

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

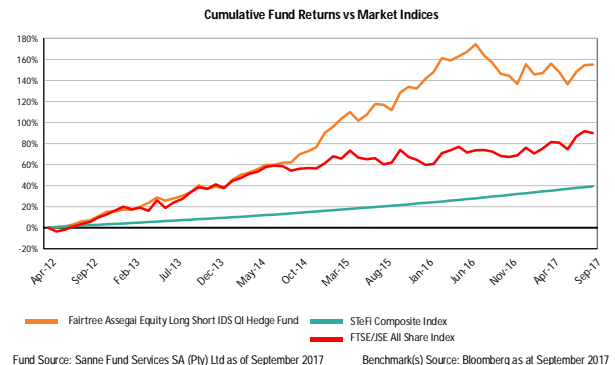
Investment Manager:	Fairtree Capital (Pty) Limited	Fund size:	R 887 million
Portfolio Manager:	Stephen Brown	Benchmark:	The portfolio does not follow a benchmark
Inception Date:	May 2012	Analysis Currency:	ZAR
CISCA Inception Date:	1 October 2016	Minimum Investment:	ZAR 1,000,000.00
Cost Ratios (incl. VAT):		Income Distribution:	
Total Expense Ratio (TER%):	1.58%	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%):	2.35%	Domicile:	South Africa
Fees:	Initial Fee - Adviser (incl. VAT): 0% - 3.42%	Fund Structure:	CIS Trust
	Annual Base Fee: 1% (excl. VAT)	Fund Category:	Equity Long-Short
	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)	Auditor:	Deloitte
	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%				7.87%

*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	Sep-17	Sep-17	Sep-17			
Total period (No. months)	65	65	65			
Analysis currency	ZAR	ZAR	ZAR			
Return analysis						
Return for current month	0.22%	-0.87%	0.57%			
Total return (since inception)	155.18%	90.05%	39.41%			
Average annualised return (since inception)	18.88%	12.59%	6.33%			
Current 12 month rolling return	-0.76%	10.22%	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)	73.85%	63.08%	100.00%			
% Up months (last 12 months)	50.00%	50.00%	100.00%			
Standard deviation (since inception - annualised for periods > 12 months)	10.23%	10.60%	0.26%			
Risk analysis						
Downside deviation (since inception - annualised Risk free)	5.12%	5.44%	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	3.40	2.26	n/a			
Average gain / Largest loss	0.62	0.52	n/a			
Average gain / Average loss	1.20	1.33	n/a			
Sharpe ratio (since inception - annualised for periods > 12 months)	1.14	0.59	-0.20			
Sortino ratio (since inception - annualised for periods > 12 months)	2.30	1.16	-0.31			
Market correlation						
Index correlation (ALSI)	0.62 (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.

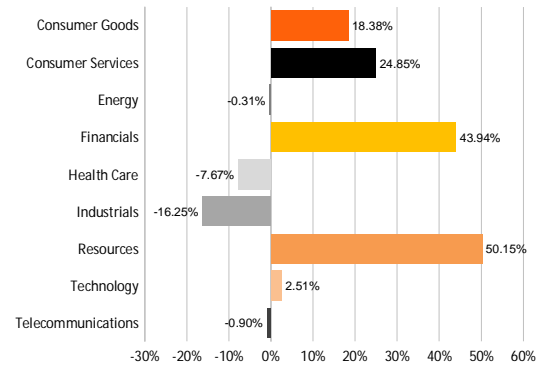
Limits and Constraints:

- 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

-7.2% SA Equity Basket, 145.8% SA Equity CFD, -23.9% 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

The All Share index fell 0.9% in rands during September (-4.9% in dollars). Food Producers were among the hardest hit sectors, with Pioneer Foods (-11.0%) among the worst performing stocks, as CEO Phil Roux announced his retirement. This was followed by HealthCare (-6.4%), with no signs of any margin reversion, while Telecoms (MTN -3.8%) also saw profit-taking. The Vodacom book build (5% stake in Vodacom) weighed materially on Vodacom's share price (-11.0%). Meanwhile, the interest-rate sensitive sectors, Banks and Retail, also fell out of favour, as the SARB surprised markets by keeping the policy rate steady at 6.75%. Among the sectors that ended in the green, Pharma (Aspen +4.7%) ended higher, as Aspen announced the AZN deal, followed by Capital Goods (Bidvest) and Real Estate (+0.7%) buoyed by flat SA bond yields in the month.

The political environment remains volatile, with Zweli Mkhize increasingly appearing as the candidate who could win the ANC succession. Zweli Mkhize has strong support in Kwazulu- Natal (-24% of the total ANC vote), the biggest province by votes, although the vote could be split to a certain extent in favour of Ramaphosa. David Mabuza, the ANC chair in Mpumalanga (-11% of the total ANC vote) has also currently been favoring Mkhize.

YTD, SA equities recorded outflows of \$5.6bn, significantly lagging inflows into EM equities of \$63.0bn. However, outflows from SA equities were offset to a certain extent by inflows into SA bonds of \$5.3bn ytd (vs. EM bond inflows of \$91.7bn). Dissecting the flows, it appears that SA dual-listed stocks account for at least two-thirds of the equity outflows out of SA ytd. While SA equities saw some inflows in early July, September saw huge outflows of \$2.1bn, led by Vodacom. The trend of inflows into SA bonds continued into September to the tune of \$1.3bn, although risks of fiscal slippage into the medium-term budget policy statement in October might unwind some of the recent bond inflows.

Oil rose on the back of good demand, strong OPEC cohesion and hurricanes in the US limiting production and refining with Brent crude up to US\$56.53/bbl at the end of September. Metals slid after a strong run since June with the LME Metals Index up 9.5% in 3Q17, despite ending lower by 2.9% in September. Iron ore slumped 21.4% in September to US\$62.1/t ahead of China's National People's Congress in October. Gold fell 3.1% to \$1280/oz. weighed down by a stronger dollar.

Sasol announced the unwinding of the existing BEE scheme, Inzalo, through an equity issuance designed to pay down the outstanding R12.4bn debt. The stock sold off 7% on the back of this announcement, and we took advantage of this fall to buy back a portion of our short position. We also took advantage of weakness in the Vodacom share following the bookbuild to close our short position. During September we reduced exposure to the diversified miners, which have seen very strong performance of late. We have added exposure to the banks, which fell this month on disappointment that the SARB did not cut rates again.

Please Contact: **Melanie Louw** Tel: +27 21 943 3760 or e-mail: clientservices@fairtree.com

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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