

## 36ONE FR Retail Hedge Fund

### Collective Investment Scheme | Key Investor Information Document

30 June 2024

#### Key Investor Information

This document provides the investor with key information about this portfolio. It does not serve as marketing material. The publishing of this information is required by law (Collective Investments Schemes Control Act 45 of 2002 ("CISCA"), Board Notice 52 ("BN52"), section 27), to help you understand the nature of the portfolios as well as the risks associated with investing in these portfolio. All potential investors are advised to read and familiarise themselves with the contents of this document in order to arrive at an informed investment decision.

Portfolio Information	
Launch Date	1 December 2008
Launch Date under CISCA	1 November 2016
Directors of the Management Company	JF Louw*, IMA Burke*, R Jobing* and L Stinton (Managing Director). (*Non-executive Director)
Distribution Date	On the last day of December
Financial Year End	On the last day of December
Auditor	Deloitte
Legal Structure	Collective Investment Scheme
Prime Broker	Peresec Prime Brokers
Fund Administrator	Apex Fund and Corporate Services SA
Risk Profile	Medium
ISIN	ZAE000257648

#### List of Portfolios

##### FR Retail Hedge Fund Scheme

- \* 36ONE Absolute Alpha FR Retail Hedge Fund
- \* 36ONE FR Retail Hedge Fund

##### FR Qualified Investor Hedge Fund Scheme

- \* 36ONE FR QI Hedge Fund

#### Portfolio Objective

The investment objectives include:

- \* Generate absolute returns over the long term regardless of market direction;
- \* Grow investors' capital in real terms over the long term;
- \* Significantly reduce volatility of returns by managing the risks associated with investing in equities.

#### Investment Strategy

The 36ONE FR Retail Hedge Fund is a single-strategy, equity long/short hedge fund with a moderate net equity bias that invests predominantly in South African listed equities and other financial instruments to enhance returns and manage risk.

#### Changes to the Investment Strategy and/or Investment Policy

In order to amend any provision(s) contained in the supplemental deed, the manager has to request and receive prior approval from the FSCA. Such request shall state the reasons for the proposed amendment and the impact or benefit this is likely to have for the investor. Upon receiving such approval, the auditor of the scheme must oversee a balloting process which is undertaken to obtain consent from the investors.

Investors holding at least 75% in value of the participatory interests in the portfolio and who constitute more than 50% of the portfolio's investors must vote in favour of the amendment for the amendment to be effected.

Voting shall be conducted by electronic ballot in accordance with the provisions of the deed, and the manager shall, after having dispatched the ballots to investors, allow for a period thirty days for investor to return the ballots.

#### Does Portfolio Invest in Underlying Funds?

No

#### Risk Category

The risk category shown is not guaranteed and may change over time. The lowest category does not mean the investment is risk free. There may be other special areas of risk relating to the investment, including liquidity risk, credit risk, market risk, and settlement risk. FundRock Management Company (RF) (Pty) Ltd ("the manager"), and the investment manager do not render financial advice. Our risk indicator does not imply that the portfolio is suitable for all types of investors. You are advised to consult your financial adviser.

#### The Types of Assets in which the Portfolio may invest

The portfolio may include the following instruments:

- \* Equity securities: Long or short equities or Exchange Traded Funds.
- \* Derivatives: Listed futures or options and Over the Counter (OTC) investment contracts.
- \* Swaps and Contract for Differences (CFDs): Total return swaps and CFDs.
- \* Cash or cash equivalents.
- \* Unlisted equities.
- \* Other instruments including but not limited to: Preference shares, bonds, warrants, convertible bonds, debentures, floating rate notes, sovereign debt, mortgage backed securities, asset backed securities, structured notes, corporate paper, other funds/portfolios.

#### Positions

Over time, the portfolio has accumulated a number of smaller positions. These may be as a result of a new listing, placement of shares, etc. Whilst some of these positions may be smaller than desired, it is often not in the best interests of the portfolio to dispose of these positions. Therefore, the portfolio will not be limited to a set number of positions, but will rather maintain the positions and number of positions that the investment manager thinks will be best. There will not be a minimum number of positions. This gives the portfolio the flexibility to move into cash.

#### The Investment Restrictions applicable to the Portfolio

The Investment Manager shall be subject to the following specific restrictions:

- \* Maximum leverage: 2 times the Net Asset Value (i.e. the Maximum Absolute Delta-Equivalent Aggregate Gross Equity Market Exposure).
- \* Net exposure: limited to -20% to +120% of Net Asset Value (i.e. Maximum Absolute Delta-Equivalent Aggregate Net Equity Market Exposure).
- \* The maximum absolute delta-equivalent position size in any single issuer is limited to 15% of the greater of long exposure, short exposure and Net Asset Value.
- \* The Portfolio will seek to invest in indexes comprised of a minimum of 20 different equity securities.

Description	Percentage of NAV
Maximum Leverage Limit	200%
Net Exposure Limit	-20% to +120%

The Portfolio will seek to invest in indexes comprised of a minimum of 20 different equity securities.

#### Instances where the Portfolio may use Leverage

The types and sources of leverage. Hedge Funds can generate leverage by:

- \* Shorting securities and utilising the proceeds to purchase additional securities;
- \* Utilising derivative instruments that have leverage built into their construction, or
- \* Borrowing money - typically achieved through repurchase transactions or physical borrowing of cash.

## The Risks Associated with Leverage

The portfolio may use leverage techniques from time to time to purchase or carry investments.

The interest expense and other costs incurred in connection with such leverage or borrowing may not be recovered by an appreciation in the investments purchased or carried.

Gains realised with leveraged investments may cause the underlying funds' 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 borrowing, 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 investments, a relatively small movement in the market price of traded instruments may result in a disproportionately large profit or loss.

## The Restrictions on the use of Leverage

The degree to which leverage may be employed in the portfolio shall be limited by the terms of the mandate. The limits laid down in the mandate should be carefully reviewed in making an investment decision.

## Collateral and Asset re-use Arrangements

The cash and long positions held in the portfolio are available for use as collateral for the short positions held.

## Material Arrangements of the Manager with the Prime Broker

### The Manner of Managing Conflicts of Interest

The parties agree that, for the duration of this agreement, they shall endeavour to avoid any conflict of interest between them.

In order to protect the investors, the parties shall exercise due care and skill and note to any affected party the nature and extent of the potential conflict of interest as well as the steps undertaken to minimise the effect on any affected party by such conflict.

## The Level of Counterparty Exposure

The portfolio will comply with the counterparty exposure limits as set out in BN52.

## The Methodology of Calculating Counterparty Exposure

In terms of Section 8(2) of BN52 counterparty exposure shall be calculated to equal any initial margin held by a counterparty, the market value of any derivative, any net exposure generated through a scrip lending agreement and any other exposures created through reinvestment of collateral.

Provisions in the Contract with the Depository and Custodian on the Possibility of Transfer and Re-hypothecation of Assets.

The prime broking agreement does not provide for the transfer or re-hypothecation of assets.

## Delegated Administration and Management of Conflict of Interest that may Arise

The Manager has appointed Apex Fund and Corporate Services SA as the administrator.

Both entities are subject to separate governance structures and independent oversight and internal controls; as well as the FSCA regulatory oversight. Both entities have satisfied the FSCA in terms of the conflict of interest policy they have in place.

The parties agree that, for the duration of this agreement, they shall endeavour to avoid any conflict of interest between them. In order to protect the investors, the parties shall exercise due care and skill and note to any affected party the nature and extent of the potential conflict of interest as well as the steps undertaken to minimise the effect on any affected party by such conflict.

## The Portfolio's Valuation and Pricing Methodologies

The portfolio will apply the portfolio valuation and asset pricing policy of the Manager. This policy will be consistently applied and meets the requirements of BN52.

## The Liquidity Risk Management of the Portfolio and the Repurchase Rights

Liquidity management is facilitated through real time monitoring of the portfolio liquidity profile. Minimum cash on hand will be the amount required to cover all unsettled purchased positions.

## The Repurchase of participatory interests

The portfolio is valued daily. The transaction cut-off time is 14:00pm on a business day. Investor instructions received after 14:00pm shall be processed the following business day. Repurchase payment date will be no later than 14 (fourteen) business days after the repurchase pricing date.

## Gating, Side-Pocketing and Repurchase Restrictions

Sections 5(b) (ii) and 6(5) of BN52 provide that both retail hedge funds and qualified investor hedge funds may suspend the repurchases of units under exceptional circumstances and when it's in the interests of investors.

## Special Repurchase Arrangements or Rights of Some Investors

None

## Investment Management Fees, Charges, and Expenses - Class 1

Service Fee	1.13% (excluding VAT)
Performance Fee	Capped at 20% per annum, excluding VAT, of excess above benchmark over a rolling 1 year period, capped at 3.5%.
High Watermark principle	Not Applicable
Hurdle	The Standard Bank of South Africa wholesale call rate on Money Market Call deposits exceeding R1,000,000.

The portfolio may offer multiple classes of units for different types of investors and unit holders. The various classes in the portfolio may each have different fee structures for the different types of investors.

All investments will be allocated to specific classes at the discretion of the investment manager. All classes of units in the portfolio will invest in the same investment portfolio of securities and share the same investment objective and policy.

## Other Fees

The portfolio may directly deduct and pay other fees if such payments are permitted in terms of Section 93 of CISCA and are due and payable under lawful agreement.

## The Charges Paid by the Portfolio

These charges make up the running costs of the portfolio.

Permissible deductions from a portfolio shall include:

- \* Initial fee & VAT;
- \* Investment management fee;
- \* Administration fee;
- \* Exit fee;
- \* Trading charges e.g. brokerage, securities transfer tax, VAT, and other levies;
- \* Auditor's fees;
- \* Bank charges; and
- \* Trustee and custodian fees.

## Fair Treatment of Customers

The Manager observes a policy of Treating Customers Fairly ("TCF") and this permeates throughout the business and informs all business dealings of the Manager. The Manager strives to design, distribute and provide products that meet the objectives of the TCF code and all investors investing in our products - simple and complex - are encouraged to seek qualified financial advice in order to select and invest in a product that not only meets their requirements, but is to their level of understanding and sophistication.

## Preferential Treatment

The directors and employees of the investment manager may hold an investment in the portfolio. These investment may be zero fee at the discretion of the Investment Manager.

## The Latest Annual Report

The latest annual report of the portfolio shall be kept at the office of the Manager for viewing by the investor.

## Selling and Issuing Participatory Interest in the Portfolio Purchase of Participatory Interests

Purchases of participatory interests will be effective every business day of the calendar month. Applications for new purchases as well as the purchase amount need to be received no later than 14:00 on each business day.

## Minimum Investment Amount

The initial minimum investment amount is R250,000.00 (Two Hundred and Fifty Thousand Rand) lump sum or R2000.00 (Two Thousand Rand) monthly. This amount is subject to the investment managers discretion and may be changed in future.

The investor shall complete a subscription form and return to the Manager no later than 14:00 on each business day of the calendar month for the investment to be processed and participatory interest (units) allocated in favour of the investor on that business day.

The Manager may not sell any participatory interests (units) except on terms requiring the full payment of the selling price.

INVESTMENT MANAGER	MANAGEMENT COMPANY	TRUSTEE
<p>36ONE Asset Management (Pty) Ltd</p> <p>An Authorised Financial Services Provider, FSP No. 19107</p> <p>140 West Street, Sandton 2196</p> <p>Telephone: +27 10 501 0250</p>	<p>FundRock Management Company (RF) (Pty) Ltd</p> <p>Registration No: 2013/096377/07</p> <p>Pier Place, Heerengracht Street, Foreshore, Cape Town, South Africa</p> <p>Telephone: +27 21 202 8282</p> <p>Email: <a href="mailto:information@apexfs.group">information@apexfs.group</a></p> <p>Website: <a href="http://www.fundrock.com">www.fundrock.com</a></p>	<p>FirstRand Bank Limited</p> <p>(acting through its RMB Custody and Trustee Services Division)</p> <p>3 Merchant Place Ground Floor Corner Fredman and Gwen Streets Sandton 2146</p> <p>Telephone: +27 87 736 1732</p>

## Mandatory Disclosures

Collective Investment Schemes are generally medium- to long-term investments. The value of participatory interests (units) may go down as well as up. Past performance is not necessarily a guide to future performance. Collective investments are traded at ruling prices and can engage in scrip lending and borrowing. A schedule of fees, charges, minimum fees, and maximum commissions, as well as a detailed description of how performance fees are calculated and applied, is available on request from FundRock Management Company (RF) (Pty) Ltd ("the Manager").

The Manager does not provide any guarantee in respect to the capital or the return of the portfolio. Excessive withdrawals from the portfolio may place the portfolio under liquidity pressure and in such circumstances, a process of ring-fencing of withdrawal instructions and managed pay-outs over time may be followed. Commission and incentives may be paid, and if so, are included in the overall costs.

The Manager may close the portfolio to new investors in order to manage it in accordance with its mandate. Prices are published daily on our website. Additional information, including key investor information documents, minimum disclosure documents, as well as other information relating to the basis on which the manager undertakes to repurchase participatory interests offered to it, and the basis on which selling and repurchase prices will be calculated, is available, free of charge, on request from the Manager.

The value of an investment is dependent on numerous factors which may include, but not limited to, share price fluctuations, interest and exchange rates and other economic factors. Where the portfolio invests in off-shore assets, performance is further affected by uncertainties such as changes in government policy, taxation and other legal or regulatory developments. The Manager ensures fair treatment of investors by not offering preferential fee or liquidity terms to any investor within the same strategy.

The Manager is registered and approved Financial Sector Conduct Authority ("the Authority") under Cisca. The Manager retains full legal responsibility for the portfolio. 36ONE Asset Management (Pty) Limited, FSP No. 19107, is authorised under the Financial Advisory and Intermediary Services Act 37 of 2002 to provide investment management services. FirstRand Bank Limited is the appointed trustee.

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