%	1.13%	0.25%	0.31%	1.50%	0.78%	1.35%	1.49%	1.25%	0.18%	-0.04%	11.36%	9.34%
2011	1.18%	0.33%	0.97%	0.95%	0.75%	-0.14%	0.55%	0.91%	0.99%	1.74%	0.90%	1.08%	10.69%	6.35%
2012	1.62%	0.85%	2.30%	1.04%	1.20%	1.56%	2.46%	1.02%	1.73%	1.14%	1.39%	-0.06%	17.50%	13.10%
2013	2.35%	0.22%	2.11%	0.36%	0.57%	1.94%	0.21%	0.60%	1.25%	1.28%	0.61%	1.71%	13.99%	12.17%
2014	-1.38%	1.75%	0.98%	1.91%	1.89%	0.73%	0.57%	2.08%	2.79%	2.80%	1.24%	1.74%	18.43%	8.20%
2015	0.62%	2.68%	3.32%	1.28%	1.83%	-0.14%	1.26%	0.75%	1.18%	2.52%	1.28%	0.48%	18.41%	7.60%
2016	-1.43%	-1.10%	1.38%	3.07%	1.69%	0.34%	1.66%	1.34%	0.04%	1.45%	-0.46%	0.48%	8.68%	3.59%
2017	1.65%	0.27%	1.21%	1.10%	2.29%	0.15%	1.35%	0.48%	0.43%	2.81%	0.37%	-1.32%	11.27%	8.39%
2018	-1.08%	-1.39%	-1.16%	2.76%	0.96%	1.51%	0.02%	2.51%	0.76%	-1.69%	1.22%	0.72%	5.13%	1.24%
2019	2.79%	2.51%	2.64%	1.08%	-0.22%	1.33%	1.14%	0.28%	-0.11%	0.77%	0.81%	-0.28%	13.45%	8.58%
2020	1.23%	-1.37%	1.02%	1.94%	1.60%	2.77%	1.41%	1.54%	-0.87%	2.91%	-0.81%	0.27%	12.15%	5.17%
2021	2.44%	-0.98%	-0.08%	1.75%	-1.35%	1.22%	-0.09%	0.83%	0.74%	0.52%	-0.68%	2.18%	6.60%	13.53%
2022	-0.21%	-1.65%	0.90%	5.37%	-0.02%	0.06%	3.22%	1.00%	1.59%	-0.94%	2.23%	0.84%	12.90%	1.36%
2023	2.24%	0.95%	0.25%	0.89%	-0.42%	1.55%	0.76%	1.72%	0.46%	-0.43%	3.04%	0.88%	12.50%	11.05%
2024	1.54%	1.16%	-0.54%	1.50%	0.44%	1.60%	1.30%	1.39%	2.68%	0.09%			11.69%	10.09%

IMPORTANT NOTES ON CALCULATION OF NET RETURNS AND RISK MEASURES:

The calculation of net returns and the risk measures comprises data from the inception of the Peregrine Capital Pure Hedge en Commandite Partnership on 1 July 1998 until 30 November 2016, thereafter the data relates to the Peregrine Capital Pure Hedge H4 QI Hedge Fund ("Pure Hedge Fund").

The Pure Hedge Fund does not have a benchmark and does not contribute towards the return of the ASISA SA Multi Asset - Low Equity Category.

The data for the ASISA SA Multi Asset - Low Equity Category and CPI is provided for comparative purposes.

FUND COMMENTARY

Quarterly Performance

The Portfolio delivered a net return of 5.46% for the third quarter of 2024. This compares with the JSE Capped SWIX All Share Index, which gained 9.62% in the quarter. It is worth noting that the fund's strong performance during the quarter was achieved while assuming significantly less risk than the market.

Attribution

Returns were broad-based in Q3. Exposure to South African bonds and equities was a significant contributor, following the formation of the Government of National Unity (GNU). Companies in the real estate, financial services, industrials, and retail sectors drove the majority of positive performance, while healthcare was the only local sector with negative returns. Our exposure to Chinese technology shares produced solid international returns after Chinese policymakers announced substantial stimulus measures. Additionally, our selective exposure to technology names in the West contributed to returns this quarter, as AI continues to drive demand for products and services of the companies we own in that category.

Macro

The extreme anxiety that engulfed local markets in the first half of the year was replaced by relief and optimism in the third quarter. The formation of a credible Government of National Unity drove bond and equity markets materially higher, as investors factored in the potential for higher growth stemming from the acceleration of market-oriented reforms. Hope springs eternal!

Internationally, the third quarter was dominated by discussions around inflation, interest rates, and Chinese stimulus. While economic data from the West indicated that inflation had moderated, it was accompanied by slowing economic momentum. Central banks in Europe and the USA initiated interest rate cuts during the quarter, signalling the start of an economic easing cycle. Meanwhile, after a prolonged period of sluggish growth in China, the government announced a series of significant monetary interventions, which drove equity prices higher, particularly in the most under-owned sectors of global equities.

Portfolio Construction

We meaningfully reduced our exposure to South African bonds and equities this quarter as markets rallied and prices approached our fair value estimates. While we remain optimistic about the trajectory of the South African economy under the GNU's stewardship, we need to see evidence of higher growth rates to improve forward-looking return estimates from current prices. Despite trimming our South African positions, we retain selective exposure to undervalued mid-caps and high-quality names with strong growth prospects.

The funds were also net sellers of international equities in the quarter. While we continue to believe that Chinese technology shares are undervalued and under-owned, we have reduced some exposure to these names following the recent rally to better manage our position sizes.

At the end of the quarter, net exposure to equities and real estate stood at 21%, while net exposure to bonds was 18% for Pure Hedge QIHF.

Outlook

As global markets have rallied and expected returns have decreased, maintaining a higher exposure to cash feels prudent at this time. While we are not bearish on growth—either at a macro level or for the individual companies within our investment universe—we are less enthusiastic about the prospective returns offered by asset prices in the current market. We remain on the lookout for attractive investment opportunities, and the funds are well-positioned to deploy capital should prices decline, or compelling new ideas emerge.

FUND CHARGES (Excl. VAT)

Service Charge	
Fund Manager fee	1.00%
H4 Administration fee*	0.23%
Total Service Charge	1.23%
Performance fee**	20.00%

*Includes fees payable for fund administration, for risk data services and to H4
**levied on 20% increase in NAV, subject to the high-water mark

TOTAL EXPENSE RATIO (TER) AND TRANSACTION COSTS (TC)

TER and TC breakdown for the 1 and 3 year period ending 30 June 2024:	1yr%	3yr%
Service charge	1.23%	1.23%
Performance fee	1.07%	1.30%
VAT	0.39%	0.40%
Other costs	0.02%	0.03%
Total Expense Ratio (TER)	2.71%	2.96%
Transaction Costs (TC)	0.74%	1.03%
Total Investment Charge (TIC)	3.45%	3.99%

INCOME DISTRIBUTIONS

Income distributions for the last 12 months	30-Sep-24	31-Mar-24
Cents per unit	217.82	213.19

GLOSSARY

Annualised performance: reflects longer term performance rescaled to a 1-year period. Annualised performance is the average return per year over the period.

High Water Mark (HWM): The highest point in value that the investor's unit has reached. The HWM mark ensures that Peregrine Capital does not get paid a Performance Fee for the same performance twice. The HWM is updated at each Crystallisation Point.

Maximum drawdown: the largest peak to trough decline during a specific period of investment

Total Expense Ratio: includes the annual service charge, performance fee and administrative costs, but excludes VAT and fund transaction costs, expressed as a percentage of the average monthly value of the fund. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return.

Transaction Costs: are the costs relating to the buying and selling of the fund's underlying assets, expressed as a percentage of the NAV. Transaction costs are a necessary cost in managing the fund and may impact the returns.

Total Investment Charge is the sum of the TER and TC. These should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of fund and the investment decisions of the fund manager. Since the fund returns are quoted after the deduction of these expenses, the TER and TC should not be deducted again from published returns.

COUNTERPARTY EXPOSURE

The counterparties to which the fund is exposed to on **31 October 2024** are:

Counterparty	Exposure
Peresec	3.72%
JP Morgan	1.12%
BNY	0.18%
Morgan Stanley	10.61%
Standard Bank of South Africa Limited	0.36%

QUARTERLY RISK REPORTING for the quarter ended 30 September 2024

Sources of Leverage:

The prime broker appointed for the fund is Peresec (Pty) Ltd ("Peresec"). The fund achieves its leveraged positions through the utilisation of derivatives and short positions. Refer below for the quarter end leverage value.

Exposure Limits:

Gross exposure is the measure of leverage, with the limit set at 3 times NAV.

Peak gross exposure during reporting period	1.55 Times NAV
Gross exposure at quarter end	1.44 Times NAV

Re-hypothecation of assets:

Re-hypothecation refers to the practice whereby the prime broker uses the securities of the fund as collateral for the prime broker's own purposes. The prime broker mandate in place with Peresec does not permit the re-hypothecation of assets. The mandate in place with Morgan Stanley & Co. International plc allows for re-hypothecation in accordance with the agreed terms. On a daily basis the maximum limit of re-hypothecation allowed is calculated, referred to as the adjusted value, and is reported with the details of any re-hypothecated assets. At quarter end there were no re-hypothecated assets.

Methodology of stress testing:

The methodology for stress testing is based on a regulatory requirement to test the impact on the performance of the fund under outlier events based on historical correlations. H4 uses an external risk data service provider, RisCura Analytics (Pty) Ltd, who has the capabilities to stress test portfolio information through a global risk factor model, MSCI BarraOne. Various stressed environments have been created and their impact assessed on the fund.

H4 are comfortable with the results of the stress testing performed on the fund for the quarter.

Changes to the liquidity profile of the fund:

There were no significant changes to the liquidity profile of the fund.

Contact information:

For more information regarding risk reporting, please contact H4 on hedgerisk@h4ci.co.za or +27 21 670 5259.

Investment strategy and mandate

The fund invests across asset classes, both locally and offshore. Significant exposures may be taken in individual positions from time to time. Peregrine Capital employs a bottom up stock selection process based on rigorous and disciplined fundamental research, drawing on experience of covering the sectors and companies over many years. Peregrine Capital focuses its time on building up a detailed understanding of specific companies, rather than predicting the economic trends or taking a view on overall markets.

Risk warning

The risks associated with investing in the fund 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 and risks related to a specific security (such as the possibility of a company's credit rating being downgraded).

The fund managers may use leverage. Leverage is the use of various financial instruments or borrowed capital, such as margin, to increase the potential return of an investment. Leverage includes the use of derivatives. Derivatives derive their value from the value of an underlying asset. The use of leverage within the fund involves risk because depending on how the leverage is structured, the fund's losses or gains may be unlimited. Other risks include counterparty risk and liquidity risk. The fund may take significant exposures in individual positions which may create concentration risk.

Counterparty risk is the risk that the other party to a transaction may not be able to perform its obligations. Liquidity risk means that during volatile periods, the tradability of certain instruments may be impeded. Where foreign securities are included in the fund there may be potential constraints on liquidity and the repatriation of currency, macroeconomic risks, political risks, foreign exchange risks, tax risks, settlement risks and potential limitations on the availability of market information.

General information

This document is the minimum disclosure document ("MDD") required by Board Notice 92 of 2014 published by the Financial Sector Conduct Authority under the Collective Investment Schemes Control Act, No. 45 of 2002. Collective Investment Schemes in Hedge Funds should be considered as medium to long-term investments. The value may go down as well as up and past performance is not necessarily a guide to future performance. Collective Investment Schemes in Hedge Funds are traded at the ruling price and can engage in scrip lending and borrowing. A schedule of fees, charges and maximum commissions is available on request from the Manager. Neither the Manager nor Peregrine Capital provides any guarantee either with respect to the capital or the investment performance of the fund.

The Manager has the right to close the fund to investments from new investors, and/or to close the fund to new investments, and/or to accept new investments only from certain persons or groups of persons, and/or to limit or suspend the creation and issue of new participatory interests, in each case on such terms as it may determine, if such restrictions will, in the Manager's view, benefit the fund or the effective management thereof or for any other reason whatsoever. 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 Peregrine Capital nor H4 guarantee that such forecasts or commentary will occur.

Calculation of the NAV and price

The value of participatory interests (also referred to as units) is calculated on a net asset value ("NAV") basis. The NAV is the total value of all assets in the fund including any income accruals and less any permissible deductions (which may include audit fees, brokerage, service fees, securities transfer tax and bank charges) for a particular class. The price of participatory interests is calculated by dividing the NAV by the number of participatory interests in issue for that class. The price of participatory interests is published monthly in the MDD, which is available at www.peregrine.co.za.

Investment performance

The performance calculated and shown is that of the fund. Performance has been calculated using net NAV to NAV numbers with income reinvested. The investment performance for each period shown reflects the net return for investors who have been fully invested for that period. Individual investor investment performance may differ as a result of initial fees (if applicable), the actual investment date, the date of reinvestment of distributions and/or distribution dates, and dividend withholding tax. Where periods of longer than 1 year are used in calculating past performance, certain figures may be annualised. Annualised performance is the average return per year over the period. Actual annual figures and investment performance calculations are available on request from H4.

Performance fees

A management and performance fee is charged to the fund. Performance fees are payable on positive performance using a participation rate of 20% above the hurdle (STEFOCAD index).

Total Expense Ratio for year ended 31 March 2024 2.31%

A high water mark ("HWM") is applied, which ensures that performance fees will only be charged on new performance. There is no cap on the Rand amount of performance fees.

Disclosure in respect of third party named portfolios

The fund is a third party named portfolio. A hosted or third party named portfolio bears the name of the Manager and the fund manager. The Manager retains full legal responsibility for hosted/third party named portfolios.

Fund dealing and redemption notice period

Monthly dealing and one calendar month redemption period.

Fund valuation time

The end of the day of the last day of the month.

Transaction cut-off times

Please refer to the H4 Hedge Fund Portfolios Terms and Conditions, which is available on request from H4.

Contact details

Manager

H4 Collective Investments (RF) Proprietary Limited ("H4"), Registration number: 2002/009140/07 | Physical address: The Citadel, 15 Cavendish Street, Claremont, 7708 | Postal address: PO Box 223388, Claremont, 7735 | Telephone number: +27 86 000 7993 | E-mail address: hedge@H4ci.co.za | Website: www.citadel.co.za. H4 is a member of the Association for Savings and Investments SA ("ASISA").

Custodian

Standard Bank of South Africa Limited, Registration number: 1962/000738/06 | Physical address: 8th Floor, North Tower, The Towers, 2 Hertzog Boulevard, Foreshore, Cape Town, 8001 | Telephone number: +27 21 401 2383 | Website: www.standardbank.co.za.

The Manager and Custodian are registered and approved under the Collective Investment Schemes Control Act, No. 45 of 2002.

Fund Manager

Peregrine Capital Proprietary Limited ("Peregrine Capital"), Registration number: 1998/004238/07 is an authorised Financial Services Provider (FSP 607) under the Financial Advisory and Intermediary Services Act, No. 37 of 2002 ("FAIS"). Peregrine Capital has been appointed by H4 to act in the capacity of discretionary hedge fund manager of the fund. Please be advised that there may be representatives acting under supervision.

Physical address: 10th Floor, 39 Wierda Rd West, Wierda Valley, Sandton, 2196 | Postal address: PO Box 650361, Benmore, 2010 | Telephone number: +27 11 722 7482 | Website: www.peregrine.co.za.

Additional information

For any additional information such as the price of participatory interests please email hedge@H4ci.co.za. Application forms are available at www.peregrine.co.za.

CPI

The CPI figures are lagged by one month as the number was calculated before this month's inflation rate was released.

SA Multi Asset - Low Equity Category

The South African Multi Asset – Low Equity category is defined in the ASISA Standard on Fund Classification for South African Regulated Collective Investment Scheme Portfolios. The market value-weighted average return of portfolios in the ASISA South African Multi Asset – Low Equity category from 1 February 2000 to 31 January 2013, was the market value-weighted average return of the funds in the Domestic Asset Allocation Prudential Low Equity sector of the previous ASISA Fund Classification Standard.

Limitation of liability

This MDD 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 participatory interests or an invitation to invest. The information and opinions in this MDD have been recorded by H4 and Peregrine Capital 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. H4 and Peregrine Capital accordingly accept no liability whatsoever for any direct, indirect or consequential loss arising from the use of this MDD or its contents.

