



Out of the Ordinary®

## Investec Specialist Investments Equity Structured Products (QI) Hedge Fund

### Minimum disclosure document as at 28 February 2018: Class A

#### Fund description

The Investec Specialist Investments Equity Structured Products QI Hedge Fund (the "Fund") is a qualified investor hedge fund that provides investors exposure to a portfolio of pre-defined or structured product investments based on a variety of local and global equity indices. The value of the investments will be denominated in Rand. The Fund is managed by Investec Specialist Investments (RF) Limited ("ISI" or "Manager").

#### Investment objective

The objective of the Fund is to provide investors with meaningful participation in the equity market whilst limiting losses in extreme negative market conditions.

#### Performance summary\*

Period	Fund	Alsi40
1 Month	(1.61) %	(2.34)%
3 Months	(2.61) %	(3.54)%
6 Months	3.22 %	2.77%
Since inception**	3.22 %	2.77%

\* CPI comparisons are appropriate from a 12 month track record  
\*\* 1 September 2017

#### Monthly performance

	2017	2018
Jan		(0.02)%
Feb		(1.61)%
Mar		
Apr		
May		
Jun		
Jul		
Aug		
Sep	(0.45)%	
Oct	5.07%	
Nov	1.33%	
Dec	(1.00)%	

#### Investment universe

The Fund seeks exposure to predominantly South African and where appropriate, global equity indices. It has flexibility to invest in and hedge with a wide range of financial instruments, both listed and unlisted. These instruments include but are not limited to bank deposits, bonds, credit linked notes, equities, equity linked notes, derivatives, futures, options and warrants,

It may invest in listed shares, participatory interests of collective investment schemes and/or Exchange Traded Funds.

The Fund may lend out its assets subject to obtaining sufficient collateral at the discretion and satisfaction of the Manager.

The Fund may augment its structured pay-off profiles with the use of credit products in the form of fixed interest assets and credit default swaps where required.

#### Risk profile

The risk profile of the Fund is medium to high in nature and is appropriate for investors with a medium to long-term investment horizon who require general domestic equity market performance with lower volatility. The Fund is appropriate for investors who understand the risks, advantages and exposures accompanying a hedge fund that utilises structured products.

#### Manager comment

The Fund is currently positioned to limit the downside exposure to equity markets in significant negative market conditions as described in the Exposure profile below.

#### Asset allocation

Satrix40 – hedged with put options	95%
Cash	5%



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## Exposure profile

The sensitivity of the Fund to general equity market movements is calculated as follows:

Market Move	Expected Fund Move	Effective Exposure ("Delta")
+30%	+26%	86%
+20%	+16%	82%
+10%	+8%	77%
-10%	-5%	52%
-20%	-7%	37%
-30%	-8%	26%

## Fund information

<b>Fund value</b>	R 21,74m
<b>Target return</b>	CPI + 4% (3yr rolling)
<b>Fund manager</b>	Investec Specialist Investments (RF) Limited
<b>Inception date</b>	1 September 2017
<b>Maximum leverage</b>	5 times NAV
<b>Current leverage</b>	1 times NAV
<b>Total expense ratio</b>	n/a (expected to be 1,3% pa)

## Fees

<b>Management fee</b>	0.75% p.a. (ex VAT)
<b>Performance fee</b>	n/a

## Why invest in the fund

- The Fund provides an investor with an opportunity to access multiple structured products with varying terms, maturity and payoff profiles in a single investment;
- As such it delivers an optimal and diversified risk return profile that is not easily obtainable in a single structured product;
- Investors obtain a smoother return profile relative to structured products with less reliance on the entry and exit points of the investment;

- The Fund has a meaningful upside effective exposure to the equity market (80%+), whilst having a lower effective exposure to downside market movements. This means that investment returns should be favourably skewed to positive market movements. As a result the Fund should be less volatile than an outright investment in traditional equity indices.

## Regulatory structure

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.

## General information

<b>Fund classification</b>	Qualified Investor Hedge Fund
<b>NAV Price (Rands)</b>	1,035.19
<b>Minimum investment</b>	ZAR 1m
<b>Distribution</b>	Annually on 31 March
<b>Subscriptions</b>	Monthly on last business day
<b>Domicile</b>	South Africa
<b>Management company</b>	Investec Specialist Investments (RF) Limited
<b>Administrator</b>	Maitland Fund Services
<b>Prime broker</b>	Investec Prime Services
<b>Trustee/Custodian</b>	Nedbank Limited
<b>Auditors</b>	KPMG SA
<b>Risk manager</b>	RisCura Analytics
<b>Reporting currency</b>	ZAR

## Contact information

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



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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 QI hedge fund entails a level of risk which depends on the nature of investment. The Fund may utilize leverage and may engage in borrowing and scrip lending. The merits of any investment should be considered together with the specific risk profile and investment objectives of the Fund. 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 Manager does not provide any guarantee either with respect to the capital or the return of a portfolio.

The portfolio is valued at closing prices on the last day of the month. The cut off time for processing investment transactions is 12h00 with at least 5 business days before the end of the month in order to enable processing for the first day of the following calendar month.

Participatory interests are calculated on a Net Asset Value 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 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. 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 forms, terms and conditions, hedge fund risk 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.

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