



Fund of Hedge Funds Manager Watch™ Survey for the month ending September 2016

Research & Product Development
FINANCIAL SERVICES

**ALEXANDERFORBES**
Securing your financial well-being

FUND OF HEDGE FUNDS MANAGER WATCH™ SURVEY

Objective - The portfolios in this survey show the performance of fund of hedge fund managers. FoHF managers select a number of underlying single hedge fund managers to provide diversification across a range of alternative strategies.

Benchmark Methodology CPI - Due to the reweighting and rebasing of the CPI from January 2009 the benchmark numbers reflect a compound of month to month CPI returns. The historical month to month numbers used in calculations are the official month to month numbers based on the old basket prior to January 2009 and new basket post January 2009. The adjusted CPI(I-Net code: AECPI) figures are shown together with market statistics below should these numbers be preferred for comparison purposes.

Benchmark Methodology CPIX - The benchmark numbers prior to January 2009 reflected a compound of month to month CPIX returns. Due to the reweighting and rebasing of the CPI and discarding of the CPIX numbers from January 2009 the historical month to month numbers used in calculations are the official month to month numbers based on the old CPIX prior to January 2009 and the new CPI basket post January 2009. The CPI excluding owners equivalent rent (I-Net code: AECPIX) and adjusted CPI(I-Net code: AECPI) figures are shown together with market statistics below should these numbers be preferred for comparison purposes.

| INVESTMENT DATA TO THE END OF SEPTEMBER 2016 | | | | | | | | | | | | | | | | | | | | |
|--|---------------------------------|-------------------|-----------------|-----------------------------|---|---------|-----------------|--------|---------|---------|-----------------------|-----------------------|-----------------------|-------------------------------------|-------------|-----------------------|----------------------------------|-------------|-----------------|-----------------------|
| Investment Manager | Fund Status Open / Closed | Inception Date | Fund Size (R m) | Return Objectives | PERFORMANCE DATA | | | | | | | | QUANTITATIVE ANALYSIS | | | | | | | |
| | | | | | NET OF FoHF AND UNDERLYING MANAGER FEES | | | | | | | | ONE YEAR | | | THREE YEARS | | | | |
| | | | | | Month | Quarter | Year to Date | 1 Year | 3 Years | 5 Years | Calendar Year 2015 | Calendar Year 2014 | Calendar Year 2013 | Percentage of positive months | Worst month | Standard Deviation | Percentage of positive months | Worst month | Max Drawdown | Standard Deviation |
| MULTI STRATEGY | | | | | | | | | | | | | | | | | | | | |
| Alpha Cautious Hedge Fund | Open | Mar-04 | 83.8 | CPI + (4% - 6%) net of fees | -0.29% | 1.45% | 3.16% | 3.14% | 5.02% | 6.46% | 3.30% | 6.51% | 7.29% | 58.33% | -1.34% | 3.28% | 72.22% | -1.34% | -100.00% | 2.46% |
| Blue Ink Yellowwood | Open | Nov-02 | 1 166.0 | Cash + 2-3% | -0.44% | 1.61% | 4.78% | 5.38% | 7.48% | 7.51% | 6.21% | 8.48% | 6.31% | 66.67% | -1.44% | 3.34% | 83.33% | -1.44% | 0.00% | 2.46% |
| Caveo Moderate Portfolio | Open | Mar-00 | 1 526.6 | 30% SWIX + 70% STeFI | -0.49% | 0.74% | 2.34% | 6.46% | 9.38% | 10.20% | 13.69% | 9.38% | 9.87% | 50.00% | -1.29% | 4.87% | 80.56% | -1.29% | -100.00% | 3.56% |
| Caveo Performance Portfolio | Open | Jan-06 | 388.7 | 40% SWIX + 60% STeFI | -0.67% | 1.14% | 4.41% | 6.00% | 9.85% | 12.08% | 7.99% | 13.72% | 14.31% | 50.00% | -2.09% | 6.24% | 66.67% | -2.09% | -100.00% | 4.68% |
| Caveo Stable Portfolio | Open | Jan-06 | 763.5 | 15% SWIX + 85% STeFI | 0.22% | 2.64% | 6.77% | 9.12% | 8.86% | 9.41% | 9.39% | 7.88% | 8.68% | 91.67% | -0.45% | 2.11% | 94.44% | -1.44% | -100.00% | 2.11% |
| Momentum ZAR Diversified Fund | Open | Nov-07 | 2 074.8 | STeFI + 4% net of fees | -0.51% | 0.91% | 6.82% | 7.56% | 8.33% | 8.16% | 6.65% | 8.99% | 7.30% | 66.67% | -1.65% | 4.13% | 77.78% | -1.65% | -100.00% | 3.24% |
| Alpha Saturn Fund | Open | Jun-07 | 106.3 | STeFI + 5% | -0.19% | 2.31% | 5.39% | 6.75% | 7.54% | 8.50% | 5.99% | 8.51% | 8.36% | 58.33% | -0.99% | 3.93% | 75.00% | -0.99% | 0.00% | 2.88% |
| Sygnia Absolute Fund Of Hedge Funds | Open | Nov-03 | 488.1 | CPI +3% | -0.44% | 1.21% | 0.87% | 5.13% | 9.09% | 10.83% | 14.08% | 9.01% | 14.41% | 66.67% | -1.80% | 5.46% | 80.56% | -1.80% | -100.00% | 3.90% |
| Sygnia All-Star Fund of Hedge Funds | Open | Dec-06 | 828.5 | CPI + 5% | -0.58% | 1.40% | -0.23% | 4.05% | 11.31% | 14.82% | 17.00% | 12.17% | 21.09% | 41.67% | -3.52% | 7.99% | 72.22% | -3.52% | 0.00% | 5.70% |
| Sygnia Signature Fund Of Hedge Funds | Open | Nov-03 | 2 550.7 | CPI + 5% | -0.54% | 1.07% | 0.03% | 4.37% | 9.85% | 12.28% | 14.90% | 10.89% | 16.79% | 58.33% | -2.57% | 6.31% | 75.00% | -2.57% | -100.00% | 4.53% |
| Mayibentsha Neutral Fund of Hedge Funds | Open | Apr-08 | 537.6 | CPI + 2.5% | -0.12% | 1.38% | 4.44% | 7.47% | * | * | 9.18% | * | * | 66.67% | -0.33% | 2.75% | * | * | * | * |
| Mayibentsha Moderate Fund of Hedge Funds | Open | Apr-03 | 936.7 | CPI + 3.5% | -0.10% | 1.49% | 2.36% | 6.05% | * | * | 11.63% | * | * | 50.00% | -1.38% | 4.69% | * | * | * | * |
| Mayibentsha Focused Fund of Hedge Funds | Open | Dec-08 | 716.4 | CPI + 4.5% | -0.65% | 0.70% | -1.21% | 2.09% | * | * | 7.87% | * | * | 50.00% | -2.93% | 5.57% | * | * | * | * |
| SPECIALIST MANDATES | | | | | | | | | | | | | | | | | | | | |
| Alpha Equity Hedge Fund | Open | Nov-07 | 582.5 | JSE All Share Index | -0.73% | 0.66% | 4.06% | 7.41% | 12.08% | 13.83% | 12.73% | * | * | 66.67% | -1.78% | 5.31% | 75.00% | -1.78% | 0.00% | 4.26% |
| Alpha Fixed Income Blend of Funds | Open | Jan-06 | 51.8 | CPI + 3% net of fees | 0.69% | 1.76% | 7.21% | 2.49% | 5.06% | 3.84% | -2.79% | 10.74% | -6.25% | 66.67% | -3.85% | 5.92% | 66.67% | -3.85% | -100.00% | 4.21% |
| Blue Ink Equity Aggressive | Open | Jan-09 | 56.0 | STeFI | -1.76% | 0.01% | -3.70% | -1.42% | 4.35% | 8.46% | 2.37% | 11.09% | 17.58% | 58.33% | -5.17% | 7.00% | 69.44% | -5.17% | 0.00% | 5.81% |
| Blue Ink Fixed Income Arbitrage | Open | Jan-09 | 338.9 | STeFI | 0.69% | 1.91% | 11.77% | 3.37% | 9.52% | 7.38% | -1.25% | 16.47% | -4.25% | 66.67% | -7.41% | 9.53% | 69.44% | -7.41% | 0.00% | 6.61% |
| Caveo Focus Portfolio | Open | Feb-11 | 1 578.2 | 65% SWIX + 35% STeFI | -0.67% | 2.05% | 2.17% | 4.89% | 9.66% | 13.05% | 10.39% | * | * | 50.00% | -2.81% | 8.16% | 69.44% | -2.81% | 0.00% | 5.89% |
| Edge Iconic Matador Fund | Open | May-04 | 29.7 | STeFI + 4% | -1.09% | 0.94% | 3.06% | 7.87% | * | * | 12.21% | 9.86% | 19.21% | 58.33% | -1.69% | 6.42% | * | * | * | * |
| TriAlpha Enhanced Fixed Income Fund | Open | Aug-07 | 313.1 | STeFI + 2% | 0.14% | 1.43% | 5.80% | 6.66% | 7.42% | * | 6.08% | 8.81% | 3.48% | 91.67% | -0.45% | 1.32% | 97.22% | -0.45% | 0.00% | 1.07% |
| 27four Alternative Equity Fund of Hedge Funds | Open | Feb-09 | 925.9 | STeFI + 4% | -0.89% | 1.36% | 0.13% | 3.90% | 8.06% | * | 10.84% | 9.48% | * | 58.33% | -3.28% | 7.43% | 69.44% | -3.28% | 0.00% | 5.19% |
| STATISTICS | | | | | | | | | | | | | | | | | | | | |
| Highest | | | | | 0.69% | 2.64% | 11.77% | 9.12% | 12.08% | 14.82% | 17.00% | 16.47% | 21.09% | 91.67% | -0.33% | 9.53% | 97.22% | -0.45% | 0.00% | 6.61% |
| Median | | | | | -0.49% | 1.38% | 3.16% | 5.38% | 8.86% | 9.41% | 9.18% | 9.43% | 8.68% | 58.33% | -1.78% | 5.46% | 75.00% | -1.80% | 0.00% | 4.21% |
| Average | | | | | -0.40% | 1.34% | 3.35% | 5.18% | 8.40% | 9.79% | 8.50% | 10.12% | 9.61% | 61.51% | -2.30% | 5.32% | 76.14% | -2.52% | -47.06% | 4.03% |
| Lowest | | | | | -1.76% | 0.01% | -3.70% | -1.42% | 4.35% | 3.84% | -2.79% | 6.51% | -6.25% | 41.67% | -7.41% | 1.32% | 66.67% | -7.41% | -100.00% | 1.07% |
| Number of participants | | | | | 21 | 21 | 21 | 21 | 17 | 15 | 21 | 16 | 15 | 21 | 21 | 21 | 17 | 17 | 17 | 17 |
| Fund size total | | | | | 16 043.93 | | | | | | | | | | | | | | | |
| MARKET STATISTICS | | | | | | | | | | | | | | | | | | | | |
| FTSE/JSE All Share Index | | | | | 1.16% | -0.09% | 5.54% | 4.49% | 11.85% | 14.53% | 5.13% | 10.88% | 21.43% | | | | | | | |
| STeFI | | | | | 0.58% | 1.81% | 4.09% | 6.90% | 6.24% | 5.93% | 6.49% | 5.90% | 5.18% | | | | | | | |
| All Bond Index | | | | | 2.23% | 4.77% | 13.73% | 6.48% | 7.31% | 8.06% | -3.93% | 10.15% | 0.64% | | | | | | | |
| Consumer Price Inflation (Old/New combined CPI)* | | | | | 0.58% | 1.58% | 4.81% | 6.27% | 5.87% | 5.73% | 4.77% | 5.80% | 5.35% | | | | | | | |
| Combination of old CPIX and new CPI* | | | | | 0.58% | 1.58% | 4.81% | 6.27% | 5.87% | 5.73% | 4.77% | 5.80% | 5.35% | | | | | | | |
| Consumer Price Inflation (Headline CPI) [I-Net code: AECPI] | | | | | 0.58% | 1.58% | 4.81% | 6.27% | 5.87% | 5.73% | 4.77% | 5.80% | 5.35% | | | | | | | |
| Consumer Price Inflation excluding OER [I-Net code: AECPIXU] | | | | | 0.49% | 1.66% | 4.97% | 6.42% | 5.98% | 5.88% | 4.75% | 5.99% | 5.37% | | | | | | | |

Hedge Funds are private investment funds that are not regulated by the Financial Services Board (FSB) in South Africa, and thus there is no formal regulatory oversight in respect of these products within SA. Users should take additional care when using this survey and note that hedge fund investments are only suitable for informed investors. This survey is for information purposes only and does not imply solicitation, and is not an invitation or an offer to invest in such products.

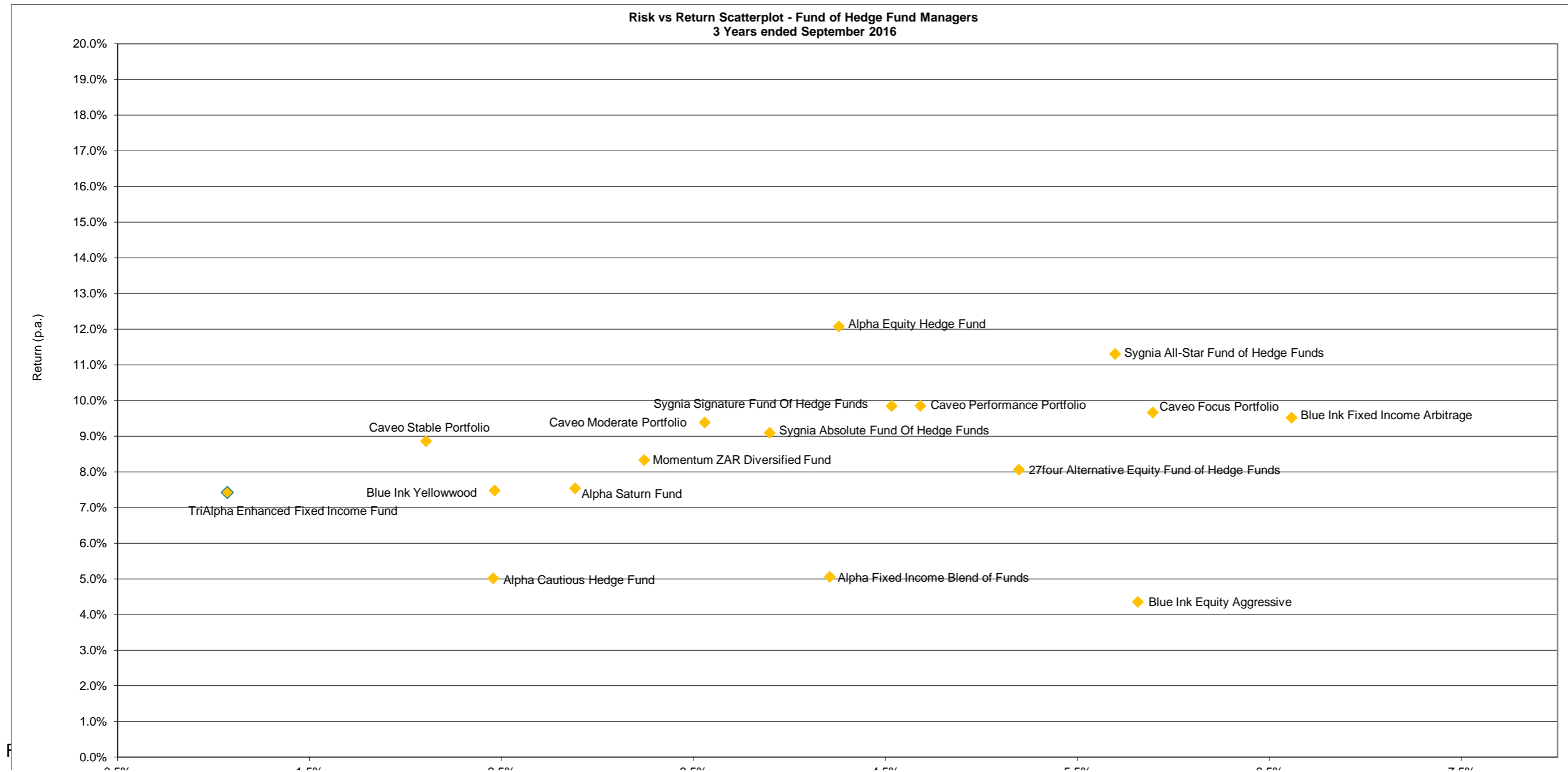
Reasonable use of the survey may be made for purposes of comment and study provided that full acknowledgement is made to "Alexander Forbes Research and Product Development".

Inflation figures lagged by one month

* Please refer to Benchmark Methodology at the top of the page

** Please see final page for Disclaimers and Glossary **

FUND OF HEDGE FUNDS MANAGER WATCH™ SURVEY



FUND OF HEDGE FUNDS MANAGER WATCH™ SURVEY

EXPLANATORY NOTES

General Disclaimers :

This document has been prepared for use by clients of the Alexander Forbes Group. Any other third party that is not a client of the Alexander Forbes Group and for whose specific use this document has not been supplied, must be aware that Alexander Forbes Group shall not be liable for any damage, loss or liability of any nature incurred by any third party and resulting from the information contained herein.

The information contained herein is supplied on an "as is" basis and has not been compiled to meet any third party's individual requirements. It is the responsibility of any third party to satisfy himself or herself, prior to relying on this information that the contents meets the third party's individual requirements.

Nothing in this document, when read in isolation and without professional advice, should be construed as solicitation, offer, advice, recommendation, or any other enticement to acquire or dispose of any financial product, advice or investment, or to engage in any financial transaction or investment. A third party should consult with an authorised financial advisor prior to making any financial decisions.

Alexander Forbes has taken all reasonable steps to ensure the quality and accuracy of the contents of this document and encourages all readers to report incorrect and untrue information, subject to the right of Alexander Forbes to determine, in its sole and absolute discretion, the contents of this document. Irrespective of the attempts by Alexander Forbes to ensure the correctness of this document, Alexander Forbes does not make any warranties or representations that the content will in all cases be true, correct or free from any errors. In particular, certain aspects of this document might rely on or be based on information supplied to Alexander Forbes by other persons or institutions.

Alexander Forbes has attempted to ensure the accuracy of such information, but shall not be liable for any damage, loss or liability of any nature incurred by any party and resulting from the errors caused by incorrect information supplied to Alexander Forbes.

Performance figures are shown net of fees and gross of taxes. Past history is not necessarily a guide to future performance.

Neither the information nor any view or opinion contained in this report constitutes or is intended to constitute a solicitation, invitation or offer by Alexander Forbes to purchase, sell, invest in or disinvest from any financial or investment product or to enter into any financial, investment or other similar transaction

Neither the information contained herein nor any view expressed herein provides or is not intended to provide or constitute financial, investment, tax, legal, accounting, retirement, actuarial or other professional advice

Strategy Definitions :

"Arbitrage" the practice of simultaneously buying some securities and selling others that are close substitutes when their relative value price have diverged, in the hope of profiting when their prices revert to their normal relationships.

"Event Driven" aims to benefit from mis-pricing arising in events such as merger arbitrage, restructuring, etc. The manager takes a position in an undervalued security that is anticipated to rise in value because of events such as mergers, reorganisation or take overs. The main risk in such strategies is non-realisation of the event.

"Fixed income Arbitrage" are strategies designed to eliminate or reduce exposure to direction of interest rates, while profiting from anomalies in yield curve shape, mis-pricing of government and non-government securities and other sector mis-pricing. The risk of these strategies varies depending on duration, credit exposure and the degree of leverage employed.

"Hedge Fund" are actively traded strategies where the managers buy and sell stocks, bonds, futures, options and other derivatives. Hedge fund managers have the ability to hedge out unwanted systematic market risk and may also employ leverage. Because of these factors, hedge funds are subject to unique risks compared to traditional investments.

"Leverage" arises where the investor's financial exposure to moves in the price of the underlying asset exceeds that implied by the capital invested by the investor. Leverage can be achieved by borrowing to invest, by purchasing securities or instruments (eg. Futures) on margin, or by purchasing certain types of derivatives (such as options).

"Long" the state of buying and actually owning a security, contract, or commodity.

"Long short Equity" involves investing in equity or equity like instruments where the net exposure is generally either significantly net long, or net short. The primary risk relates to the individual long short position.

"Market Neutral" A strategy featuring offsetting long and short positions in different securities. The managers aims to profit for both falls and rises in share values while remaining insulated from systematic equity market movements.

"Maximum Draw Down" the largest cumulative negative return. This period may extend beyond the one year quantitative analysis period.

"Short" An allocation to a security that is less than that implied in the benchmark. Where no benchmark is used, this is achieved by borrowing the security for a period and selling it with the hope of buying it back later at a lower price.

"Standard Deviation" Standard Deviation measures the dispersal or uncertainty in a random variable (in this case investment returns). It measures the degree of variation of returns around the mean (average). The higher the volatility of the investment returns, the higher the standard deviation will be. for this reason, std dev is often used as a measure of investment risk

"Sharpe Ratio" A return/risk measure developed by William Sharpe that aims to determine whether the returns of the portfolio were because of small investment decisions or by excess risk. A higher number indicated better quality returns.

Research & Product Development

FINANCIAL SERVICES