

INVESTMENTS

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PO Box 786055, Sandton, 2146
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General queries email:
AInvestmentcontactcentre@alexforbes.com
Transactional email: AFinstructions@apexgroup.com
Website: www.alexforbes.com

Application Form for Legal Entities QI Hedge Fund Scheme

Please click [here](#) to view all supporting forms, documents and disclosures.

Guide for investing

- Step 1**
Are you a qualified investor?
- You may only invest in a Qualified Investor Hedge Fund if:
- You invest a minimum amount of R1 000 000 (One Million Rand) per Portfolio; and
 - You have demonstrable knowledge and experience in financial or business matters that enable you to assess the risks and merits of an investment into a hedge fund investment; or
 - You have appointed a financial services provider, who has demonstrable knowledge and experience, to advise you regarding the risks and merits of a hedge fund investment.
- By signing this application form, you confirm that the entity complies with these requirements.
-
- Step 2**
Make an informed decision
- Read the **MINIMUM DISCLOSURE DOCUMENT(S)** (fact sheet(s)) to assist you in making an informed investment decision. These documents form part of this application form and are available on our website.
 - Read the **ANNUAL REPORT** that is available on our website.
 - Read the **SCHEDULE OF FEES AND CHARGES**, that is available on our website, for more information on any classes available for investment in a portfolio.
 - If you do not have access to the internet, or are not able to access these documents on our website, you can request them from us or from your financial adviser.
 - To fully understand the costs associated with this application, please speak to your financial adviser or call our Contact Centre on 0860 333 316, to obtain an Effective Annual Cost (EAC) disclosure.
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- Step 3**
Complete the application form
- Complete all fields marked with an asterisk (*).
 - Complete the FATCA and CRS disclosures in Annexure A.
 - Complete Annexure B in respect of each person authorised to act on behalf of the entity and each person or entity who has an interest in or control over the entity.
 - Read and agree to the **TERMS AND CONDITIONS** and the **UNIT TRUST TAX INFORMATION SHEET FOR ENTITIES**. These documents form part of this application form and are available on our website. If you do not have access to the internet, or are not able to access these documents on our website, you can request them from us, or from your financial adviser.
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- Step 4**
Submit your application form
- Email:** AFInstructions@apexgroup.com
 - For assistance phone:** 0860 333 316
 - To ensure efficient handling of your application, it is important that all the initial stated requirements are supplied together with the completed application form. You agree to provide all documentation and information required in terms of the *Financial Intelligence Centre Act, 2017* as amended (FICA), and understand that Alexander Forbes Investments, as an accountable institution, is prohibited from processing any business transactions on your behalf until all such documentation and information has been received as part of its customer due diligence procedures. We may also at any time require additional information to meet our statutory obligation in this regard as part of our due diligence procedure. Your prompt response to our requests, where the information form is incomplete or we have outstanding documentation or both, will assist us to meet your expectations.
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- Step 5**
Submit supporting documents
- Supporting documentation must be attached to your application. Please refer to the **FICA REQUIREMENTS FOR LEGAL ENTITIES** document for our requirements.
 - Proof of your bank details (e.g. a certified copy of a posted bank statement or a bank confirmation letter stamped by the bank, either with a digital or ink stamp, not older than three (3) months).
 - Proof of authority to represent the investor if you are acting on behalf of the investor.
- We reserve the right to request additional information
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- What happens next?**
- Once your documentation has been identified and verified, your financial adviser, or our Contact Centre, will send our banking details to you to make payment.
 - We will process your application once we have received all the required documents, and verified the information you provided.
 - You will receive an SMS or email confirmation, once your application has been processed.
 - You will receive a welcome letter and statement, within five (5) business days of your application having been processed, and your investment received.

Trading address* Tick this box, if trading address is the same as the registered address.

Unit number	Complex name
<input type="text"/>	<input type="text"/>
Street number	Street/farm name
<input type="text"/>	<input type="text"/>
Suburb/district	
<input type="text"/>	
City/town	Province
<input type="text"/>	<input type="text"/>
Country	Postal code
<input type="text"/>	<input type="text"/>

Postal address*

City/Town

Province

Country

Postal code

Contact details*

Home	Work	Cellphone
<input type="text"/>	<input type="text"/>	<input type="text"/>
Fax		
<input type="text"/>		
Email		
<input type="text"/>		

Authorised representative (Person acting on behalf of the legal entity)

If you are acting on behalf of the investor, or opening an investment for a minor, complete Annexure B (page 11), and attach your FICA documents and proof of authority, allowing you to represent the investor (no proof of authority is required for the parent of a minor). Refer to the FICA REQUIREMENTS FOR LEGAL ENTITIES document for details on what FICA documents to submit.

Resolution/Signing authority/Mandate Yes No

Surname

Title

First name(s)

Identity number (or passport number, if foreign national)

Contact details

Home	Work	Cellphone
<input type="text"/>	<input type="text"/>	<input type="text"/>
Fax		
<input type="text"/>		
Email		
<input type="text"/>		

Declaration and undertaking

I, _____

(full names) declare:

- in terms of section 64G(2)(a) or 64H(2)(a) of the *Income Tax Act*, that the beneficial owner is not a South African tax resident, and that foreign dividends paid to the beneficial owner are exempt from dividends tax, in terms of section 64F(1)(j) of the *Income Tax Act*.
- in terms of section 64FA(2), 64G(3) or 64H(3) of the *Income Tax Act*, that all the relevant requirements, in terms of Article _____ of the DTA between South Africa and the beneficial owner's country of residence, as well as sections 64FA, 64G or 64H of the *Income Tax Act* (whichever is applicable) have been met and that dividends paid to the beneficial owner are subject to a reduced dividends tax rate of _____ %.
- in terms of section 50E(3) of the *Income Tax Act*, that the beneficial owner is not a South African tax resident and that all the relevant requirements, in terms of Article _____ of the DTA between South Africa and the beneficial owner's country of residence as well as section 50E of the *Income Tax Act* have been met and that interest paid to the beneficial owner is subject to a reduced WTI rate of _____ %.

I further declare that:

- the information provided above is true, accurate and complete.
- I undertake to immediately inform Alexander Forbes Investments, in writing, if there is a change in the beneficial owner's circumstances that cause the above information to be incorrect.

Signature of behalf of investor _____

Date

D	D	M	M	Y	Y	Y	Y
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Investment details

Which portfolio(s) do you wish to invest in and how much do you want to invest?

Please indicate the amount you wish to invest in each portfolio. You must invest a minimum of R1 000 000 per portfolio.

Portfolio	Investment amount (minimum R1 000 000 per Portfolio)
AF Stable QI Hedge Fund of Funds	R
AF Moderate QI Hedge Fund of Funds	R
AF Performance QI Hedge Fund of Funds	R
AF Focus QI Hedge Fund of Funds	R
Total	R

Source of funds*

Where do the **funds** you are investing come from?

- | | | | |
|--|---|---|---|
| <input type="checkbox"/> Business earnings | <input type="checkbox"/> Capital contribution | <input type="checkbox"/> Donation | <input type="checkbox"/> Franchise fee |
| <input type="checkbox"/> Grant, seed capital and subsidies | <input type="checkbox"/> Licensing/Royalty income | <input type="checkbox"/> Member contributions | <input type="checkbox"/> Sale of asset excluding property |
| <input type="checkbox"/> Sale of property | <input type="checkbox"/> Savings/Investments | | |

Source of wealth

Where does your **wealth** come from?

- | | | |
|---|---|---|
| <input type="checkbox"/> Business earnings | <input type="checkbox"/> Capital contribution | <input type="checkbox"/> Donation |
| <input type="checkbox"/> Franchise fee | <input type="checkbox"/> Grants; seed capital and subsidies | <input type="checkbox"/> Licensing/Royalty income |
| <input type="checkbox"/> Member contributions | <input type="checkbox"/> Sale of asset excluding property | <input type="checkbox"/> Sale of property |
| <input type="checkbox"/> Savings/Investments | | |

***This information is required by FICA, to identify potential money laundering. We reserve the right to request documentary proof of your source of funds and/or source of income, as indicated above.**

For more information on these portfolios, refer to the following documents, available on our website, or on request from us or your financial adviser:

- **MINIMUM DISCLOSURE DOCUMENTS** (fact sheets)
- **ANNUAL REPORT**

Alexander Forbes Investments' banking details

In accordance with the FICA requirements, we do not provide our banking details on our forms. In order to meet our obligations in this regard, we will first establish and verify your identity, before your financial adviser sends our banking details to you.

Income distribution

What do you wish to do with your income distributions?

If you reinvest your income distributions, you will be issued with more units. If you do not choose one of the options below, we will reinvest your income distributions into your current portfolio.

- Re-invest into current portfolio
- Pay the income earned into my bank account (from the portfolio(s) listed below)

Banking details for payment to you

Attach a certified copy of a bank statement or letter from the bank (not older than three (3) months), to confirm the banking details below. This information is needed for payment of income distributions, withdrawals and/or disinvestments. We cannot make payments into a third party's bank account. We can only make payment into the investor's bank account, which must be a South African bank account. Please note that regular withdrawals are not applicable to investments within these portfolios.

Name of bank

Branch code Branch name

Account holder

Account number

Account type
 Current Savings

Charges

Financial adviser charges

- If your adviser does not indicate an initial charge, 0% will apply.
- The initial adviser charge applies to all lump sums.
- If your adviser does not indicate an annual adviser charge, 0% will apply.
- If your adviser indicates a percentage that is more than the portfolio maximum, then the portfolio maximum will apply.
- We will recover an amount equal to the annual adviser charge (excluding VAT), by selling units in your unit trust portfolio.
- The annual adviser charge accumulates daily and is paid to your financial adviser monthly.

Annual service charge

- We levy an annual service charge for the management and administration of a portfolio.
- The annual service charge (see below) is calculated and accrued daily, and paid monthly.
- From the annual service charge, we will pay an investment management charge to the investment managers we appoint.

Performance fee

- Performance fees are not levied on the portfolios, although they have been provided for. Investors will receive three (3) months' written notice, if performance fees will be levied in the future.

To fully understand the costs associated with this application, please speak to your financial adviser or call our Contact Centre on 0860 333 316, to obtain an effective annual cost (EAC) disclosure.

Alexander Forbes Investments		
Portfolio	Annual service charge - A2 Class (incl. VAT)	Performance fee (excl. VAT) % of returns above benchmark
AF Stable QI Hedge Fund of Funds	0.75% p.a.	None
AF Moderate QI Hedge Fund of Funds	0.75% p.a.	None
AF Performance QI Hedge Fund of Funds	0.75% p.a.	None
AF Focus QI Hedge Fund of Funds	0.75% p.a.	None

Investor declaration

- 1. I confirm that the entity meets the requirements for investing in a Qualified Investor Hedge Fund, in that the investment is a minimum amount of R1 000 000 (One Million Rand) per Portfolio, and I have demonstrable knowledge and experience in financial or business matters that enable me to assess the risks and merits of an investment into a hedge fund investment; or I have appointed a financial services provider, who has demonstrable knowledge and experience, to advise the entity regarding the risks and merits of a hedge fund investment.
- 2. I confirm that I have the necessary authorisation to represent the entity in this application, and that this transaction is within my power.
- 3. I warrant that all the information provided by me in this application form, and all supporting documents, are true, accurate and complete, at the date of submission.
- 4. I undertake to immediately inform you, in writing, if my contact details, or the entity's contact details change, and/or if there is a change in circumstances, that causes the information provided in this form to be incorrect.
- 5. The entity is acting for its own account, and its decision to enter into the investment, and as to whether the investment is appropriate, was made independently, based on the judgement of the entity's controlling parties, and upon advice from such advisors, as were deemed necessary. I declare that the entity is not relying on any communication from Alexander Forbes Investments, whether written, oral or implied, as investment advice, to enter into the investment. I understand that information and explanations relating to the terms of an investment, shall not be considered investment advice, to enter into the investment.
- 6. Before completing this form, and in order to make an informed investment decision, I have read and understood the following documents:
 - The **ANNUAL REPORT** that is available on your website, or on request from you, or my financial adviser.
 - The **MINIMUM DISCLOSURE DOCUMENT(S)** fact sheet(s) that are relevant to the portfolio(s) of my choice, and that are available on your website, or on request from you, or my financial adviser.
- 7. I have read and understood the following documents that form part of this application form:
 - The **TERMS AND CONDITIONS** that are available on your website, or on request from you, or my financial adviser. I agree to these Terms and Conditions and am aware that it may be amended from time to time.
 - The **UNIT TRUST TAX INFORMATION SHEET FOR ENTITIES** that is available on your website, or on request from you, or my financial adviser.
- 8. I understand all fees and charges applicable to this investments.
- 9. I was satisfied to access information, including the abovementioned documents, on your website. To the extent that I was not satisfied to access information on your website, I have requested the relevant documents and/or information from you or my financial adviser.
- 10. I have read and understood the **HEDGE FUND RISK DISCLOSURE STATEMENT** in Annexure C of this application form. I acknowledge the inherent risk associated with hedge fund portfolio(s), and I understand that there is no assurance or guarantee, as to the expected performance of the investment.
- 11. I confirm that I have been provided with an Effective Annual Costs (EAC) disclosure for the above-mentioned transaction, and have read and understood the effect on my investment. The EAC is a measure that has been introduced, to allow me to compare the charges that I incur and their impact on investment returns, when I invest in different Financial Products. The EAC is made up of four components: Investment management charges, Advice charges, Administration charges, and other charges, which is expressed as an annualised percentage. The figures only show the estimated impact of immediate and future charges, and do not include the impact of any charges that have already been incurred. The effect of some of the charges may vary, depending on my investment period. The EAC calculation assumes that an investor terminates his/her investment in the Financial Product at the end of the relevant periods

Signature on behalf of investor _____

Date

D	D	M	M	Y	Y	Y	Y
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Personal information, privacy and security

FIND OUT how we protect your personal information, privacy and security.

Annexure A - Tax reporting and self-certification

We are committed to complying with the *Foreign Account Tax Compliance Act (FATCA)* and the Organisation for Economic Co-operation and Development (OECD) Common Reporting Standard for automatic exchange of financial account information (CRS). This means that we must collect information about each client's tax residency. If you are a U.S. Person or if you are a tax-resident in any country other than, or in addition to, South Africa (or if we do not receive a valid self-certification), we are obliged to share your information with SARS, who may in turn share your information with the tax authorities in the relevant jurisdiction(s).

If you have any questions about the entity's tax residency and/or classification status, please contact your tax adviser.

For an explanation of terms used in this Annexure, refer to the **UNIT TRUST TAX INFORMATION SHEET FOR LEGAL ENTITIES** that is available on our website, or on request from us, or your financial adviser.

Section 1: Tax residency

Is the entity resident for tax purposes¹ in any country other than South Africa? Yes No

If yes, please list all countries in which the entity is resident for tax purposes¹, and indicate the tax identification number (TIN) for each of those countries. If a country does not issue a TIN, please provide an equivalent number, for example, a registration number or similar official identification number.

If you cannot provide a TIN or other equivalent number, please provide one of the following reasons:

- **Reason A** – The country does not issue TINs to its residents.
- **Reason B** – You are not required to be registered for tax.
- **Reason C** – The domestic law of the country does not require the TIN to be disclosed.

Country	TIN or equivalent number	If no TIN is available enter reason A, B or C

¹ The taxation laws of a country will determine whether the entity is a tax resident of that country. If you are unsure about the entity's tax residency, please contact your tax adviser.

Section 2: FATCA classification status

Please select the applicable classification below. For purposes of this section "foreign" means Non-US (any investor (including South African) who is not from the United States). Non-US entities are either classified as a Foreign Financial Institution (FFI) or a Non-financial Foreign Entity (NFFE).

2.1 **Specified U.S. person**
Refer to the definition of "Specified U.S. Person" in the **UNIT TRUST TAX INFORMATION SHEET FOR LEGAL ENTITIES** that is available on our website.

2.2 **Foreign Financial Institution (FFI):** Please note that this is not an exhaustive list (use "Other" if necessary).

Non-participating FFI

Reporting FFI with GIIN

Registered deemed compliant FFI with GIIN

Sponsored FFI with GIIN

Sponsor's GIIN

Owner documented FFI with GIIN

Certified deemed compliant FFI

Exempted beneficial owners (including Funds)

Other, please specify

2.3 **Non-Financial Foreign Entity (NFFE)**

Active non-financial foreign entity (Active NFFE)

Passive non-financial foreign entity (Passive NFFE) If you ticked "Passive NFFE", please complete **Section 4: Controlling Persons**

Trust

If you ticked "Trust", please complete **Section 4: Controlling Persons**, in respect of the founder, trustees and each beneficiary or class of beneficiaries.

Province

Country Postal code

Contact details

Home Work Cellphone

Fax Email

Postal address (if different to residential address)

Province

City/town Postal code

Tax information

Are you a South African tax resident¹? Yes No

If yes, please provide your South African income tax number. (SAITN)

Are you a resident for tax purposes² in any country other than, or in addition to, South Africa? Yes No

If yes, please list all countries in which you are a resident for tax purposes², and indicate the tax identification number (TIN) for each of those countries. If a country does not issue a TIN, please provide an equivalent number, for example, a registration number or similar official identification number.

If you cannot provide a TIN or other equivalent number, please provide one of the following reasons:

- **Reason A** – The country does not issue TINs to its residents.
- **Reason B** – You are not required to be registered for tax.
- **Reason C** – The domestic law of the country does not require the TIN to be disclosed.

Country	TIN or equivalent number*	If no TIN is available enter reason A, B or C

1. You are a South African tax resident if you are physically present in South Africa for certain time periods or if you are ordinarily resident in South Africa. An entity is a South African tax resident if the entity was incorporated in South Africa or is effectively managed in South Africa.
2. The taxation laws of a country will determine whether you are a tax resident of that country. If you are unsure about this person's tax residency, please contact your tax adviser.

Declaration and undertaking

1. I declare that the above information is true, accurate and complete.
2. I undertake to immediately inform Alexander Forbes Investments, in writing, if there is a change in circumstances that causes the above information to be incorrect.
3. I understand that the information contained in this form may be reported to SARS and exchanged with tax authorities in other jurisdictions.

Signature _____

Date

Annexure C – Hedge Fund Risk Disclosures

Investment in a hedge fund portfolio carries a high degree of risk and is only suitable for sophisticated or professional investors who fully understand the risks of investing in a hedge fund portfolio and are capable of sustaining a substantial loss of their investment. You should carefully consider the risks listed below before investing in a hedge fund portfolio. The list of risks listed below does not cover all risks that may arise from investing in a particular hedge fund portfolio, as there are various hedge fund strategies, existing strategies may change, and new strategies may be developed over time. Furthermore not all the risks set out below apply to all hedge funds, and many hedge funds operate in a well-controlled environment.

We advise that you consult with your own legal, tax and financial advisers to ensure that you understand these risks.

1. Some of the main risks of hedge funds

1.1 Investment strategies may be inherently risky

Hedge fund strategies may include leverage, short-selling and short-term investments. In addition, hedge funds 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 funds employ any or all of these strategies and it is recommended that investors consult their adviser in order to determine which strategies are being employed by the relevant fund and which consequent risks arise.

1.2 Leverage usually means higher volatility

Hedge funds may use leverage. This means that the hedge fund manager borrows additional funds, or trades on margin, in order to amplify their investment decisions. This means that the volatility of the hedge fund can be many times that of the underlying investments.

The interest expense and other costs incurred in connection with leverage or borrowing may not be recovered by an increase in your investments. Gains realised with leveraged investments may cause the underlying fund's net asset value to increase at a faster rate than would be the case without leverage. If, however, investment results fail to cover the cost of leverage or borrowings, the portfolio's net asset value could also decrease faster than if there had been no leverage or borrowings. Because of the leveraged nature of certain of the investments, a relatively small movement in the market price of traded instruments may result in a disproportionately large profit or loss.

The degree to which leverage may be employed in any given hedge fund will be limited by the mandate of the fund. The limits laid down by the fund mandate should be carefully reviewed in making an investment decision.

1.3 Short-selling can lead to significant losses

Hedge funds 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 fund 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.

1.4 Unlisted instruments might be valued incorrectly

Hedge funds 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. Potential investors should ensure that objective valuations are performed for all instruments in a fund and that the fund has a competent administrator.

1.5 Fixed Income instruments may be low-grade

Hedge funds 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 fund mandate should also limit the extent (i.e. the lowest acceptable rating and maximum percentage exposure) to which low-grade debt can be acquired by the fund. Investors should review the mandate to gain an appreciation of the maximum possible exposure applicable to the relevant fund.

1.6 Exchange rates could turn against the fund

Hedge funds might invest in currencies other than the base currency. For example, a South African hedge fund might invest in UK or US shares. The fund is therefore exposed to the risk of the rand strengthening or the foreign currency weakening.

1.7 Other complex investments might be misunderstood

In addition to the above, hedge funds 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 enquire into how these instruments are objectively and independently valued.

1.7.1 Derivatives

Hedge funds may use derivative instruments for investment and hedging purposes. Many derivative instruments may be challenging for the manager to administer and account for properly. All instruments are objectively and independently valued. Some of the risks associated with derivative instruments include the following:

- a) **Tracking:** When derivatives are used for hedging purposes, an imperfect or variable degree of correlation between price movements of the derivative instrument and the underlying investment sought to be hedged may prevent the portfolio from achieving the intended hedging effect or expose the portfolio to the risk of loss.
- b) **Liquidity:** Derivative instruments, especially when traded in large amounts, may not be liquid in all circumstances, so that in volatile markets the portfolio may not be able to close out a position without incurring a loss. In addition, daily limits on price fluctuations and speculative position limits on exchanges on which the portfolio may conduct its transactions in derivative instruments may prevent prompt liquidation of positions, subjecting the portfolio to the potential of greater losses.

- c) Leverage:** Trading in derivative instruments can result in large amounts of leverage. Thus, the leverage offered by trading in derivative instruments will magnify the gains and losses experienced by the portfolio and could cause the portfolio's net asset value to be subject to wider fluctuations than would be the case if the portfolio did not use the leverage feature in derivative instruments.
- d) Over-the-Counter Trading:** Derivative instruments that may be purchased or sold by the portfolio may include instruments not traded on an exchange. The risk of non-performance by the obligor on such an instrument may be greater and the ease with which the portfolio can dispose of or enter into closing transactions with respect to such an instrument may be less than in the case of an exchange-traded instrument. In addition, significant disparities may exist between "bid" and "asked" prices for derivative instruments that are not traded on an exchange. Derivative instruments not traded on exchanges are also not subject to the same type of government regulation as exchange-traded instruments, and many of the protections afforded to participants in a regulated environment may not be available in connection with such transactions. Heavy reliance on "over-the-counter" derivatives could result in an increase in counterparty risk.

1.7.2 Counterparty risk

The ability of any counterparty to meet its obligations in terms of its contractual arrangements with the investment manager and the investment manager's ability to enforce any claim that it may have in respect of any defaulting counterparty will be subject to matters relating to, inter alia, solvency of the defaulting counterparty, the nature of the contractual arrangements between the parties, whether the defaulting counterparty has tendered any security for its obligations to the investment manager and practical and substantive risks associated with the South African judicial system.

1.8 The fund may be caught in a liquidity squeeze

Given their often short-term nature, hedge funds 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 might be unable to disinvest from or close such positions rapidly or at a good price, which may lead to losses.

1.9 The prime broker may default

Hedge fund managers often have special relationships with so-called "prime" brokers. These are stock brokers 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.

1.10 Custodian risk

The assets of a hedge fund that are held in custody may be lost in the event of the custodian or a sub-custodian's insolvency, negligence or fraud.

1.11 Regulations could change

Legal, tax and regulatory changes could occur during the term of your investment in a hedge fund. The effect of any future legal, tax and regulatory change or any future court decision on a hedge fund could be substantial and adverse.

1.12 Past performance might be theoretical

Hedge funds 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 lower significance on these.

1.13 The manager may be conflicted

The hedge fund manager might be managing other hedge funds 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.

2. Some of the main characteristics of hedge funds

2.1 Hedge fund structures are often complex

Hedge fund portfolios and hedge fund portfolio managers are fully regulated by the FSB under the *CIS Act* and the *FAIS Act* respectively. Investors must ensure that person/s they engage with hold the appropriate licence. Investors need to ensure that any structure is robust enough to contain any unlimited losses.

2.2 Manager accountability may be vague

Hedge funds 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 (for example a fund of funds) and its managers or advisors may rely on the trading and/or 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.

2.3 Fees might be high

Hedge fund fees may be significantly higher than the fees charged on traditional investment funds. Investments should be made only where the potential returns justify the higher fees.

2.4 Fees might be performance-based

Hedge fund fees are usually performance-based. This means that the managers typically get a higher fee when their funds 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.

2.5 Transaction costs might be high

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

2.6 Transparency might be low

Hedge fund 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.

2.7 Monthly liquidity

The frequency of withdrawals may be limited to monthly dates. In addition, the manager may impose notice periods or lock-ins, due to lack of liquidity in the market to facilitate a repurchase of units. In this instance the Financial Conduct Authority will be made aware of such lock-ins.

Annexure D - Important information

Contact details

Manager

Name Alexander Forbes Investments Unit Trusts Limited
Registration number 2001/015776/06
Tel number 086 033 3316
Postal address PO Box 786055, Sandton, 2146
Email address afinvestcontactcentre@alexforbes.com
Capacity CIS Manager

Ombud for Financial Services Providers

Name FAIS Ombud
Tel number +27 (0) 12 470 9080
Fax number +27 (0) 12 348 3447
Postal address PO Box 74571, Lynnwood Ridge, 0040
Physical address Sussex Office Park
 Ground Floor, Block B
 473 Lynnwood Road Cnr. Lynnwood Road & Sussex Ave,
 Lynnwood,
 0081
Email address info@faisombud.co.za
Website www.faisombud.co.za

Fund Administrator

Name Alexander Forbes Investments Limited
Registration number 1997/000595/06
Tel number 086 033 3316
Postal address PO Box 786055, Sandton, 2146
FAIS Licence number 711
Insurer number 10/10/1/155

Is a registered insurer licensed to conduct life insurance business.

Investment Manager

Name Alexander Forbes Investments Administration (Pty) Limited
Registration number 2005/043273/07
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FAIS Licence number 27584

Financial Sector Conduct Authority

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Tel number +27 (0) 12 428 8000
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Physical address 41 Matroosberg Road
 Ashlea Gardens
 Pretoria
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 0081
Email address cis.complaints@fsc.co.za
Website www.fsc.co.za

Transaction times

To ensure efficient handling of your application, it is important that all the initial stated requirements are supplied together with the completed application form. You agree to provide all documentation and information required in terms of FICA as amended, and understand that Alexander Forbes Investments, as an accountable institution, is prohibited from processing any business transactions on your behalf until all such documentation and information has been received as part of its customer due diligence procedures. We may also at any time require additional information to meet our statutory obligation in this regard as part of our due diligence procedure. Your prompt response to our requests, where the information form is incomplete or we have outstanding documentation or both, will assist us to meet your expectations.

Instruction	Cut-off time for receipt of instruction and all requirements	Instruction will be processed on	Units will be purchased/sold on	Units will be valued on ¹
Investments	Before 13:00 five (5) business days before pricing date ²	pricing date	pricing date	pricing date
	After 13:00 five (5) or less business days before pricing date	Next pricing date	Next pricing date	Next pricing date
Disinvestments ³	Before 13:00 five (5) business days before pricing date ²	pricing date	pricing date	pricing date
	After 13:00 five (5) or less business days before pricing date	Next pricing date	Next pricing date	Next pricing date

- The QIHF's are valued on the last day of each calendar month. The pricing date is the last day of each calendar month. We use the valuation as at the pricing date, for the purposes of your instruction.
- The pricing date is the day on which the portfolios are priced. For these portfolios, the pricing date is the last day of each calendar month.
- We will disinvest from your portfolio(s) once you have met all requirements.

DISCLAIMER

Risks (portfolio-specific)

Derivatives: There is no assurance that a portfolio's use of a derivative strategy will succeed. A portfolio's management may employ a sophisticated risk management process, to oversee and manage derivative exposures within a portfolio, but the use of derivative instruments may involve risks different from, and, in certain cases, greater than, the risks presented by the securities from which they are derived.

Exposure to foreign securities: Foreign securities within portfolios may have additional material risks, depending on the specific risks affecting that country, such as: potential constraints on liquidity and the repatriation of funds; macroeconomic risks; political risks; foreign exchange risks; tax risks; settlement risks; and potential limitations on the availability of market information. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. Investors are reminded that an investment in a currency other than their own may expose them to a foreign exchange risk.

Hedge fund of funds: A hedge fund of funds is a portfolio that invests in portfolios of collective investment schemes (unit trusts) that levy their own charges, which could result in a higher fee structure for the fund of funds.

Drawdown: The potential magnitude of loss - the largest peak-to-trough decline in returns over the period, also known as the maximum drawdown.

Liquidity: The risk that a given security or asset cannot be traded quickly enough in the market to prevent a loss (or make the required profit).

Equities: The value of equities may vary according to company profits and future prospects, as well as more general market factors. In the event of a company default, the owners of their equity rank last in terms of any financial payment from that company.

Bonds: The value of fixed income investments (e.g. bonds) tends to decrease when interest rates and/or inflation rises. Bonds issued by major governments and companies, will be more stable than those issued by emerging markets or smaller corporate issuers. If an issuer experiences financial difficulty, there may be a risk to some, or all, of the capital invested. Any historical or current yields quoted should not be considered reliable indicators of future performance.

For a detailed description of these risks, and other risks that are relevant to the portfolio, please refer to the **CIS RISK DISCLOSURE DOCUMENT**, available on the website.

General

Collective investments (unit trusts) are generally medium-term to long-term investments, but a hedge fund may have short-term strategies and practices. The value of participatory interests (units) or the investment may go down as well as up. Past performance is not necessarily a guide to future performance. Hedge funds trade at ruling prices and prices may fluctuate post-publication. Hedge funds can engage in scrip borrowing and scrip lending. The manager does not provide any guarantee, either with respect to the capital or the return of a portfolio. Any forecasts and/or commentary in this document are not guaranteed to occur. Different classes of participatory interests apply to these portfolios and are subject to different fees and charges. A **SCHEDULE OF FEES AND CHARGES**, with maximum commissions, is available on request from us or from your financial adviser. Forward pricing is used. Hedge funds are CIS with a strategy that allows for leveraging and short-selling strategies. Hedge fund strategies can result in losses greater than the market value of the fund, but investors' losses are limited to the value of the investment or contractual commitments. Hedge funds can also invest in illiquid instruments. While CIS in hedge funds differ from CIS in securities (long-only portfolios) the two may appear similar, as both are structured in the same way, and are subject to the same regulatory requirements. Further risks associated with hedge funds include: investment strategies may be inherently risky; leverage usually means higher volatility; short-selling can lead

to significant losses; unlisted instruments might be valued incorrectly; fixed income instruments may be low-grade; exchange rates could turn against the fund; other complex investments might be misunderstood; the client may be caught in a liquidity squeeze; the prime broker or custodian may default; regulations could change; past performance might be theoretical; or the manager may be conflicted. For a detailed description of these risks, please refer to the **HEDGE FUND RISK DISCLOSURE DOCUMENT**, available on the website.

Redemptions

A Qualified Investor Hedge Fund (QIHF) can borrow up to 10% of the value of the portfolio, for redemptions of participatory interests. The ability of a portfolio to repurchase, is dependent upon the liquidity of the securities and cash of the portfolio. A manager may, in exceptional circumstances, suspend repurchases for a period, subject to regulatory approval, to await liquidity, and the manager must keep the investors informed about these circumstances.

Performance fees

Performance fees are not levied on the portfolio, although they have been provided for. Investors will receive three months' written notice, if performance fees will be levied in the future. The rate of return is calculated on a total return basis, and the following elements may involve a reduction of the investor's capital: interest rates, economic outlook, inflation, deflation, economic and political shocks or changes in economic policy.

Performance returns

Lump-sum performance returns are being quoted. Income distributions, prior to deduction of applicable taxes, are included in the performance calculations. NAV-to-NAV figures have been used for the performance calculations, as calculated by the manager at the valuation point defined in the deed, over all reporting periods. Investment performance calculations are available for verification upon request by any person. Reinvestment of income is calculated on the actual amount distributed per participatory interest, using the ex-dividend date NAV price of the applicable class of the portfolio, irrespective of the actual reinvestment date. The performance is calculated for the fee class. The individual investor performance may differ, as a result of initial fees, the actual investment date, the date of reinvestment and dividend withholding tax. The rate of return is calculated on a total return basis, and the following elements may involve a reduction of the investor's capital: interest rates, economic outlook, inflation, deflation, economic and political shocks or changes in economic policy. Annualised returns are period returns re-scaled to a period of one year. This allows investors to compare returns of different assets that they have owned for different lengths of time. All period returns greater than one year have been annualised. Returns for periods less than one year have not been annualised. A cumulative return is the aggregate amount an investment has gained or lost over time, independent of the period of time involved. Actual annual figures are available to the investor on request.

Prices

PRICES are published daily in the Business Report (South Africa's National Financial Daily) and are made available on the website.

Valuation and cut-off time

The QIHF's are valued on the last day of each calendar month. The pricing date is the last day of each calendar month. The withdrawal instruction must be received before 13:00, at least five business days (or shorter, as determined by the manager) prior to the pricing date, failing which, the pricing date in the following calendar month will apply.

Closure of the portfolio

The manager shall, in its absolute discretion, without notice or on such notice as it may determine, be entitled from time to time to close the portfolio to new investments and/or to close the portfolio to investments from new investors and/or to accept new investments only from certain persons or groups of persons and/or to limit or suspend the creation and issue of new participatory interests, in each case on such terms as it may determine, if such restrictions will, in the manager's view, benefit the portfolio or the effective management thereof or for any other reason whatsoever. The manager shall, in its absolute discretion, determine the date from which any such restrictions shall take effect, the date from which any such restrictions shall cease to apply and/or the date on which any such amended restrictions shall apply.

Waiver of rights

Alexander Forbes Investments Limited may not request or induce an investor in any manner to waive any right or benefit conferred on the investor by legislation or accept or act on any.

Additional information

For more information on the portfolio, refer to the following documents, available from your financial adviser, or on request from the manager, at no additional cost.

- **MINIMUM DISCLOSURE DOCUMENTS**
- **ANNUAL REPORT**
- **FEE AND CHARGES SCHEDULE**
- **APPLICATION FORM INDIVIDUAL INVESTORS**

Complaints

The **COMPLAINTS HANDLING PROCEDURE**, and the **CONFLICTS OF INTEREST MANAGEMENT POLICY** are available on the website. Associates of the manager may be invested within certain portfolios, and the details thereof are available from the manager.

CONTACT DETAILS**CIS Manager**

Alexander Forbes Investments Unit Trusts Limited is registered as a manager, in terms of the *Collective Investment Schemes Control Act*, and is a subsidiary of Alexander Forbes Limited, and through Alexander Forbes Group Holdings Limited, is a member of the Association for Savings and Investment South Africa (ASISA).

Registration number: 2001/015776/06

Physical address: 115 West Street, Sandown, 2196

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Telephone number: 086 033 3316

Email address: AFInvestcontactcentre@alexforbes.com

Website: www.alexforbes.com

Directors: <https://invest.alexforbes.com/za/en/about/company-directors>

Trustee, Custodian and Depository

FirstRand Bank Limited, acting through RMB Trustee Services

Registration number: 1929/001225/06

Physical address: No 3 First Place, Corner Jeppe and Simmonds Streets, Johannesburg, 2001

Postal address: PO Box 7713, Johannesburg, 2000

Telephone number: +27 (0) 87 736 1732

Email address: info@rmb.co.za

The trustee is registered, as a trustee, in terms of the *Collective Investment Schemes Control Act*.

Investment Manager Hedge Funds

Alexander Forbes Investments Administration (Pty) Limited

Registration number 2005/043273/07, is a licensed authorised Financial Services Provider (FSP), as a hedge fund FSP, in terms of *section 8 of the Financial Advisory and Intermediary Services Act 37 of 2002*, as amended, FAIS licence number: 27584. The address is the same as the manager. This information is not advice, as defined in the Act. Please be advised that there may be representatives acting under supervision.