

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

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

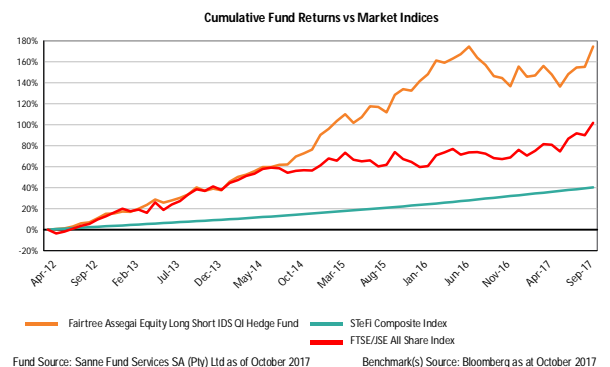
Investment Manager:	Fairtree Capital (Pty) Limited	Fund size:	R 945.85 million
Portfolio Manager:	Stephen Brown	Benchmark:	The portfolio does not follow a benchmark
Inception Date:	May 2012	Analysis Currency:	ZAR
CISCA Inception Date:	1 October 2016	Minimum Investment:	ZAR 1,000,000.00
Cost Ratios (incl. VAT):		Income Distribution:	
Total Expense Ratio (TER%) Incl PF:	6.51%	Declaration:	Last day of February & December
Transactions Costs Ratio (TC%):	0.77%	Distribution Total for the past 12 months:	0.00 cpu for February 2017
Total Investment Charges (TIC%):	7.28%	Domicile:	South Africa
Performance Fee (PF) Included in TER:	4.92%	Fund Structure:	CIS Trust
Fees:		Fund Category:	Equity Long-Short
Initial Fee - Adviser (incl. VAT):	0% - 3.42%	Auditor:	Deloitte
Annual Base Fee:	1% (excl. VAT)		
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%	4.89%	2.63%	0.22%	7.59%			16.05%

*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	Oct-17	Oct-17	Oct-17			
Total period (No. months)	66	66	66			
Analysis currency	ZAR	ZAR	ZAR			
Return analysis						
Return for current month	7.59%	6.26%	0.62%			
Total return (since inception)	174.54%	101.95%	40.29%			
Average annualised return (since inception)	20.16%	13.63%	6.35%			
Current 12 month rolling return	11.46%	20.11%	7.60%			
Best 12 month rolling return	38.34%	32.74%	7.71%			
Worst 12 month rolling return	-11.48%	-4.37%	5.16%			
Consistency analysis						
% Up months (since inception)	74.24%	63.64%	100.00%			
% Up months (last 12 months)	58.33%	58.33%	100.00%			
Standard deviation (since inception - annualised for periods > 12 mths)	10.47%	10.75%	0.27%			
Risk analysis						
Downside deviation (since inception - annualised Risk free)	5.09%	5.41%	0.06%			
Largest monthly drawdown	-4.65%	-5.70%	n/a			
Average monthly drawdown	-2.38%	-2.23%	n/a			
Largest cumulative drawdown	-13.85%	-8.33%	n/a			
Risk/ return analysis						
Total gain / Total loss	3.59	2.38	n/a			
Average gain / Largest loss	0.64	0.53	n/a			
Average gain / Average loss	1.24	1.36	n/a			
Sharpe ratio (since inception - annualised for periods > 12 mths)	1.22	0.67	-0.12			
Sortino ratio (since inception - annualised for periods > 12 mths)	2.53	1.34	-0.18			
Market correlation						
Index correlation (ALSI)	0.64	(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.

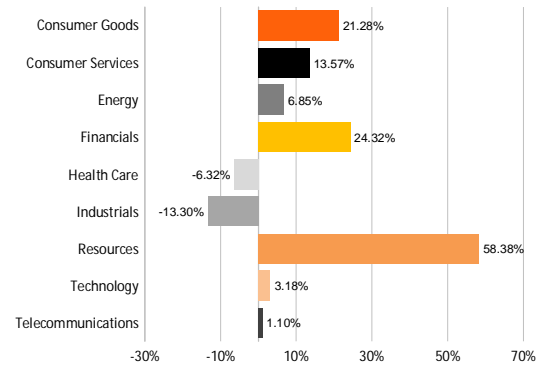
Limits and Constraints:

- 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

-5.0% SA Equity Basket, 135.4% SA Equity CFD, -21.3% 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

The All Share Index rose 6.3% in rands during October, driven by a weaker rand (-4.0%), with rating downgrade concerns back in the spotlight post a shock MTBPS. Media contributed 73% of the market return, with index heavyweight Naspers up 17.9% during the month. A weaker rand also buoyed Materials (+7.6%) and Pharma (Aspen +6.2%). Insurance (+3.9%) outperformed Banks (+3.5%) on the back of higher SA bond yields. Among the SA domestics, Banks (+3.5%) continued to outperform Retail (-2.0%). Of the sectors that slid into the red in October, Telecoms (-2.8%) fell the most, followed by Retail (-2.0%) and Capital Goods (Bidvest -0.7%).

Finance Minister Gigaba's maiden MTBPS marked a sharp departure from recent history with little attempt to contain fiscal slippage and a large rise in the debt ratio over the medium term. We now expect a one-notch downgrade of local currency debt by S&P and Moody's in coming weeks. In the face of likely imminent ratings downgrades, the window for a further repo rate cut is essentially closed with the market now pricing in interest rate increases rather than cuts. In a cabinet reshuffle, President Jacob Zuma named David Mahlobo as energy minister and fired the SACP leader, Blade Nzimande.

In October, SA equities saw a turnaround in sentiment with foreign equity inflows of \$820mn, while SA bonds saw outflows of \$747mn. Meanwhile, YTD, SA equities recorded outflows of \$4.7bn, significantly lagging inflows into EM equities of \$72.9bn ytd. Foreign investors remain very underweight the SA equity market.

Metals rallied in October with the LME Metals Index up 4.4%. Nickel (+17.7%) recorded the largest monthly gain, followed by Copper (+6.0%), Zinc (+3.6%) and Aluminium (+3.0%). Meanwhile, Lead (-3.6%) and Tin (-6.4%) declined. Brent and WTI prices increased 7.7% and 4.7% to US\$60.9/bbl and US\$54.4/bbl, respectively. Iron ore fell 5.7% to US\$58.5/t. Gold fell 0.7% to \$1271/oz. weighed down by a strong US Dollar

The Assegai fund returned 7.6% during October. The largest positive contributor to performance was the Naspers long position, which added 2.4%. The large position in the resources sector also made a positive contribution (5.6%) with Impala, Sibanye, African Rainbow Minerals, South 32 and Sasol the most significant stocks. The long position in rand hedge industrials (Richemont, British American Tobacco, Anheuser-Busch) contributed 1.4% to fund performance. Key shorts which contributed positively to performance in October were Telkom, Mediclinic and Woolworths. Largest detractors from performance were short positions in Life Healthcare (0.6%) and Imperial (0.6%).

During the month we increased exposure to the resources sector, which we believe is attractive due to strong free cash flow dynamics and robust commodity prices. We cut exposure to banks and retail as we had become less positive on the domestic economic environment, but increased exposure to domestic property stocks. The fund retains a position in the insurers and rand hedge industrials.

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

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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 (%):** 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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