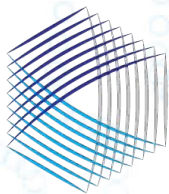


CASTLE HALL

The Due Diligence Company



Financial Statement Reviews

How Castle Hall Can Help You



A fund's financial statements represent foundational due diligence evidence, particularly for ongoing monitoring of existing investments. However, the review of financial statements ("FS") is a challenging due diligence obligation.

- The FS review process can require investors to read hundreds of financial statements – all on a very compressed timeline
- Spreadsheets are limited when capturing and reporting FS information, especially for large portfolios
- How does the diligence team validate and evidence that 80% of funds have no financial reporting issues – and then target in on the 20% where the financial statements could raise diligence issues?

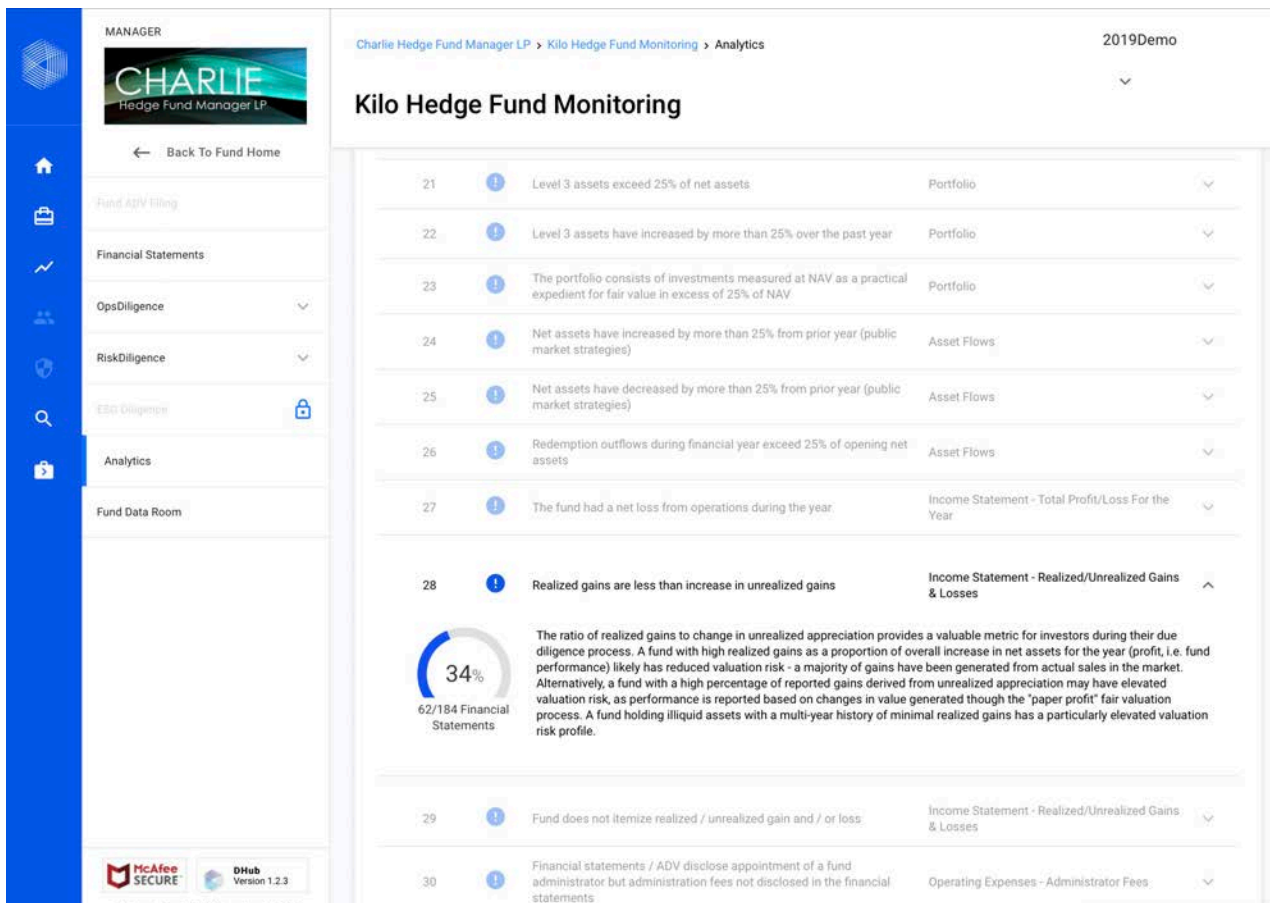
Castle Hall's OpsMonitor Financial Statement program responds to these questions. Our high capacity, technology based diligence program offers investors an industry leading FS solution.

As an added benefit, Castle Hall financial statement clients have full access to DiligenceExpress, which presents ADV data on each SEC registered manager in your portfolio, at no additional cost.

In 2018, Castle Hall reviewed the financial statements of several thousand fund entities. Contact us to learn more about how our financial reporting due diligence can help you.

Financial Reporting Analytics

- ▶ Castle Hall's FS solution leverages DiligenceHub, our online due diligence app
- ▶ Castle Hall uses 50 analytics factors to analyze the financial reporting profile of each fund in the portfolio
- ▶ Online tools allow review of each factor: how many funds in my portfolio do not have a "top tier" auditor?



MANAGER

CHARLIE
Hedge Fund Manager LP

← Back To Fund Home

Charlie Hedge Fund Manager LP > Kilo Hedge Fund Monitoring > Analytics

2019 Demo

Kilo Hedge Fund Monitoring

| | | |
|----|---|---|
| 21 | Level 3 assets exceed 25% of net assets | Portfolio |
| 22 | Level 3 assets have increased by more than 25% over the past year | Portfolio |
| 23 | The portfolio consists of investments measured at NAV as a practical expedient for fair value in excess of 25% of NAV | Portfolio |
| 24 | Net assets have increased by more than 25% from prior year (public market strategies) | Asset Flows |
| 25 | Net assets have decreased by more than 25% from prior year (public market strategies) | Asset Flows |
| 26 | Redemption outflows during financial year exceed 25% of opening net assets | Asset Flows |
| 27 | The fund had a net loss from operations during the year | Income Statement - Total Profit/Loss For the Year |
| 28 | Realized gains are less than increase in unrealized gains | Income Statement - Realized/Unrealized Gains & Losses |
| 29 | Fund does not itemize realized / unrealized gain and / or loss | Income Statement - Realized/Unrealized Gains & Losses |
| 30 | Financial statements / ADV disclose appointment of a fund administrator but administration fees not disclosed in the financial statements | Operating Expenses - Administrator Fees |

34%
62/184 Financial Statements

The ratio of realized gains to change in unrealized appreciation provides a valuable metric for investors during their due diligence process. A fund with high realized gains as a proportion of overall increase in net assets for the year (profit, i.e. fund performance) likely has reduced valuation risk - a majority of gains have been generated from actual sales in the market. Alternatively, a fund with a high percentage of reported gains derived from unrealized appreciation may have elevated valuation risk, as performance is reported based on changes in value generated through the "paper profit" fair valuation process. A fund holding illiquid assets with a multi-year history of minimal realized gains has a particularly elevated valuation risk profile.

McAfee SECURE

DHub Version 1.2.3

Financial Reporting Analytics



The Due Diligence Company

- ▶ Our powerful analytics tool allows cross portfolio analysis - and peer groups will be available later in 2019
- ▶ Analyze your portfolio and gather new due diligence insights: which funds have a non big 4 auditor, *plus* have an emphasis of matter audit opinion, *plus* have an expense ratio above 50 basis points?

The screenshot displays the "Castle Hall Analytics" web application. The header includes the company logo, the title "Castle Hall Analytics", the tagline "Due diligence insights across your entire portfolio", and a "2019Demo" dropdown. Below the header is a navigation bar with tabs: "Service Providers", "Valuation", "Filter Analytics" (which is active), and "View Analytics". Under the "Filter Analytics" tab, there are sub-tabs: "Analyze", "Financial Statement", and "Risk Factors". The main content area is divided into three panels. The left panel, titled "Select Risk Factors", lists various risk factors such as "Directors / General Partner / Trustees / Managing Director / Manager", "Fund is subject to qualified audit opinion", "Audit opinion includes an emphasis of matter paragraph", "Audit opinion includes an 'other matter' disclosure", "Financial statements are subject to audit, but not prepared under GAAP (other basis of accounting used)", and "Financial statements are not prepared under US GAAP or IFRS (other GAAP utilized)". The middle panel, titled "Selected Risk Factors", shows a list of selected factors: "Has Risk Factor(s)" with a "Clear List" button, "Auditor is not a 'Big 4' firm", and "AND Does Not Have Risk Factor(s)". The right panel, titled "Additional Filters", includes dropdown menus for "Asset Class", "Strategy", and "Jurisdiction", as well as input fields for "Manager AUM Range" and "Fund AUM Range". A "Show Results" button is located at the bottom center of the interface.

Key Areas of Coverage

Auditor & Audit Opinion

- Auditor identity
- Change of auditor
- Qualified opinion
- Timeliness of the audit opinion
- Accounting framework



Balance Sheet & Equity

- Balance sheet leverage
- Private fund credit lines
- Change in net assets year on year
- Significant capital outflows / negative performance?
- Portfolio turnover



Valuation

- Portfolio analysis; Level 1, 2, & 3 assets or assets valued at NAV
- Monitor change of portfolio composition over the years
- Material increase in level 3 assets?



Income Statement

- Quality of income review: analysis of realized vs unrealized gains
- Unusual or nonrecurring items included in the income statement



Expenses

- Operating expense ratio analysis
- Significant absolute dollar value of expenses
- Management fees & incentive fees %
- Detailed list of key expenses



Footnote Disclosures

- Related Parties
- Credit line (for PE funds)
- Subsequent Events Review
- Commitment & Contingencies



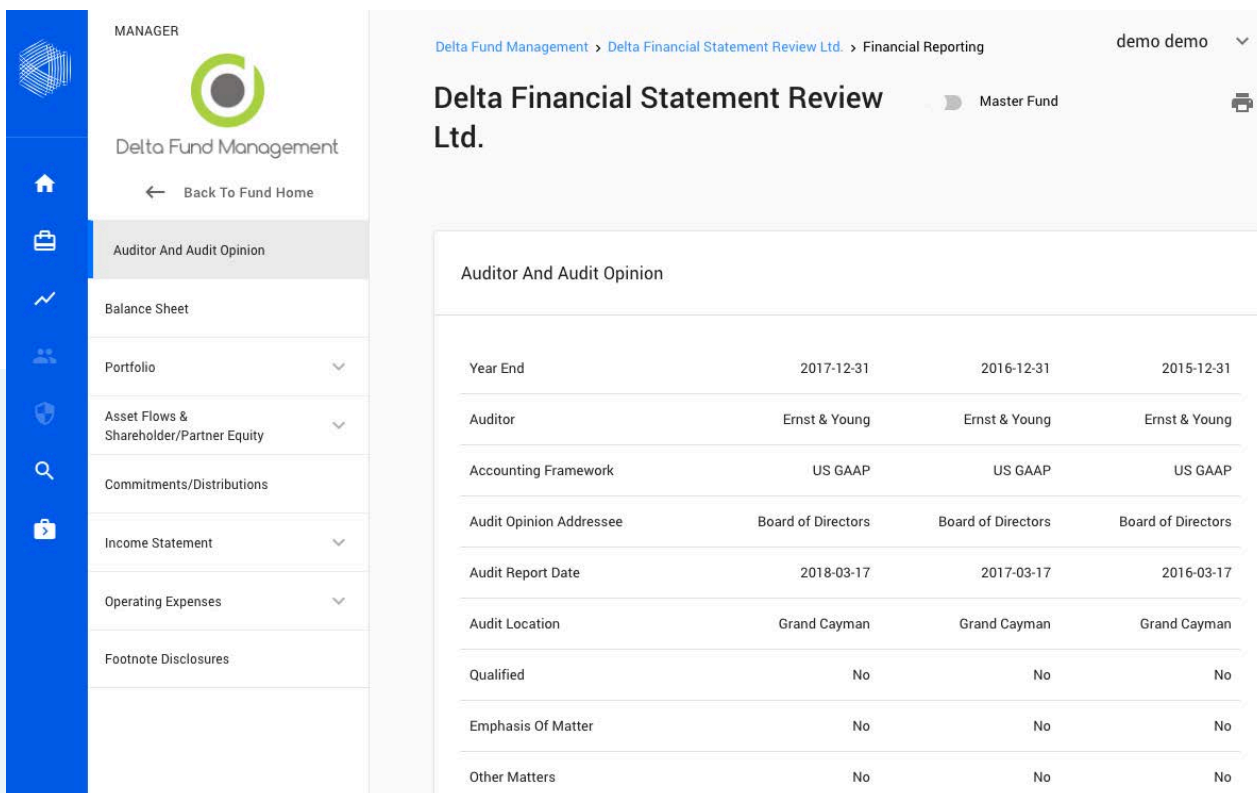
Auditor & Audit Opinion

Auditor

- ▶ Identity of auditor
- ▶ Signing office
- ▶ Whether the auditor has changed year on year

Audit Opinion

- ▶ Unqualified / qualified / emphasis of matter / other matter
- ▶ Timeliness of opinion
- ▶ Addressee of audit opinion
- ▶ GAAP
- ▶ Reporting framework



The screenshot displays the 'Delta Financial Statement Review Ltd.' interface. The left sidebar contains a navigation menu with icons for Home, Audit, Reports, and Settings. The main content area is titled 'Delta Financial Statement Review Ltd.' and includes a 'Back To Fund Home' link. The 'Auditor And Audit Opinion' section is highlighted in the sidebar and shows a table with the following data:

| Year End | 2017-12-31 | 2016-12-31 | 2015-12-31 |
|-------------------------|--------------------|--------------------|--------------------|
| Auditor | Ernst & Young | Ernst & Young | Ernst & Young |
| Accounting Framework | US GAAP | US GAAP | US GAAP |
| Audit Opinion Addressee | Board of Directors | Board of Directors | Board of Directors |
| Audit Report Date | 2018-03-17 | 2017-03-17 | 2016-03-17 |
| Audit Location | Grand Cayman | Grand Cayman | Grand Cayman |
| Qualified | No | No | No |
| Emphasis Of Matter | No | No | No |
| Other Matters | No | No | No |

Balance Sheet

- ▶ Balance sheet leverage
- ▶ Change in net assets / total equity year on year. Unlike US GAAP, Castle Hall presents multiple years of comparative data
- ▶ Does the private market fund have a credit line?

- ▶ *Added value – portfolio turnover (purchases of securities per cash flow statement divided by average net assets). Are the financial statements consistent with investor expectations around strategy behaviour? A “buy and hold” strategy should not have a portfolio turnover of 12 (suggesting turnover of all positions every month)*

| Balance Sheet | | | | |
|---------------------------------|---|-----------------|-----------------|------|
| Year End | 2017-12-31 | 2016-12-31 | 2015-12-31 | |
| Currency | USD | USD | USD | |
| Balance sheet total assets | 3,718,642,617 | 4,162,487,114 | 3,961,882,275 | |
| Balance sheet total liabilities | (1,790,862,491) | (2,019,719,742) | (1,882,398,693) | |
| Balance sheet total equity | 1,927,780,126 | 2,142,767,372 | 2,079,483,582 | |
| Balance sheet leverage ? | 1.93 | 1.94 | 1.91 | |
| Portfolio Turnover ? | Security Purchases / Average Net Assets | 1.89 | 2.10 | 1.61 |

Valuation

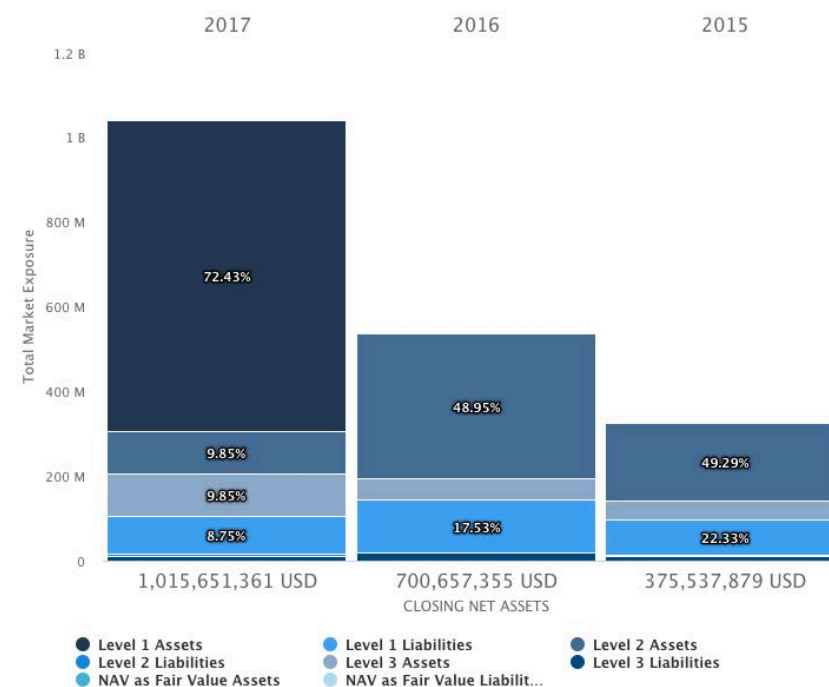
- Presentation of portfolio composition: Level 1, 2 & 3 assets and / or assets valued at NAV
- Castle Hall adopts standard instrument categories to enable consistent presentation, even for complex funds and portfolios

Assets

| Year End | 2017-12-31 | 2016-12-31 | 2015-12-31 |
|---------------------|-------------|-------------|-------------|
| Level 1: | | | |
| Derivatives | 3,415,390 | 1,596,912 | 1,287,653 |
| Equity | 732,262,720 | -- | -- |
| Level 1 Total: | 735,678,110 | 1,596,912 | 1,287,653 |
| Level 2: | | | |
| Derivatives | 100,042,489 | 1,596,912 | 1,152,963 |
| Equity | -- | 341,353,392 | 183,963,521 |
| Level 2 Total: | 100,042,489 | 342,950,304 | 185,116,484 |
| Level 3: | | | |
| Private Investments | 100,000,000 | 50,000,000 | 45,000,000 |
| Level 3 Total: | 100,000,000 | 50,000,000 | 45,000,000 |

- Added value: Interactive graphs allow interactive, year on year comparison of Level 1 / 2 / 3 assets

Portfolio Composition Chart

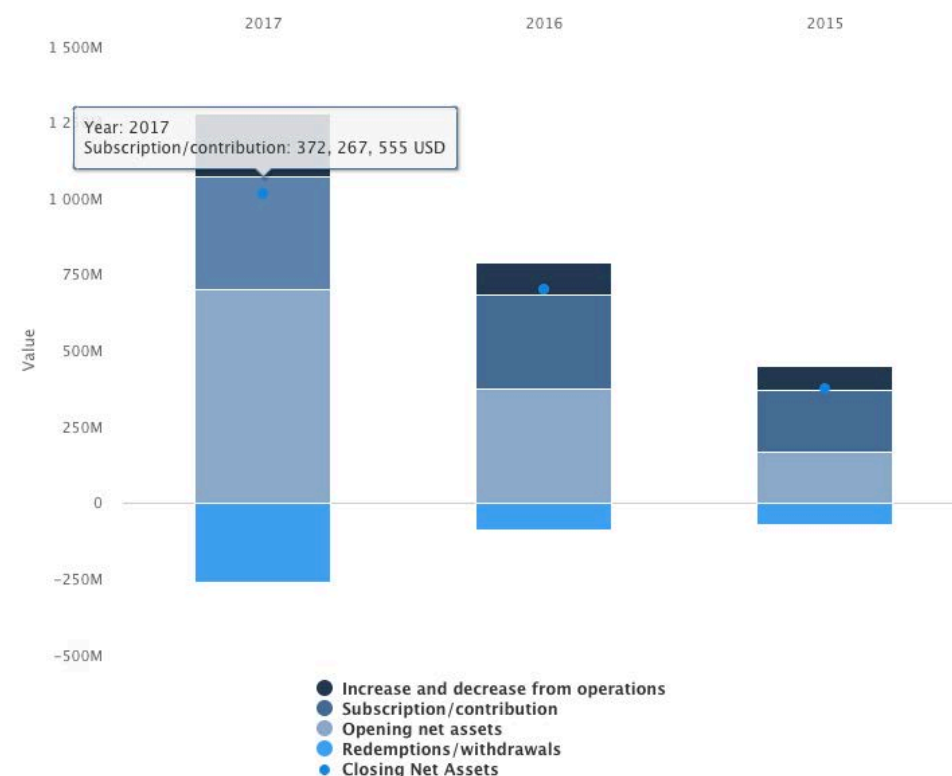


Asset Flows & Shareholder / Partner Equity

Total Asset Flows

| Year End | 2017-12-31 | 2016-12-31 | 2015-12-31 |
|-------------------------------------|---------------|--------------|--------------|
| Opening Net Assets | 700,657,355 | 375,537,879 | 166,437,795 |
| Subscriptions/Contributions | 372,267,555 | 307,229,938 | 204,983,261 |
| Withdrawals/Redemptions | (263,286,872) | (88,486,852) | (72,596,143) |
| Adjustment | -- | -- | -- |
| Increase/(Decrease) From Operations | 206,013,323 | 106,376,390 | 76,712,966 |
| Closing Net Assets | 1,015,651,361 | 700,657,355 | 375,537,879 |

Asset Flows Chart



- ▶ Flow of funds: subscription inflows and redemption outflows
- ▶ Presentation of asset flows broken down by GP / LP when applicable
- ▶ Have the net assets increased / decreased by more than 25% from prior year (public market strategies)?

Income Statement: Total Profit / Loss for the Year Realized / Unrealized Gains & Losses



The Due Diligence Company

- ▶ Presentation of current and prior year income statement
- ▶ Breakdown by type of income and expenses
- ▶ *Added Value: presentation of realized versus unrealized gains ("quality" of the increase in the NAV - enhance quality valuation due diligence)*

Total Profit / Loss For The Year

| Year End | 2017-12-31 | 2016-12-31 | 2015-12-31 |
|--|-------------|-------------|------------|
| Realized / Unrealized Gains & Losses (See Analysis) | 199,430,578 | 98,894,702 | 74,491,931 |
| Interest Income | -- | -- | -- |
| Dividend Income | -- | -- | -- |
| Interest Expense | -- | -- | -- |
| Dividend Expense | -- | -- | -- |
| Management & Incentive Fees (See Analysis) ⓘ | -- | -- | -- |
| Operating Expenses (See Analysis) | (1,524,768) | (985,085) | (818,750) |
| Other Income And Expenses | 8,107,513 | 8,466,773 | 3,039,785 |
| Net Profit (Increase)/(Decrease) In Net Assets From Operations | 206,013,323 | 106,376,390 | 76,712,966 |

Realized / Unrealized Gains & Losses

| Year End | 2017-12-31 | 2016-12-31 | 2015-12-31 |
|--|-------------|------------|------------|
| Realized Gains / (Losses) | 55,489,735 | 27,529,556 | 18,256,149 |
| As Percentage Of Total Gains/Losses (%) | 27.82% | 27.84% | 24.51% |
| As Percentage Of Total Net Profit (%) | 26.94% | 25.88% | 23.80% |
| Unrealized Gains / (Losses) | 143,940,843 | 71,365,146 | 56,235,782 |
| As Percentage Of Total Gains/Losses (%) | 72.18% | 72.16% | 75.49% |
| As Percentage Of Total Net Profit (%) | 69.87% | 67.09% | 73.31% |
| Total Realized / Unrealized Gains & Losses | 199,430,578 | 98,894,702 | 74,491,931 |

Income Statement: Management Fees & Operating Expenses

Legal And Professional Fees

| Year End | 2017-12-31 | 2016-12-31 | 2015-12-31 |
|--|------------------|-----------------|------------------|
| Audit Fees | | | |
| Fund Level Expenses | 40,000 | 35,000 | 20,000 |
| Director Fees | | | |
| Fund Level Expenses | 17,133 | 16,875 | 15,324 |
| Consulting Fees | | | |
| Fund Level Expenses | 235,735 | -- | -- |
| Legal Fees | | | |
| Fund Level Expenses | 653,028 | -- | -- |
| Trustee Fees | | | |
| Valuation Fees | | | |
| Professional Fees (Unclassified) | | | |
| Fund Level Expenses | -- | 215,772 | 201,236 |
| Aggregate Legal And Professional Fees | 945,896 | 267,647 | 236,560 |
| Implied Legal And Professional Fees Expense Ratio | 21.38 bps | 7.54 bps | 13.45 bps |

- Provide breakdown of key other operating expenses using Castle Hall's "model" expense template
- *Added Value: implied management fee and incentive fee calculations*
- *Added Value: interactive expense graph*

Management & Incentive Fees

| Year End | 2017-12-31 | 2016-12-31 | 2015-12-31 |
|-------------------------------------|------------|------------|------------|
| Increase/(Decrease) From Operations | 84,853,744 | 47,562,187 | 30,244,594 |
| Management Fee (\$) | 8,479,518 | 5,564,610 | 2,650,179 |
| Implied Management Fee (%) ? | 1.92% | 1.57% | 1.51% |
| Incentive Fee (\$) ? | 21,656,916 | 11,734,328 | 7,980,798 |
| Implied Incentive Fee (%) ? | 20.33% | 19.79% | 20.88% |

Footnote Disclosures



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Presentation of key footnotes:

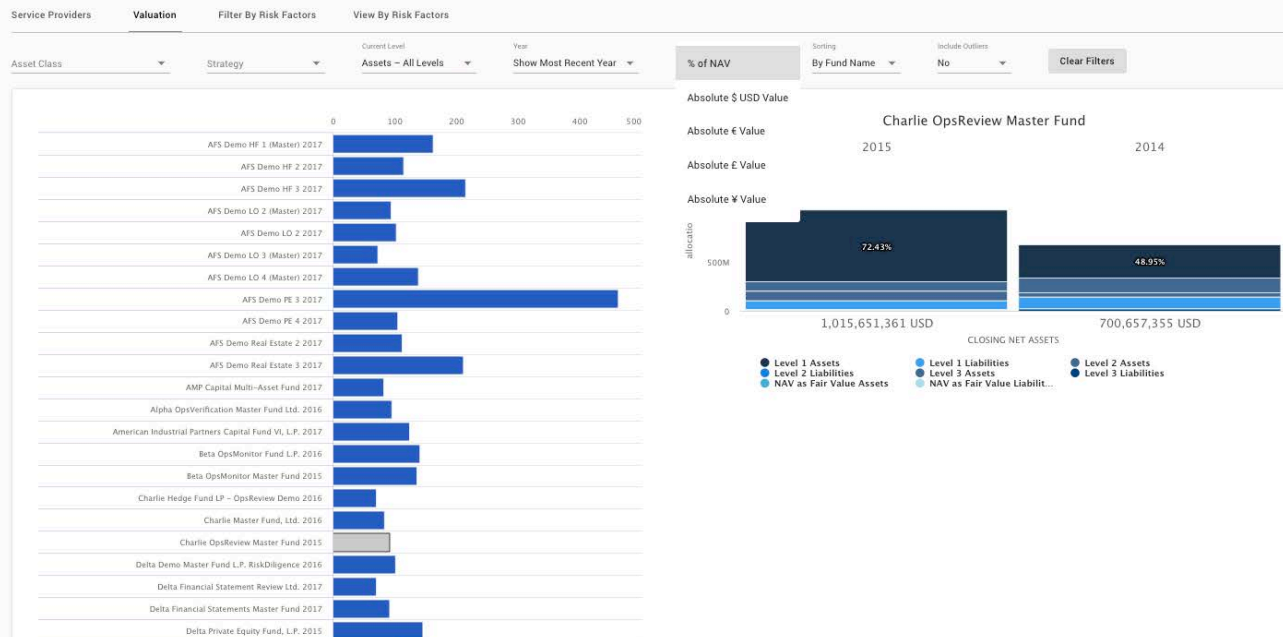
- ▶ The Company
- ▶ Related Parties
- ▶ Credit Facilities (for private market strategies, if applicable)
- ▶ Commitments and Contingencies
- ▶ Subsequent Events

The screenshot displays the 'Kilo Hedge Fund Monitoring' interface. On the left is a blue sidebar with navigation icons for Home, Balance Sheet, Portfolio, Asset Flows & Shareholder/Partner Equity, Commitments/Distributions, Income Statement, Operating Expenses, and Footnote Disclosures. The main content area is titled 'Kilo Hedge Fund Monitoring' and includes a breadcrumb trail: 'Charlie Hedge Fund Manager LP > Kilo Hedge Fund Monitoring > Financial Reporting'. Below this, there's a 'Master Fund' dropdown menu. The 'Disclosures' section is expanded, showing a 'Company' subsection with detailed text about the partnership's structure, investment objectives, and accounting standards. Other subsections like 'Related Parties', 'Commitments and Contingencies', and 'Subsequent Events' are listed with expandable arrows. At the bottom of the sidebar, there are security logos for McAfee SECURE and DHub Version 1.2.3.

Diligence Analytics

Due diligence insights across your entire portfolio

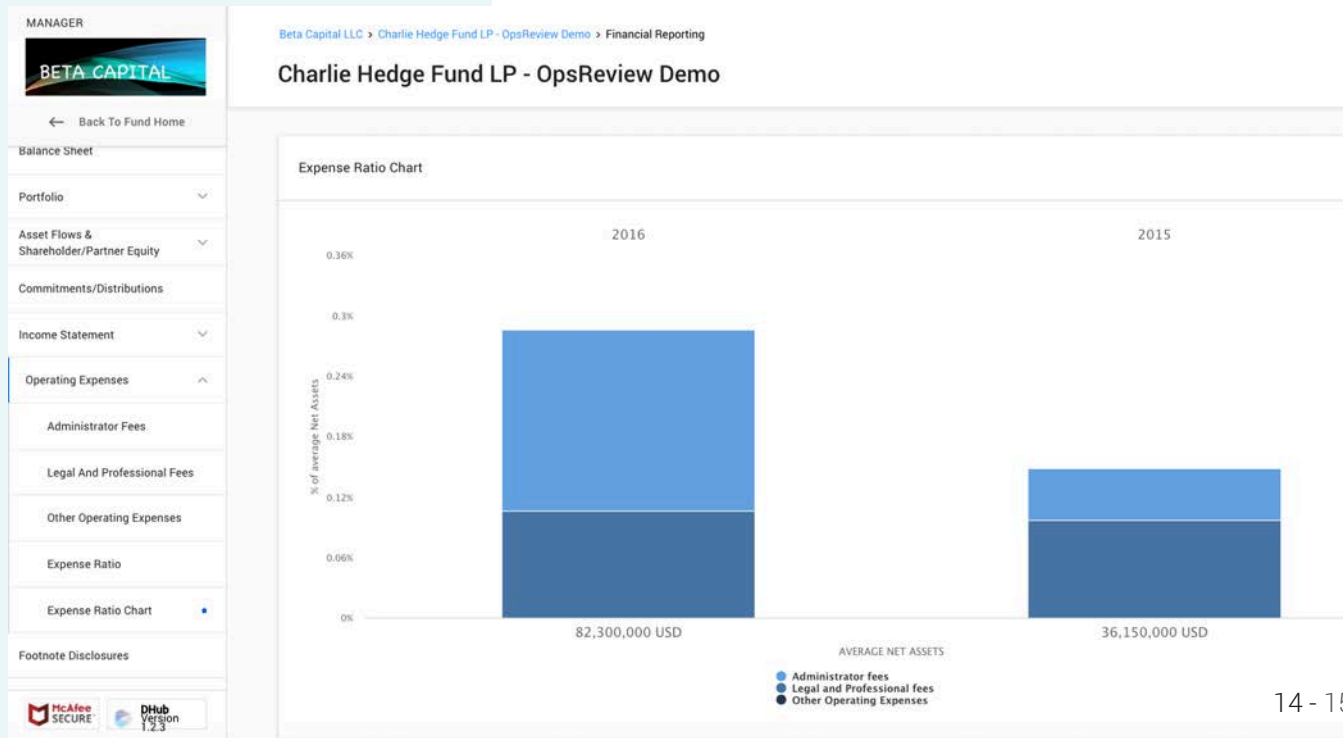
demo demo



Valuation Dashboard

- Interactive dashboards allow multi layered analysis of Level 1 / 2 / 3 valuation metrics and expense ratios across the entire portfolio

Expense Ratio Chart





Added Value: ADV Analysis




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As an added value, Castle Hall financial statement clients receive access to Castle Hall's online form ADV tools, with one year of automatic notifications of ADV changes for each manager in your portfolio.




 **DILIGENCEEXPRESS**

APOLLO CAPITAL MANAGEMENT, L.P.
Form ADV Data
April 4, 2018

 **CASTLE HALL**
The Due Diligence Company

PREPARED FOR
CHRIS.ADDY@CASTLEHALL.CA

APOLLO CAPITAL MANAGEMENT, L.P.  **DILIGENCEEXPRESS**

Management Company

Client Profile

| | |
|--|-----|
| Total number of clients (for whom no RAUM) | 278 |
| Percentage of non-US clients | 58% |

| Type of Client | Number of Client(s) | Fewer than 5 Clients | Amount of Regulatory Assets under Management |
|--|---------------------|----------------------|--|
| Individuals (non-high net worth) | — | Yes | — |
| Individuals (HNW only) | — | Yes | — |
| Banking or thrift institutions | — | Yes | — |
| Registered investment companies | 3 | — | 182.53 million |
| Business development companies | — | — | — |
| Pooled investment vehicles | 214 | — | 70.94 billion |
| Pension and profit-sharing plans | — | Yes | — |
| Charitable organizations | — | Yes | — |
| State or municipal government entities | — | Yes | — |
| Other investment advisers | — | Yes | — |
| Insurance companies | 61 | No | 89.92 billion |
| Sovereign wealth funds and foreign official institutions | — | Yes | — |
| Corporations | — | Yes | — |
| Other | — | No | — |

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