

## Fairtree Protea Equity Long Short IDS Retail Hedge Fund

### Minimum Disclosure Document - Class A1

#### Fund Profile

The fund is a South African long/short equity hedge fund with the objective of generating above-average returns by following a 'quantamental' investment approach, combining traditional fundamental analysis with quantitative investment techniques. The investment manager systematically identifies individual mispriced securities whilst ensuring sufficient diversification to guard against inappropriate risk concentration. The fund focuses on JSE-listed securities and has a net equity exposure of 35-70% at most times, with a maximum gross exposure of 200% (i.e. maximum 2x leverage).

#### 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.

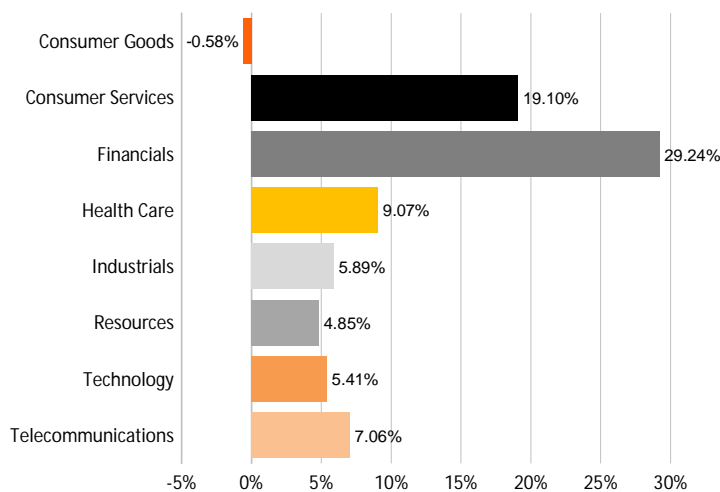
#### Fund Details

|   |   |   |  |
|---|---|---|--|
| <b>Investment Manager:</b>              | Fairtree Capital (Pty) Limited  | <b>Fund size (in Millions):</b>                   | R 55.0                                     |
| <b>Portfolio Manager:</b>               | Jean Pierre Verster   | <b>Benchmark:</b>                                 | This portfolio does not follow a benchmark |
| <b>Inception Date:</b>                  | 1 July 2017   | <b>Analysis Currency:</b>                         | ZAR  |
| <b>CISCA Inception Date:</b>            | 1 July 2017   | <b>Minimum Investment:</b>                        | R50 000 Lump sum                           |
| <b>Cost Ratios (incl. VAT):</b>         |   | <b>Income Distribution:</b>                       |  |
| <b>Total Expense Ratio (TER%):</b>      | Both the TER and since-inception performance of a fund are not included or disclosed due to the fact that the fund is in existence for less than six months.  | <b>Distribution Frequency:</b>                    | On the Last day of December                |
| <b>Transactions Costs Ratio (TC%):</b>  |   | <b>Distribution Total for the past 12 months:</b> |  |
| <b>Total Investment Charges (TIC%):</b> |   | <b>Domicile:</b>                                  | South Africa                               |
| <b>Fees:</b>                            | <b>Annual Base fee:</b> 1% (excl. VAT)  | <b>Fund Structure:</b>                            | CIS Trust                                  |
|   | <b>Performance fee:</b> 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. | <b>Fund Category:</b>                             | Equity Long-Short                          |

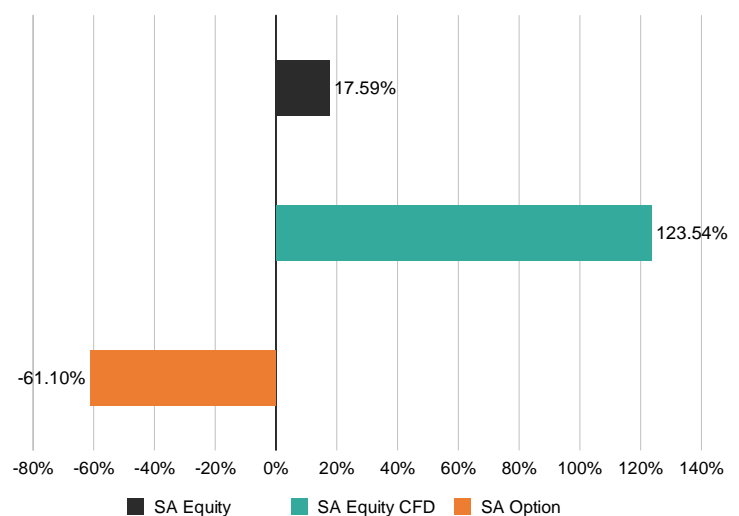
#### Investment Performance Summary

**Performance of this fund will not be disclosed due to the fact that the fund is in existence for less than six months. The annualised and rolling 12-month investment returns will be reflected from 12 months after the launch date of the fund.**

#### Sector Allocation



#### Asset Allocation



## Objective and Investment Strategy

### Portfolio Objective

The long-term objective of the fund is to compound investment returns, after all fees, at an above-average rate when compared to other equity funds (both active and passive), while avoiding deeply negative returns over any 12-month rolling period.

### Investment Strategy

The fund's core strategy is to be long undervalued equities and short overvalued equities, whilst ensuring that there is sufficient diversification to guard against inappropriate risk concentration. The equities are selected by following a 'quantamental' investment approach, combining traditional fundamental analysis with quantitative investment techniques, which assists the portfolio manager in avoiding behavioural biases as it relates to investment decision-making.

### 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 6 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 fund did reasonably well for the month, but not as well as the All-Share Index's total return of 6.26%, which was driven by the Mining/Resources sector, where we have little exposure, as well as Naspers, which rose by 18% for the month.

The breadth of the recent market rally has been quite narrow, meaning that it has been driven by a small number of large companies. This makes it particularly difficult for an active manager, who would not have the same concentration as the index in certain stocks, to outperform in this environment. Furthermore, our natural aversion to being long the Mining/Resources sector, given its long-term economics, means that we have incurred the opportunity cost of missing out on the majority of the recent market rally.

Our Longs contributed the majority of our return for the month, with our Shorts detracting about 1% in performance. Our Special Situation positions contributed positively as well, almost exactly offset by our Bearish Options positions.

While it doesn't feel like fun to miss out, experience has taught us that FOMO (the Fear Of Missing Out) often leads to regret. We are sticking to our tried and tested 'Quantamental' process of being long above-average companies at reasonable prices and short mediocre companies at expensive prices.

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

**Please Contact:** Melanie Louw Tel: +27 21 943 3790 or e-mail: [clientservices@fairtree.com](mailto: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 (%) PF (%):** 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 Disclosure

Collective Investment Schemes are generally medium- to long-term investments. The value of participatory interests (units) may go down as well as up. Past performance is not necessarily a guide to future performance. Collective investments are traded at ruling prices and can engage in scrip lending and borrowing. A schedule of fees, charges and maximum commissions, as well as a detailed description of how performance fees are calculated and applied, is available on request from IDS Management Company (RF)(Pty) Ltd ("the Manager").

The Manager does not provide any guarantee in respect to the capital or the return of the portfolio. Excessive withdrawals from the portfolio may place the portfolio under liquidity pressure and in such circumstances, a process of ring-fencing of withdrawal instructions and managed pay-outs over time may be followed. Commission and incentives may be paid, and if so, are included in the overall costs. The Manager may close the portfolio to new investors in order to manage it efficiently according to its mandate.

Prices are published daily on our website and local media. Additional information, including key investor information documents, minimum disclosure documents, as well as other information relating to the basis on which the manager undertakes to repurchase participatory interests offered to it, and the basis on which selling and repurchase prices will be calculated, is available, free of charge, on request from the Manager.

The value of an investment is dependent on numerous factors which may include, but not limited to, share price fluctuations, interest and exchange rates and other economic factors. Where foreign investments are included in the portfolio, performance is further affected by uncertainties such as changes in government policy, political risks, tax risks, settlement risks, foreign exchange risks, and other legal or regulatory developments.

The Manager is registered and approved by the Financial Services Board under CISC. The Manager retains full legal responsibility for the portfolio. FirstRand Bank Limited, acting through the RMB Custody and Trustee Division, is the appointed trustee. Fairtree Capital (Pty) Limited, FSP No. 25917, is authorised under the Financial Advisory and Intermediary Services Act 37 of 2002 to render investment management services.

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