

Fairtree Assegai Equity Long Short IDS QI Hedge Fund Minimum Disclosure Document - Class A1

June 2017

Fund Profile

The fund is a directionally biased Long / Short equity fund which will not hesitate to capture equity market beta when conditions allow for it. The objective of the fund is to generate the largest portion of its returns through its directional bias, in so doing capturing 60% of the upside return of the market, while protecting against 60% of the downside. Relative value pairs, together with absolute longs and shorts seek to stabilise returns in turbulent market conditions, supported by the adjustment to the net exposure. Leverage is on average at 2.5 times and net exposure will vary with the fund manager's view of the market.

Risk Profile

Risk Level: Low Low-Medium Medium Med-High High

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. IDS Management Company (RF) (Pty) Ltd, ("the manager"), and the investment manager do not render financial advice. Our risk indicator does not imply that the portfolio is suitable for all types of investors. You are advised to consult your financial adviser.

Fund Details

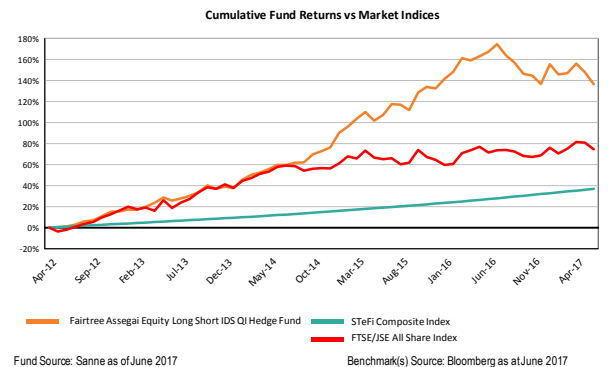
Investment Manager:	Fairtree Capital (Pty) Limited	Fund size:	R 1,384 billion
Portfolio Manager:	Stephen Brown	Benchmark:	The portfolio does not follow a benchmark
Inception Date:	May 2012	Analysis Currency:	ZAR
CISCA Inception Date:	1 October 2016	Minimum Investment:	ZAR 1,000,000.00
Cost Ratios (incl. VAT):		Income Distribution:	
Total Expense Ratio (TER%):	1.58%	Declaration:	Last day of February & December
Transactions Costs Ratio (TC%):	0.79%	Distribution Total for the past 12 months:	0.00 cpu for February 2017
Total Investment Charges (TIC%):	2.37%	Domicile:	South Africa
Fees:		Fund Structure:	CIS Trust
Initial Fee - Adviser (incl. VAT):	0% - 3.42%	Fund Category:	Equity Long-Short
Annual Base Fee:	1% (excl. VAT)	Auditor:	Deloitte
Performance fee:	20% of the total performance (after deductions of the annual base fee) above the high water mark, subject to a hurdle rate of 3 month JIBAR (excl. VAT)		
	The Performance Fee is uncapped.		

Increase in NAV Attributable to Investors

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2012					0.46%	0.63%	1.83%	2.97%	0.83%	3.83%	3.84%	0.12%	15.37%
2013	1.58%	-0.26%	2.64%	3.03%	4.19%	-2.43%	1.83%	1.77%	2.53%	5.02%	-2.22%	1.49%	20.61%
2014	-1.16%	5.97%	3.19%	1.36%	2.10%	2.59%	0.07%	1.30%	0.16%	4.76%	1.68%	2.08%	26.70%
2015	7.93%	2.99%	3.94%	3.11%	-3.91%	2.80%	4.96%	-0.38%	-2.37%	7.99%	2.37%	-0.72%	31.82%
2016	3.98%	2.67%	5.32%	-0.81%	1.56%	1.50%	2.75%	-3.80%	-2.64%	-4.21%	-0.75%	-3.24%	1.80%
2017	8.05%	-3.84%	0.53%	3.60%	-3.10%	-4.65%							-0.02%

*The inception date for the portfolio is 01 May 2012. The historical performance figures until the end of 30 September 2016 reflect performance achieved prior to CISCA regulation. The portfolio has been transitioned under CISCA regulations on 01 October 2016 and has since been managed as a regulated product. The annualized 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. Actual annual figures are available from the manager on request. The highest and lowest 1 year returns represent the highest and lowest actual returns achieved during a 12 month rolling period year since the original launch date of the portfolio. 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.

Cumulative Performance Since Inception



Investment Performance Summary

	Fairtree Assegai Equity LS IDS QI Hedge Fund	FTSE/JSE All Share Index	STeFi Composite Index	Fairtree Assegai Equity LS IDS QI Hedge Fund	FTSE/JSE All Share Index	STeFi Composite Index
Performance comparison						
Inception date	May-12	May-12	May-12			
Current month	Jun-17	Jun-17	Jun-17			
Total period (No. months)	62	62	62			
Analysis currency	ZAR	ZAR	ZAR			
Return analysis						
Return for current month	-4.65%	-3.49%	0.61%			
Total return (since inception)	136.52%	74.51%	36.92%			
Average annualised return (since inception)	18.13%	11.38%	6.27%			
Current 12 month rolling return	-11.48%	1.69%	7.66%			
Best 12 month rolling return	38.34%	32.74%	7.66%			
Worst 12 month rolling return	-11.48%	-4.37%	5.16%			
Consistency analysis						
% Up months (since inception)	72.58%	62.90%	100.00%			
% Up months (last 12 months)	33.33%	50.00%	100.00%			
Standard deviation (since inception - annualised for periods > 12 months)	10.34%	10.47%	0.26%			
Risk analysis						
Downside deviation (since inception - annualised Risk free)	5.21%	5.53%	0.06%			
Largest monthly drawdown	-4.65%	-5.70%	n/a			
Average monthly drawdown	-2.38%	-2.28%	n/a			
Largest cumulative drawdown	-13.85%	-8.33%	n/a			
Risk/ return analysis						
Total gain / Total loss	3.21	2.12	n/a			
Average gain / Largest loss	0.62	0.50	n/a			
Average gain / Average loss	1.21	1.25	n/a			
Sharpe ratio (since inception - annualised for periods > 12 months)	1.08	0.50	-0.29			
Sortino ratio (since inception - annualised for periods > 12 months)	2.15	0.95	-0.44			
Market correlation						
Index correlation (ALSI)	0.61 (Monthly)					
Index correlation (ALSI)	0.66 (Daily)					

Please note: All funds returns quoted net of fees.

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Objective/Investment Policy and Mandate

The long-term objective of the portfolio is to achieve consistent absolute returns through investment in long/short equity based strategies. The portfolio may use leverage to a maximum of 3.5 times the net asset value of the portfolio. Excluded from this calculation shall be the investments in the portfolio solely used to enhance the interest earned by the portfolio.

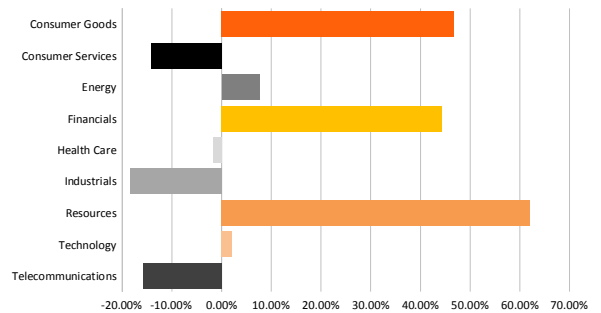
Limits and Constraints:

- The portfolio is precluded from raising any debt funding over and above that achieved in terms of the long/short process;
- No net individual equity position shall exceed 15% of capital;
- Directional exposure limit to 120% of current underlying capital on the long side and up to 20% of current underlying capital on the short side;
- The portfolio shall at all times hold a minimum of 10 equity positions; and
- The portfolio will limit exposure to equities based upon liquidity.

Asset Allocation

0.3% SA Equity, -7.8% SA Equity Basket, 135.2% SA Equity CFD, -14.9% SA Future

Sector Allocation



Portfolio Valuation & Transaction Cut-Off

Portfolios are valued monthly. The cut off time for processing investment subscription is 10:00am on the last day of the month prior to enable processing for investment on the first day of the next month.

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 is reported excluding performance fees for the first 12 months of the portfolio. The Manager has applied its mind hereto and is of the view that any reporting of TER with performance fee at this stage may be inaccurate and potentially misleading to investors.

Market Commentary

During June Moody's cut South Africa's foreign and local-currency ratings to Baa3 and kept the outlook at negative, highlighting political infighting, weakening SA institutions, a weaker growth outlook and fiscal challenges as reasons behind the change. The rand weakened when the Public Protector Busisiwe Mkhwebane recommended changing the mandate of the Reserve Bank from protecting the value of the rand to a focus on the protection of "citizens' socio-economic well-being". The constitutional court ruled that "it is permissible to conduct the vote of no confidence in Jacob Zuma in secret, but it is up to the speaker of Parliament to decide". The Chamber of Mines applied for a judicial review on the new mining charter, which has introduced significant uncertainty, with a resolution potentially years away.

The ANC policy conference at the end of the month exposed deep divisions in the ANC. Provinces supporting the President Jacob Zuma camp and by extension Dr Dlamini Zuma suffered their first defeat at the conference, when Secretary General Gwede Mantashe released an organisational report painting a grim picture of the state of the ANC. Objections were made by Mpumalanga, North West and Free State delegates (considered as Zuma's support base) but were later withdrawn as it became evident that they did not receive the support of provinces such as Gauteng, Eastern Cape and Limpopo. Media reports indicate that delegates at the conference said divisions between the two camps were very even - say, 51% versus 49%.

YTD, SA equities recorded outflows of \$4.1bn, significantly lagging inflows into EM equities of \$42.8bn ytd. While SA bonds received their fair share of inflows earlier in the year, the tide appears to be turning, with SA bonds recording inflows of \$2.9bn ytd, vs. cumulative inflows into EM bonds of \$64.3bn ytd. In June, offshore investor sentiment in SA soured further with \$768mn and \$502mn of outflows from SA equities and bonds respectively. Dissecting the flows, it appears that SA dual-listed stocks account for at least half the equity outflows ytd. Naspers has seen R3.3bn of outflows ytd, although June saw R1.4bn of inflows.

MSCI SA was down 3.9% (in dollars) in June. The rand appreciated marginally by 0.3% to 13.07 against USD, with support from commodities. Bonds followed DM as 10-year SA yields rose 19bps to 8.77%. Commodities were divided with iron ore up US\$7.93 to US\$64.95/ton and the LME Metals Index up 3.42%, but oil selling off. All MSCI SA sectors ended in red in June, ex-Real Estate. Media (Naspers - 5.7%) was among the worst performing sectors, given a global tech sell-off at the beginning of the month. SA Materials continued to drift lower by 6.3%, given weaker precious metal prices, further accentuated by the introduction of the new mining charter. Mr Price performed strongly in June (+7.7%) after they reported stronger than expected sales growth in the first weeks of their new financial year. African Rainbow (+4.6%) and Assore (+2.3%) were the best performing miners, helped by the resurgence in iron ore prices. Gold miners retreated on the weaker gold price, with Harmony (-16.9%) and AngloGold Ashanti (-13.2%) worst hit. Telkom also declined by 11.9% as the market digested a poorer than expected earnings outlook.

During June and the first days of July we have started to see some of the fundamental drivers turning in the direction we expect them to move. This includes a weakening of the rand, an increase in commodity prices (especially iron ore), and the direction of inflation data. The fund is very well positioned to benefit from these moves, with significant exposure to resource equities and non-resource rand hedges. We remain concerned about the domestic SA economy, expressed via short positions in the retail sector and select SA industrials. We remain comfortable with the positioning of the fund. Volatility of the fund is currently higher than normal, due to opportunities we believe are available because of disparities in valuation in the SA market.

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Glossary

- NAV:** The net asset value represents the assets of a Fund less its liabilities.
- Alpha:** Denoted the outperformance of the Fund over the benchmark.
- Sharpe Ratio:** The Sharpe ratio is used to indicate the excess return the portfolio delivers over the risk free rate per unit of risk adopted by the fund.
- Sortino Ratio:** The Sortino Ratio is used to measure the risk-adjusted return of the fund.
- Standard Deviation:** The deviation of the return stream relative to its own average.
- Max Drawdown:** The maximum peak to trough loss suffered by the Fund since inception.
- Max Gain:** Largest increase in any single month.
- % Positive Month:** The percentage of months since inception where the Fund has delivered positive return.
- Average Duration:** The weighted average duration of all the underlying interest bearing instruments in the Fund
- Average Credit quality:** The weighted average credit quality of all the underlying interest bearing instruments in the Fund (internally calculated).
- Dividend Yield:** The weighted average dividend yield of all the underlying equity in the Fund. The dividend yield of each company is the dividends per share divided by the price.
- PE Ratio:** The weighted average price earnings ratio of all the underlying equity in the Fund. The price earnings ratio of each company is the price divided by the earnings per share.
- High Water Mark:** The highest level of performance achieved over a specified period.
- Total Expense Ratio (TER%):** The Total Expense Ratio (TER) is the percentage of the net asset value of the class of the Financial Product incurred as expenses relating to the administration of the Financial Product.
- Performance fee incl. in TER (%)(PP%):** The Performance Fee is a payment made to the Investment Manager for generating positive returns, and is generally calculated as a percentage of investment profits, often both realized and unrealized.
- Transactions Costs Ratio (TC%):** The Transaction Costs (TC) is the percentage of the net asset value of the Financial Product incurred as costs relating to the buying and selling of the assets underlying the Financial Product.
- 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).

Mandatory Disclosures

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Management Company: IDS Management Company (RF) (Pty) Ltd (the "Manager"). **Registration Number:** 2013/096377/07, is authorised in terms of the Collective Investment Schemes Control Act (CISCA) to administer Collective Investment Schemes (CIS). **Physical Address:** 5th Floor, 8 St. Georges Mall, Cape Town, 8001. **Telephone Number:** +27 21 202 8282. **Website:** www.sannegroup.co.za.

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