

FUND DESCRIPTION

The Apex Digital Backed Infrastructure Fund eCP develops and acquires property backed by long term leases from digital age institutions.

FUND OBJECTIVE

The main objective is to develop and acquire property tenanted by digital age institutions with high credit ratings. Assets are retained for capital and income growth.

FUND INFORMATION

Fund Size:	R 383 million
Inception Date:	27 October 2021
Domicile:	South Africa
Currency:	ZAR
Minimum Investment:	R5m per clause 4.2.2 of Partnership Agreement
Management Fee:	1,5% on GAV, levied quarterly in advance
Base and Performance Fee:	1,5% Base Fee; 0% Performance Fee
Carry:	10%
Lock-in Period:	10 Years
FSCA Profile:	FSP 50406, CATII License Holder
Structure:	Linked Units

FUND STRATEGY

The Apex Digital Backed Infrastructure Fund eCP actively invests in property opportunities that show superior returns over a 5 to 10 year period. Beyond standard property fundamentals, the Fund actively looks for assets backed by long term leases from corporations in the digital age space. Cash flows of these corporations are analysed to understand their sustainability.

MONTHLY FUND PERFORMANCE: Return on Net Asset Value (NAV)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2021										0.12%	0.58%	0.85%	1.56%
2022	0.88%	0.75%	0.92%	0.91%	0.95%	0.92%	0.96%	0.97%					7.49%

ASSET VALUE

CENTRE	LOCATION	ASSET VALUE
Amazon Web Services	Cape Town	R383m

TOTAL GLA BY PROPERTY

CENTRE	LOCATION	TOTAL GLA
Amazon Web Services	Cape Town	9,739

MARKET COMMENTARY

The Apex Digital Backed Infrastructure Fund is a defensively positioned linked unit premium property investment fund. During the quarter, June to August 2022, the Fund yielded a 2.9% return, bringing its total net return to 9.2%, since inception.

The real challenge in this global economic climate is that for 40 years we haven't had inflation and the banks have truly been behind the curve. As a result, Central Banks around the world have panicked in the short term, frontloading interest rate hikes to contain inflation at all costs. The trade-off, however, is a deep recession in these efforts to contain inflation. Hence, we expect this period of heightened volatility will persist and everyone will have to continue to recalibrate their outlook. As a macroeconomic backdrop for Q3, global inflation continued to be revised up, due to food and energy prices as well as lingering supply-demand imbalances. The Russian invasion of Ukraine and a heatwave in the US also caused a surge in electricity prices. Developed Market electricity prices were up 54% year-on-year in the UK, up 35% in Europe, up 20% in Japan and up 15% in the US. Currently, one in every six American households are now behind on their utility bills. In the US, despite the expectation that the August CPI print will decline from 8.5% to 8% (NB: still at 40-year highs), the US FED is still targeting 2-3% inflation and have indicated that that slowdown is not enough and that they will continue to hike "until the job is done". The clear risk, however, is reflected in the latest PMI numbers as recessionary pressures have clearly started to build in the US. Last week, the ECB also hiked interest rates by 75bps, which was in line with market expectations. Further expectations are for another 100bps+ by Feb 2023 as their retail sales print also continues to slow. Despite this DM backdrop, we remain positive on South Africa. As a commodity based emerging market, we are primed to perform well in a stagflationary type environment (typically characterised by rising rates, rising unemployment, and slowing growth). Our Agricultural sector is up 35% since pre-Covid levels. Strong commodity prices, propped up by stimulus out of China, has also seen our mining sector become 8% of our SA economy over the past 5 years (the highest it's been in 30 years). Most notably, our Feb 2022 Budget speech included an expected nominal GDP forecast in SA at 3%. Given current economic activity, SA nominal GDP is likely to come in at 4.4% for the period ended April 2023.

From a fund perspective, the SA Construction sector is still 18% below pre-Covid levels with relatively no construction during Covid. This bodes well for a great rebound in the property sector as new developments present the seeds for the next rally in properties. As a SA specific premium property investor, we think considered risk into real estate assets with quality tenants will outperform.

DISCLAIMER

The information provided herein is based on such information as is available to Apex Digital Backed Infrastructure Fund en Commandite Partnership at the date of issue of this report and the Apex Digital Backed Infrastructure Fund en Commandite Partnership has used its best reasonable efforts to verify the accuracy thereof. Apex Digital Backed Infrastructure Fund en Commandite Partnership has relied on information and advice provided to it by third parties whom Apex Digital Backed Infrastructure Fund en Commandite Partnership believes to have the best knowledge and expertise in respect of such matters and the Company cannot be held liable for any errors in such third parties' representations made or reports issues, on which the Company has relied. Should Apex Digital Backed Infrastructure Fund en Commandite Partnership become aware of any inaccuracies in this report following the issue hereof, it shall notify the shareholders of such inaccuracy as soon as reasonably possible after becoming aware thereof.

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