



Investec Specialist Investments SA Credit Co-investment (QI) Hedge Fund

Minimum disclosure document as at 30 September 2018

Investment objective

The Investec Specialist Investments SA Credit Co-investment (QI) Hedge Fund (the "Fund") is a specialist portfolio that aims to provide the investor with income and capital growth by investing in diversified credit opportunities originated by Investec Bank. The Fund invests primarily in debt and credit instruments (listed and unlisted), including loans, sourced from the existing loan origination activities of Investec Bank.

Performance summary

Period	Fund	Benchmark
1 Month	0.74%	0.66%
3 Months	2.40%	2.03%
6 Months	4.68%	4.08%
Calendar YTD	6.98%	6.18%
1 Year	9.39%	8.38%
Since inception (p.a.)	9.34%	8.46%

Monthly performance*

2017	Jan	Feb	Mar	Apr	May	June
		0.44%	0.60%	0.63%	0.70%	1.31%
	July	Aug	Sep	Oct	Nov	Dec
	0.80%	0.66%	0.78%	0.77%	0.74%	0.73%
2018	Jan	Feb	Mar	Apr	May	June
	0.73%	0.68%	0.78%	0.73%	0.72%	0.76%
	July	Aug	Sep	Oct	Nov	Dec
	0.84%	0.81%	0.74%			

*Performance is calculated after deduction of fees, gross of any applicable taxation.

Investment universe

The Fund may invest in loans sourced from the loan origination activities of Investec Bank on a co-investment basis. The Fund may invest in listed and unlisted financial instruments including debt instruments, floating rate notes, zero coupon bonds and the derivatives of such instruments including credit default swaps, credit linked notes and other structured credit instruments. The investment is made in accordance with the provisions of the Act, the regulations thereto and any applicable exchange control provisions, as amended from time to time, in order to achieve the portfolio's investment objective. The Fund may invest in financial instruments domiciled in territories included in the G20.

Specialist Investments

Risk profile

The risk profile of the Fund is conservative in nature and is suitable for investors with a medium to longer term investment horizon who require an alternative to traditional fixed income portfolios. The Fund makes use of complex instruments and strategies to generate the credit return profile. The Fund is appropriate for institutional investors, pension funds, investment managers and life insurance clients as well as high net worth individuals who require stable, inflation beating returns over time and who understand the complexity, risks and benefits associated with a hedge fund that utilises credit instruments.

Fund information

Fund value	ZAR 885m
Benchmark	115% of STeFi (12 month rolling)
Fund manager	Investec Specialist Investments (RF) Limited
Inception date	Feb 2017
Weighted average maturity	5.2 years
Maximum leverage	2 times NAV
Current leverage	1 times NAV

Fee structure (ex VAT)

Initial fee	0.00%
Investment management fee	0.50% p.a.
Performance fee	0.00%
Total expense ratio	0.88%

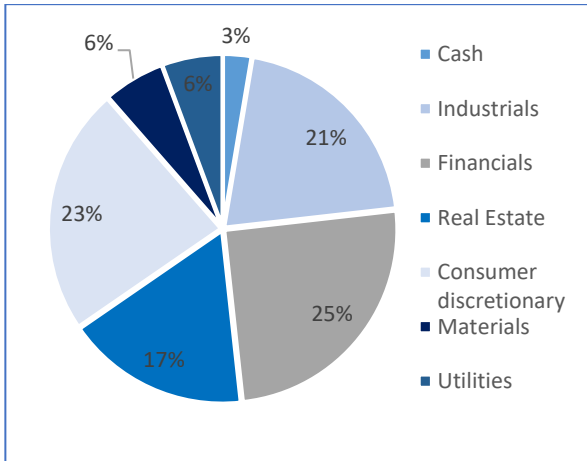
The TER is all expenses incurred for the period 1 July 2017 to 30 June 2018. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER may not necessarily be an accurate indication of future TER's.

Asset allocation (%)

FRN	28%	Loans	49%
CLN's	20%	Cash	3%



Sector allocation (%)



Why invest in the fund

Alignment and participation in co-investment arrangement – the Fund has a unique right to co-invest with Investec Bank Limited (“IBL”), a premier and experienced credit originator in South Africa.

Access – the Fund provides the investor with access to a diversified exposure to assets that are not readily available in the market and is complementary to traditional fixed income securities.

Diversification – the Fund provides diversified exposure across a range of issuers, sectors, credit ratings and maturities.

Yield and volatility – the Fund provides the investor with access to a portfolio that is likely to achieve a relatively attractive yield with low volatility and is not sensitive to increasing interest rates as the assets are floating rate in nature.

Risk management – Investec Specialist Investments (RF) Limited has a rigorous investment process that aims to reduce the risk to the investor over the life-cycle of the investment.

The Fund is managed by an experienced team of investment professionals.

Regulatory

The Fund is managed as a Qualified Investor hedge fund according to BN52 of Collective Investment Schemes Control Act and available to qualified investors only. The Fund prescribes to the principles of best execution and the Risk Management Framework incorporates best practice for the management of liquidity, credit, counterparty and operational risk.

Distributions

The fund will move from an annual to a quarterly distribution cycle from 31 December 2018 onwards. The distribution amount is the total net income accrued until the distribution calculation date. The fund has declared the following distributions since inception: Special ad-hoc distribution on 30/11/17, the amount of R35.95 per unit. Annual distribution on 31/03/18, the amount of R30.71 per unit.

Valuation and Transaction cut-off times

The published price is the valuation of the portfolio as at the close of business of the last day of the specified month.

The transaction cut-off time for a subscription instruction is the close of business of the fifth day before month end, and is still subject to the manager’s approval of the client due diligence submission. The transaction cut-off time for a redemption instruction is midday of the first business day of the month, to receive the price of the portfolio for the same month (1 calendar month notice period), and the redemption proceeds during the course of the following month.

General information

Fund classification	Qualified Investor Hedge Fund
NAV Price	1,089.61
Minimum investment	ZAR 1m
Subscriptions	Monthly
Investment manager	Investec Specialist Investments (RF) Limited
Domicile	South Africa
Management Company	Investec Specialist Investments (RF) Limited
Administrator	Maitland Fund Services
Prime broker	Investec Prime Services
Trustee	Nedbank Limited
Auditors	KPMG SA
Risk manager	RisCura Analytics
Reporting currency	ZAR

Contact information

If you require further information, please contact our Investor Services Department on (+27) 11 286 8060, alternatively, please contact the investment manager on isi@investec.co.za or consult your financial advisor. Website: www.investec.co.za



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Fees

Total expense ratio (TER): This is the value of the Fund incurred in total relating to the management (including administration) of the Fund. 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 cost (TC): This is the value of the Fund incurred as costs relating to the buying and selling of the assets underlying the Fund. Transaction costs are a necessary cost in administering the Fund and impact the 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 Fund and the investment decisions of the investment manager.

Total investment charges (TER + TC): This is the value of the Fund incurred as costs relating to the investment management of the Fund.

Risks

Default risk: There is a risk that the issuers of fixed income securities may not be able to meet interest payments nor repay the money that has been borrowed. The worse the credit quality of the issuer, the greater the risk of default and therefore investment loss.

Derivative counterparty loss: a counterparty to a derivative transaction may fail to meet its obligations thereby leading to financial loss.

Interest rate: The value of fixed income investments tends to increase when interest rates and/or inflation rises.

Liquidity: There may be insufficient buyers and sellers of particular investments giving rise to delays in trading and being able to make settlements, and/or large fluctuations in value. This may lead to larger financial losses than might be anticipated.

Where foreign securities are included in the portfolio there may be additional risks such as potential constraints on liquidity and repatriation of funds, macroeconomic risk, political risk, foreign exchange risk, tax risk, settlement risk as well as potential limitations on the availability of market information. Hedge funds: Hedge fund strategies may include leverage, short-selling and utilise complex instruments and investment strategies with lower liquidity which may be misunderstood and lead to losses for investors.

Certain investments – including those involving futures, options, equity swaps, and other derivatives may give rise to substantial risk and might not be suitable for all investors.

FAIS Conflicts of interest disclosure

Please note that your financial advisor may be a related party. It is your financial advisor's responsibility to disclose all fees he/she receives from any related party. The portfolio's TER includes all fees paid by the Fund to ISI, the trustees, the auditors, banks, underlying portfolios, and any other investment consultants/managers as well as distribution fees and LISP rebates, if applicable. The Fund's performance numbers are calculated net of the TER expenses.

Investment Manager

Investec Specialist Investments (RF) Ltd is the authorised Investment Manager for the Fund.

Physical address: Investec Head Office, 100 Grayston Drive, Sandown, 2196. **Postal address:** PO Box 785700

Telephone number +27 11 286 7000 **Website:** www.investec.co.za

Additional information, including application forms, annual or quarterly reports can be obtained from Investec Specialist Investments (RF) Limited, free of charge or accessed on our website at www.investec.co.za. Valuation takes place monthly and prices can be viewed on our website (www.investec.co.za).

Management Company information

Investec Specialist Investments (RF) Limited

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Sandown, 2196

Tel: 011-287-7000

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Custodian / Trustee information

Nedbank Investor Services

2nd floor, 16 Constantia Boulevard

Constantia Kloof, Roodepoort, 1709

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www.nedbank.co.za

The Management Company and Trustee are registered and approved under the Collective Investment Schemes Control Act (No 45 of 2002)

Important information: Investec Specialist Investments (RF) Ltd (Reg. No 2016/006142/06) is a registered and approved Manager in a QI Hedge Fund Collective Investment Scheme. Collective investment schemes are medium- to long-term investments. Investors should be aware that investing in a financial product entails a level of risk, which depends on the nature of investment. The merits of any investment should be considered together with the specific risk profile and investment objectives. Past performance is not necessarily an indication of future performance. The value of investments may go down as well as up and is therefore not guaranteed. Fluctuations or movements in exchange rates may cause the value of underlying investments to go up or down. The portfolio is valued at closing prices on the last day of the month. Participatory interests are calculated on a NAV basis by determining the total market value of all assets in the fund, including any income accruals, less any permissible deductions in terms of the Act, divided by the number of units in issue. Participatory interests are on investor statements are thus net of all fees. A schedule of fees and charges and maximum commissions is available from the Manager on request. Collective investments are traded at ruling prices and can engage in borrowing and scrip lending. Performance is calculated for the portfolio and the individual investor performance may differ as a result of initial fees, actual investment date, date of reinvestment and dividend withholding tax. The Manager has a right to close the portfolio to new investors in order to manage it more efficiently in accordance with its mandate. Prices are published monthly on our website and local media as appropriate. Additional information, including but not limited to, Key Investor Information Documents, Application form, terms and conditions, hedge fund disclosures, Minimum Disclosure Document, as well as other information relating to the portfolio is available, free of charge, on request from the manager or on the website. The document should not be seen as an offer to purchase any specific product and is not to be construed as advice or guidance in any form whatsoever. Investors are encouraged to obtain independent professional advice before investing in a product. Investec accepts no liability whatsoever for any loss or damage of any kind arising out of the use of all or any part of this communication. Investec does not make representation that the information provided is appropriate for use in all jurisdictions or by all Investors or other potential Investors. Parties are therefore responsible for compliance with applicable local laws and regulations. The Conflicts of Interest Management Policy and the Complaints Resolution Policy may be accessed on www.investec.co.za or may be requested from the Compliance Department. Investec Specialist Investments may not request or induce in any manner a client to waive any right or benefit conferred on the client by or in terms of any provision of the FAIS General Code of Conduct, or recognise, accept or act on any such waiver by the client.

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