

Definitive RCIS Income Retail Hedge Fund

MINIMUM DISCLOSURE DOCUMENT | JULY 2019

GENERAL INFORMATION

Unit Price:	101.1476 cents
Fee Class:	Class B1
Fee Class Units:	318,327,281.64
Fund Category:	CIS Retail Hedge Fund
Structure:	Registered SA CIS in Hedge Fund
Risk Profile:	Low
Fund Manager:	Jackie Solomon
Fund Inception Date:	1-Feb-09
CIS Establishment Date	1-Mar-17
Management Company:	Realfin Collective Investment Schemes (RF) Proprietary Limited
Fund Size:	R 321,980,536.07
Benchmark:	Average returns of the following the Standard Bank Money Market Fund (STMM), ABSA Money Market Fund (ABMM), Nedgroup Money Market Fund (VEMM), Investec Money Market Fund (INMM), RMB Money Market Fund (RMMM) plus 0.50% on a rolling 12 month basis
Currency:	ZAR
Minimum lump sum:	R 50,000.00
Additional lump sum:	R 5,000.00
Annual Management Fee:	0.57% (ex VAT) p.a.
Performance Fee:	0.00% (ex VAT) p.a.
Subscriptions:	Weekly
Redemptions:	Weekly
Portfolio Valuation:	23h00 on Sunday of each week
Transaction cut-off time:	14h00 on Thursday of each week
Income Distribution:	Monthly
Administrator:	RealFin Fund Services Proprietary Limited
Trustee:	FirstRand Bank Limited (acting through its RMB Custody and Trustee Services Division)
Auditor:	PricewaterhouseCoopers

TER*	TC*	TIC*
0.89%	0.00%	0.89%

* The TER, TC and TIC calculation as at 30 June 2019

INVESTMENT OBJECTIVE

The portfolio aims to deliver returns in excess of the average returns, after fees, of the retail unit classes of the following collective investment schemes: The Standard Bank Money Market Fund (STMM), The ABSA Money Market Fund (ABMM), The Nedgroup Money Market Fund (VEMM), The Investec Money Market Fund (INMM) and The RMB Money Market Fund (RNMM) plus 0.5% on a rolling 12 month basis.

INVESTMENT MANDATE

The portfolio may invest in the participatory interests of hedge fund portfolios in any retail investor collective investment scheme; and in any other securities (including, without limitation, derivative instruments), financial products and assets, subject only to the requirements of the Act read with the Hedge Fund Requirements. The manager may create leverage in the portfolio by borrowing funds, using short positions or engaging in derivative transactions.

INVESTMENT RESTRICTIONS

- The portfolio is not permitted to invest offshore.
- Value At Risk approach will be used to calculate total exposure.
- The calculation will be determine with 99% confidence level that the potential loss over the following month will not exceed 20% of the Portfolio's net asset value.

RISK PROFILE

The fund is suitable for investors who require high levels of income and capital preservation. The fund provides an attractive alternative to current and savings accounts and may be used to diversify away from equity assets or as a short-term investment for capital. The fund typically displays very little volatility.



LOW

- Generally low risk portfolios have minimal equity exposure or no equity exposure, resulting in far less volatility than a more aggressive mandated portfolio and in turn the probability of capital loss (permanent/temporary) is less likely.
- However, expected potential long term investment returns could be lower over the medium to long term.

RETURN STATISTICS	FUND
1 Month	0.67%
3 Month	2.04%
12 Month	8.43%
Return Since Inception of CIS (Cumulative)	21.09%

RATE OF RETURN	FUND	STEFI*
NACM	7.81%	7.06%
NACA	8.10%	7.30%

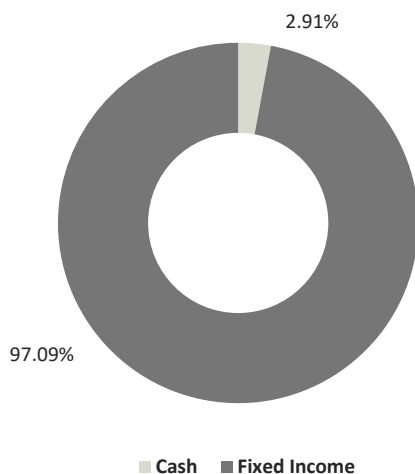
* South African Short Term Fixed Interest Benchmark Rate

DISTRIBUTION DATE	DISTRIBUTION (CPU)
29 Jul 18	0.7435
26 Aug 18	0.6361
30 Sep 18	0.7459
28 Oct 18	0.6012
25 Nov 18	0.5994
30 Dec 18	0.7569
27 Jan 19	0.6261
24 Feb 19	0.6176
31 Mar 19	0.6770
28 Apr 19	0.6156
26 May 19	0.6152
30 Jun 19	0.7289
28 Jul 19	0.6348

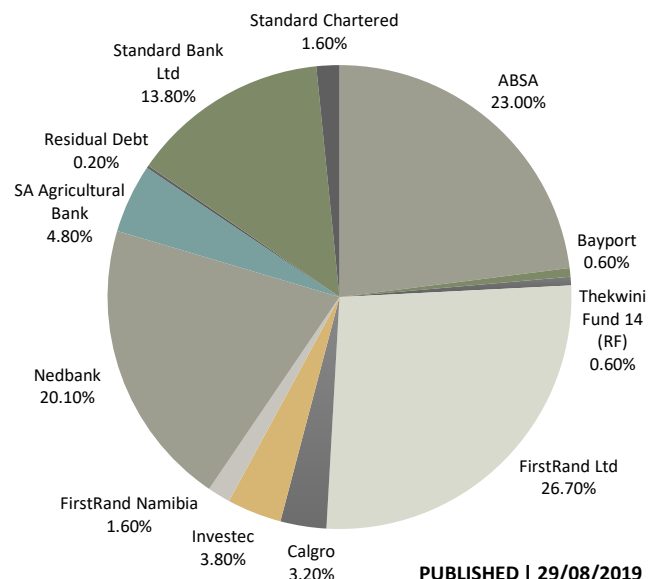
MONTHLY NET RETURNS (SINCE INCEPTION OF CIS)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2019	0.64%	0.69%	0.67%	0.62%	0.63%	0.73%	0.67%						4.74%
2018	0.73%	0.65%	0.64%	0.79%	0.59%	0.60%	0.75%	0.70%	0.76%	0.61%	0.59%	0.83%	8.55%
2017			0.58%	0.48%	0.63%	0.39%	0.82%	0.55%	0.62%	0.82%	0.62%	0.80%	6.51%

ASSET ALLOCATION



FUND CREDIT EXPOSURE



FUND COMMENTARY

Central banks were the focus towards the end of the month both locally and offshore. We saw the South African Reserve Bank's (SARB) Monetary Policy Committee (MPC) unanimously reduce the repo rate by 25 basis points to 6.5 percent on more-or-less balanced risks to the inflation outlook. Headline core inflation remained unchanged at 4.5 percent while core inflation inched higher to 4.3 percent in June. Forecasts for headline core inflation were revised marginally lower in the near term due to a reduction in oil, fuel and electricity price assumptions but medium term forecasts remain unchanged. The decline in the repo rate was welcomed as the local consumer continues to struggle. Testament to this was the increase in the unemployment rate, jumping to 29 percent from 27.6 percent in the first quarter. The jobs market remains depressed with this figure remaining persistently above the long-term average of 25.3 percent. Offshore investors were forced to wait for the last day of the month for the FOMC meeting where The Federal Reserve Bank (Fed) reduced interest rates by 0.25 percent. This was the first time the Fed reduced rates in 11 years, however, investors were disappointed by the central banks suggestions that the cut in rates was not the start of a lengthy cutting cycle. The S&P 500 and the Nasdaq closed the month 1.44 percent and 2.15 percent higher, respectively, while the Euro Stoxx 50 and the MSCI Emerging Market Index closed the month flat at -0.05 percent and -1.15 percent lower, respectively. The JSE Top 40 followed emerging market assets lower during the month, declining 2.68 percent while the rand depreciated half a percent versus the dollar closing the month to USD 14.38.

On the political front, Pravin Gordhan won an interdict to suspend the implementation of Public Protector Busiswe Mkhwebanes' remedial orders on her report on the rogue unit at SARS and the early retirement granted to Ivan Pillay. Mkhwebane in her report, insisted the unit in question was established illegally and was found to have violated national security over how it conducted its operations. She called upon President Cyril Ramaphosa to take action against Gordhan as he has misled Parliament on the matter and therefore had breached the ethics code as well. The public protector took further aim at the president saying Ramaphosa deliberately misled Parliament when he answered questions with regards to donations to the CR17 campaign and that he had breached his ethics code in failing to declare to Parliament the donations to the campaign. Ramaphosa has approached the high court to set aside the report and to interdict the implementation of some of the remedial action directed by her.

CONTACT DETAILS

RCIS – Management Company	
Registration Number	2013/170284/07
Physical Address	1 st Floor, 4 Silverwood Close, Steenberg Office Park, Tokai, 7945
Postal Address	Suite 25, Private Bag X16, Constantia, 7848, Cape Town
Telephone Number	+27 21 701 3777
Email Address	clientservices@realfin.co.za
Website	www.realfin.co.za

Realfin Fund Services - Administrator	
Registration Number	2015/017268/07
Physical Address	1 st Floor, 4 Silverwood Close, Steenberg Office Park, Tokai, 7945
Postal Address	Suite 25, Private Bag X16, Constantia, 7848, Cape Town
Telephone Number	+27 21 701 3777
Email Address	definitive@realfin.co.za
Website	www.realfin.co.za
FSP Number	46537

Definitive Asset Management – Fund Manager	
Registration Number	2006/016737/07
Physical Address	Ground Floor, The Oval, Fernwood House, 1 Oakdale Road, Newlands, 7700, Cape Town
Postal Address	Suite 139, Private Bag X16, Constantia, 7848, Cape Town
Telephone Number	+27 21 674 4167
Email Address	info@definitivecm.com
Website	www.definitivecm.com
FSP Number	29465

FirstRand Bank Limited – Trustee	
Physical Address	Cnr Jeppe & Simmonds Streets, 3 First Place, Mezzanine Floor, Bank City, Johannesburg, 2001
Telephone Number	+27 87 577 8730
Email Address	trusteeservices@rmb.co.za
Website	www.rmb.co.za

IMPORTANT INFORMATION

RealFin Collective Investment Schemes (RF) Proprietary Limited ("RCIS") is registered and approved by the Financial Sector Conduct Authority (FSCA) as a manager of Collective Investment Schemes approved in terms of the Collective Investment Schemes Control Act. This document is for information purposes only and does not constitute or form part of any offer to issue or sell or any solicitation of any offer to subscribe for or purchase any particular investments. The information contained in the MDD does not constitute financial advice as contemplated in terms of the Financial Advisory and Intermediary Services Act, and should be read in conjunction with the "RCIS Fund Information Document." Opinions expressed in this document may be changed without notice at any time after publication. We therefore disclaim any liability for any loss, liability, damage (whether direct or consequential) or expense of any nature whatsoever which may be suffered as a result of or which may be attributable directly or indirectly to the use of or reliance upon the information.

DISCLOSURES

- Collective Investment Schemes are generally medium-to long-term investments.
- Definitive RCIS Income Retail Hedge Fund** should be considered an investment with a time horizon of longer than a year.
- The value of participatory interests (units) may go down as well as up.
- Past performance is not necessarily a guide to future performance.
- Where different classes of participatory interests apply to certain Portfolio's, they would be subject to different charges.
- Collective investments are traded at ruling prices and can engage in borrowing and scrip lending.
- A schedule of fees and charges and maximum commissions, is available on request from RCIS.
- RCIS does not provide any guarantee in respect to the capital or the return of the portfolio.
- RCIS may suspend repurchases for a period, subject to regulatory approval, to await liquidity.
- RCIS may borrow up to 10% of the market value of the portfolio where insufficient liquidity exists in a portfolio, or where assets cannot be released to withdraw or cancel participatory interests.
- RCIS reserves the right to close the fund to new investors if we deem it necessary to limit further inflows in order for it to be managed in accordance with its mandate.
- Forward pricing is used.
- In terms of the Collective Investment Schemes Control Act, No.45 of 2002 (CISCA), RMB Custody and Trustee Services (A division of Firtstrand Bank Limited) has been appointed by RCIS as the Trustee of **Definitive RCIS Income Retail Hedge Fund**.
- The portfolio is valued at **23H00 on Sunday of each week**.
- Investment and Redemption Instructions will be processed according to: The transaction cut-off time as well as the Subscription and Redemption guidance stipulated within the General Information section of the Minimum Disclosure Document.
- Any capital gain realised on the disposal of a participatory interest in a collective investment scheme is subject to Capital Gain Tax (CGT).
- A money market portfolio is not a bank deposit account. The price of a participatory interest is a marked-to-market value. The total return to the investor is made up of interest received and any gain or loss made on any particular instrument, in most cases the return will merely have an effect of increasing or decreasing the daily yield. In the case of abnormal losses it can have the effect of reducing the capital value of the portfolio. Excessive withdrawals from a money market 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.
- Where foreign securities are included in a portfolio, this may impose potential constraints on liquidity and the repatriation of funds. The portfolio can be impacted by macroeconomic risks, political risks, foreign exchange risks, tax risks, settlement risks and potential limitations on the availability of the market information. Fluctuations or movements in exchange rates may cause the value of underlying offshore investments to go up or down.
- A Fund of Funds Portfolio only invests in other portfolio's of collective investment schemes which levies its own charges, which could result in a higher cost structure for these portfolios.
- RealFin Collective Investment Schemes (RF) Proprietary Limited has entered into a co-naming agreement with and delegated the investment management function to **Definitive Asset Management Proprietary Limited (FSP 29465)**
- RCIS retains full legal responsibility for **Definitive RCIS Income Retail Hedge Fund** and performs Risk Management oversight.
- Application forms can be obtained via the RCIS website www.realfin.co.za and any additional information can be requested from RCIS at manco@realfin.co.za
- The RCIS complaints policy is available on the RCIS website www.realfin.co.za
- RCIS has a Conflict of interest policy, Protection of Personal Information Policy and Treating Clients Fairly Policy which is available on request.

HEDGE FUND RISK DISCLOSURE

The risks and characteristics within represent some of the more general risks and characteristics prevalent in hedge fund portfolios. The list below should not be seen as exhaustive. As more risks and characteristics are identified that were not initially mentioned, these will, as they become more prevalent, be included herein.

Investment strategies may be inherently risky - Hedge fund strategies may include leverage, short-selling and short-term investments. In addition, hedge fund portfolios often invest in unlisted instruments, low-grade debt, foreign currency and other exotic instruments. All of these expose investors to additional risk. However, not all hedge fund managers employ any or all of these strategies and it is recommended that investors consult their advisors in order to determine which strategies are being employed by the relevant manager and which consequent risks arise.

Leverage usually means higher volatility - Hedge fund managers may use leverage. This means that the hedge fund manager borrows additional funds, or trades on margin, in order to amplify his investment decisions. This means that the volatility of the hedge fund portfolio can be many times that of the underlying investments. The degree to which leverage may be employed in any given hedge fund portfolio will be limited by the mandate the client has with the manager. The limits laid down by the mandate should be carefully reviewed in making an investment decision.

Short-selling can lead to significant losses - Hedge fund managers may borrow securities in order to sell them short, in the hope that the price of the underlying instrument will fall. Where the price of the underlying instrument rises, the client can be exposed to significant losses, given that the manager is forced to buy securities (to deliver to the purchaser under the short sale) at high prices.

Unlisted instruments might be valued incorrectly - Hedge fund managers may invest in unlisted instruments where a market value is not determined by willing buyers and sellers. The hedge fund manager may have to estimate the value of such instruments, and these estimates may be inaccurate, leading to an incorrect impression of the fund's value. Investors should ensure that objective valuations are performed for all instruments in a portfolio and that the manager utilises the services of a competent administrator.

Fixed income instruments may be low-grade - Hedge fund managers may invest in low-grade bonds and other fixed interest investments. These investments are more likely to suffer from defaults on interest or capital. They are also more likely to have volatile valuations when the market changes its view on credit risk. The mandate should also limit the extent (i.e. lowest acceptable rating and maximum percentage exposure) to which low-grade debt can be acquired by the client. Investors should review the mandate to gain an appreciation of the maximum possible exposure applicable to the relevant mandate.

Other complex investments might be misunderstood - In addition to the above, hedge fund managers might invest in complex instruments such as, but not limited to, futures, forwards, swaps, options and contracts for difference. Many of these will be derivatives, which could increase volatility. Many will be "over-the-counter", which could increase counterparty risk. Many exotic instruments may also be challenging for the manager to administer and account for properly. Investors should inquire into how these instruments are objectively and independently valued.

Exchange rates could turn against the fund - A hedge fund manager might invest in currencies other than the base currency. For example, a South African hedge fund manager might invest in UK or US shares. The portfolio is therefore exposed to the risk of the rand strengthening or the foreign currency weakening.

The client may be caught in a liquidity squeeze - Given their often short-term nature, hedge fund managers need to be able to disinvest from or close certain positions quickly and efficiently. But market liquidity is not always stable, and if liquidity were to decrease suddenly, the hedge fund manager might be unable to disinvest from or close such positions rapidly or at a good price, which may lead to losses.

The prime broker or custodian may default - Hedge fund managers often have special relationships with so-called "prime" brokers. These are stockbrokers that provide the required leveraging and shorting facilities. Prime brokers usually require collateral for these facilities, which collateral is typically provided using assets of the relevant client, and consequently such collateral might be at risk if the prime broker were to default in some way. A similar situation could occur with the custodian of the client's funds.

TRANSACTION CUT-OFF TIMES

In order for an **Investment Instruction** to be processed, your Investment form needs to be sent **before 14h00** on the **Thursday** of each week ("**Cut Off Date**") for your Investment application to be processed on the **1st Monday** of the following week. **Investment Payments** need to reflect in the RCIS Inflow account **before 12h00** on the **1st Monday** ("**Cut Off**") preceding the submission of the Investment form and proof of payment sent to clientservices@realfin.co.za. Any Investment payment which is received or reflects after Cut Off shall be retained by the Manager in a separate account and shall be invested (together with any interest which has accrued thereon) on the next available Investment Date.

Your Redemption form needs to be sent **before 14h00** on the **Thursday** of each week ("**Redemption Date**") for your Redemption instruction to be processed on the **1st Monday** of the following week. Please note in the case of weekly traded hedge fund redemptions, settlement may take up to **3 business days**.

PERFORMANCE CALCULATION

CIS prices are calculated on a net asset basis, which is the total value of all the assets in the portfolio including any income accruals and less any permissible deductions (brokerage, STT, VAT, auditor's fees, bank charges, trustee and custodian fees and the annual management fee) from the portfolio divided by the number of participatory interests (units) in issue. Performance has been calculated using NAV to NAV figures with actual portfolio ongoing fees taken into account. Income is reinvested at the reinvestment date. Different classes of participatory interests apply to these portfolio's and are subject to different fees and charges. Actual investment performance will differ based on the initial advice fee, ongoing advice fee, investment date, the date of reinvestment of distributions and dividend withholding tax. Initial advice fees have not been taken into account. Cumulative performance figures are calculated using lump sum investment amounts. Income distributions, prior to the deduction of applicable taxes, are included in the performance calculation. Performance calculations are available on request from RCIS.

PERFORMANCE FEES

Performance fees shall be calculated separately for each class at each Valuation Point. Performance fees are accrued and are payable at the end of the relevant Performance Fee Measurement Period. The calculation is based on whether the respective Class has achieved a return greater than the Fee Hurdle and where applicable, above the high watermark. A detailed description of how performance fees are calculated and applied for this portfolio is available on request from RCIS.

TER

The Fund's Total Expense Ratio (TER) reflects the percentage of the average Net Asset Value (NAV) of the portfolio that was incurred as charges, levies and fees related to the management of the portfolio. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. Calculations are based on actual data where possible and best estimates where actual data is not available.

TC

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 factors over time including market returns, the type of Financial Product, the investment decisions of the investment manager and the TER.

Regulations could change - Legal, tax and regulatory changes could occur during the term of the investor's investment in a hedge fund portfolio that may adversely affect it. The effect of any future legal, tax and regulatory change or any future court decision on a hedge fund portfolio could be substantial and adverse.

Past performance might be theoretical - Hedge fund portfolios are on occasion marketed using theoretical or paper track records. Past performance is seldom a reliable indicator of future performance. Theoretical past performance is often an even less reliable indicator, and investors should place a low significance on these.

The manager may be conflicted - The hedge fund manager might be managing other hedge fund portfolios or other traditional investment funds. The investor should ensure that sufficient controls are in place to manage any conflicts of interest between the different funds.

Hedge fund structures are often complex - As mentioned above, hedge fund structures are not fully regulated and they are often housed in legal structures not originally meant for pooled hedge funds, for example partnerships and companies. Given the many risks listed above, investors need to ensure that any structure is robust enough to contain any unlimited losses.

Manager accountability may be vague - Hedge fund portfolios are often managed by specific individuals and investors should ensure that sufficient controls are in place for the times when the manager is being covered for by colleagues. In addition, a hedge fund structure (for example, a fund of funds) and its managers or advisors may rely on the trading and/or investing expertise and experience of third-party managers or advisors, the identity of which may not be disclosed to investors. This constitutes an additional risk for investors, which they must take into account.

Fees might be high - Hedge fund structures' fees may be significantly higher than the fees charged on traditional investment hedge funds. Investments should be made only where the potential returns justify the higher fees.

Fees might be performance-based - Hedge fund manager's fees are usually performance-based. This means that the managers typically get a higher fee when their portfolios outperform specified performance targets, which might lead to riskier positions being taken. Investors need to ensure that performance fees allow for a fair sharing of both the good and the bad.

Transaction costs might be high - Given the often short-term nature of investment positions, hedge fund portfolios are often traded more aggressively. This implies more stockbroking commission and charges being paid from the portfolio, which is ultimately for the client's account. Again, investments should be made only where the potential returns make up for the costs.

Transparency might be low - A hedge fund manager's performance is often the result of unique proprietary strategies or contrarian investment positions. For obvious reasons, managers will want to keep these confidential. Managers are therefore less likely to disclose trades to their investors, and holdings might be disclosed only in part or with a significant delay.

Dealing and reporting might be infrequent - A hedge fund manager's performance can often be disturbed by irregular cash flows into or out of the hedge fund structure. For this reason, hedge fund managers often limit the frequency of investments and withdrawals. Similarly, the manager may choose to report infrequently on performance and other statistics. Investors should ascertain, prior to investing, the nature and frequency of reporting.

Withdrawals might not be easy - As mentioned above, the frequency of withdrawals might be limited to monthly or quarterly dates. In addition, the manager may impose notice periods or lock-ins in order to ensure that they have the necessary time for their investment positions to deliver their desired returns.