

Fairtree Sequoia Macro IDS QI Hedge Fund Minimum Disclosure Document - Class A1

Fund Profile

The fund is a flexible 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 has exposure to listed securities worldwide.

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

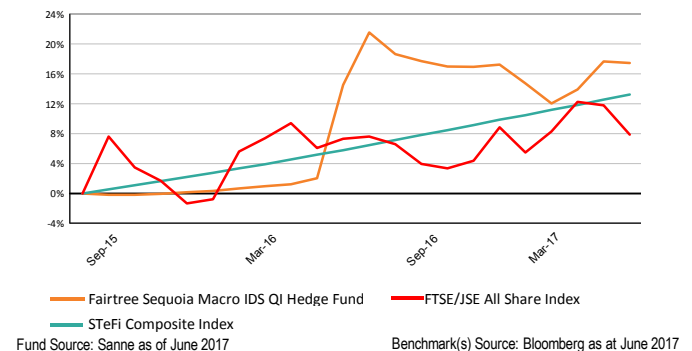
Investment Manager:	Fairtree Capital (Pty) Limited	Fund size (in Millions):	R 37.8
Portfolio Manager:	Jean Pierre Verster	Benchmark:	This portfolio does not follow a benchmark
Inception Date:	October 2015	Analysis Currency:	ZAR
CISCA Inception Date:	September 2016	Minimum Investment:	R1 000 000 Lump sum
Cost Ratios (incl. VAT):		Income Distribution:	
Total Expense Ratio (TER%):	2.62%	Distribution Frequency:	Last day of February & December
Transactions Costs Ratio (TC%):	0.91%	Payment:	No later than 14 days after distribution date.
Total Investment Charges (TIC%):	3.53%	Distribution Total for the past 12 months:	0.00 cpu for February 2017
Fees:		Domicile:	South Africa
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). The Performance Fee is uncapped		

Increase in NAV Attributable to Investors

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2015										-0.17%	-0.04%	0.16%	-0.05%
2016	0.19%	0.20%	0.34%	0.27%	0.28%	0.78%	12.26%	6.15%	-2.42%	-0.78%	-0.59%	-0.04%	17.02%
2017	0.25%	-2.16%	-2.34%	1.68%	3.30%	-0.18%							0.43%

*The inception date for the portfolio is 01 October 2015. The historical performance figures until the end of 31 August 2016 reflect performance achieved prior to CISCA regulation. The portfolio has been transitioned under CISCA regulations on 01 September 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. Jean Pierre Verster took over as portfolio manager from 1 September 2016 and the performance before September 2016 does not necessarily reflect his investment style and approach.

Cumulative Performance Since Inception



Investment Performance Summary

	Fairtree Sequoia Macro IDS QI Hedge Fund	FTSE/JSE All Share Index	STeFi Composite Index
Performance comparison			
Inception date	Oct-15	Oct-15	Oct-15
Current month	Jun-17	Jun-17	Jun-17
Total period (No. months)	21	21	21
Analysis currency	ZAR	ZAR	ZAR

	Fairtree Sequoia Macro IDS QI Hedge Fund	FTSE/JSE All Share Index	STeFi Composite Index
Return analysis			
Return for current month	-0.18%	-3.49%	0.61%
Total return (since inception)	17.46%	7.87%	13.22%
Average annualised return (since inception)	9.63%	4.43%	7.36%
Current 12 month rolling return	15.14%	1.69%	7.66%
Best 12 month rolling return	18.62%	10.35%	7.66%
Worst 12 month rolling return	11.28%	-3.42%	7.15%

	Fairtree Sequoia Macro IDS QI Hedge Fund	FTSE/JSE All Share Index	STeFi Composite Index
Consistency analysis			
% Up months (since inception)	57.14%	52.38%	100.00%
% Up months (last 12 months)	41.67%	50.00%	100.00%
Standard deviation (since inception - annualised for periods > 12 mths)	10.84%	10.93%	0.13%

Risk analysis

	Fairtree Sequoia Macro IDS QI Hedge Fund	FTSE/JSE All Share Index	STeFi Composite Index
Downside deviation (since inception - annualised Risk free)	3.27%	5.64%	0.06%
Largest monthly drawdown	-2.42%	-3.86%	n/a
Average monthly drawdown	-0.97%	-2.26%	n/a
Largest cumulative drawdown	-7.84%	-8.33%	n/a

Risk/ return analysis

	Fairtree Sequoia Macro IDS QI Hedge Fund	FTSE/JSE All Share Index	STeFi Composite Index
Total gain / Total loss	2.96	1.38	n/a
Average gain / Largest loss	0.89	0.74	n/a
Average gain / Average loss	2.22	1.26	n/a
Sharpe ratio (since inception - annualised for periods > 12 mths)	0.24	-0.20	-0.36
Sortino ratio (since inception - annualised for periods > 12 mths)	0.81	-0.39	-0.51

Market correlation

	Fairtree Sequoia Macro IDS QI Hedge Fund
Index correlation (ALSI)	0.09 (Monthly)
Index correlation (ALSI)	0.49 (Daily)

Please note: All fund returns quoted net of fees

Minimum Disclosure Document - Class A1

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.

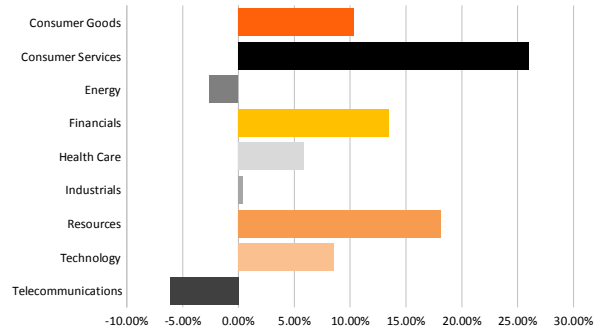
Investment Strategy

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.

Asset Allocation

5.0% SA Equity, 75.0% SA Equity CFD, -21.8% SA Option, 15.7% Swap

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

With the largest holding in the fund, Naspers, down over 6% for June, it was always going to be a tough month. In addition, the Rand strengthened slightly against the US Dollar, acting as a head-wind against the performance of our offshore positions. Notwithstanding these negative factors, the fund was only slightly down, versus the All-Share Index's drop of 3.5%. Our strategy of maintaining a diversified balance of risk exposures bared fruit, with our put option positions making a particularly pleasing contribution. We are currently finding more investment opportunities in offshore markets than on the JSE, and expect the offshore exposure of the fund to increase significantly going forward. There has been a large inflow into the fund at month-end, more than doubling our assets, which will go a long way in decreasing the expense ratios of the fund. The fund will also change its name soon, to more accurately reflect the flexible, worldwide stock-picking mandate of the fund.

Please Contact: **Melanie Louw** **Tel: +27 21 943 3760** or **Email: 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

Investment Manager: Fairtree Capital (Pty) Ltd, **Registration Number:** 2004/033269/07 is an authorised Financial Services Provider (FSP25917) under the Financial Advisory and Intermediary Services Act (No.37 of 2002), to act in the capacity as investment manager. This information is not advice, as defined in the Financial Advisory and Intermediary Services Act (No.37 of 2002). Please be advised that there may be representatives acting under supervision.

Physical Address: Willowbridge Place, Cnr. Carl Cronje and Old Oak Road, Bellville, 7530. **Postal Address:** PO Box 4124, Tygervalley, 7536. **Telephone Number:** +27 21 943 3760. **Website:** www.fairtree.com.

Management Company: IDS Management Company (RF) (Pty) Ltd, **Registration Number:** 2013/096377/07, **Physical Address:** 5th Floor, 8 St. Georges Mall, Cape Town, 8001. **Telephone Number:** +27 21 202 8282. **Website:** www.sannegroup.co.za.

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 Cisca. 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.

Disclaimer

This document is confidential and issued for the information of the addressee and clients of the Manager only. It is subject to copyright and may not be reproduced in whole or in part without the written permission of the Manager. The information, opinions and recommendations contained herein are and must be construed solely as statements of opinion and not statements of fact. No warranty, expressed or implied, as to the accuracy, timeliness, completeness, fitness for any particular purpose of any such recommendation or information is given or made by the Manager in any form or manner whatsoever. Each recommendation or opinion must be weighed solely as one factor in any investment or other decision made by or on behalf of any user of the information contained herein and such user must accordingly make its own study and evaluation of each strategy/security that it may consider purchasing, holding or selling and should appoint its own investment or financial or other advisers to assist the user in reaching any decision. The Manager will accept no responsibility of whatsoever nature in respect of the use of any statement, opinion, recommendation or information contained in this document. This document is for information purposes only and does not constitute advice or a solicitation for funds.