

Fairtree Protea Equity Long Short SNN Retail Hedge Fund

Minimum Disclosure Document - Class 1

31 March 2018

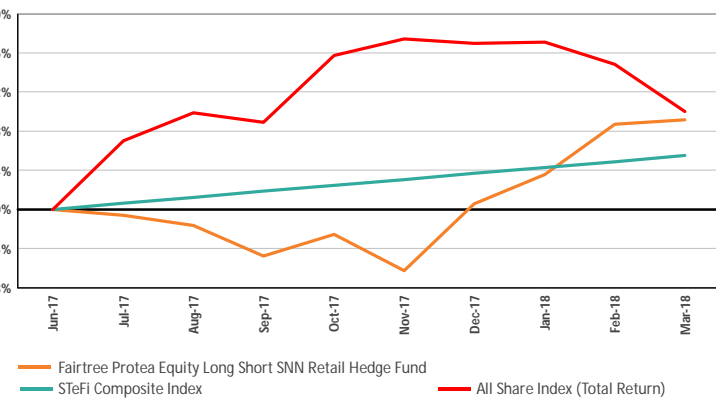
Fund Profile

The fund is a South African long/short equity hedge fund with the objective of generating above-average returns by following a 'quantamental' investment approach, combining traditional fundamental analysis with quantitative investment techniques. The investment manager systematically identifies individual mispriced securities whilst ensuring sufficient diversification to guard against inappropriate risk concentration. The fund focuses on JSE-listed securities and has a net equity exposure of 35-70% at most times, with a maximum gross exposure of 200% (i.e. maximum 2x leverage).

Investment Strategy

The fund's core strategy is to be long undervalued equities and short overvalued equities, whilst ensuring that there is sufficient diversification to guard against inappropriate risk concentration. The equities are selected by following a 'quantamental' investment approach, combining traditional fundamental analysis with quantitative investment techniques, which assists the portfolio manager in avoiding behavioural biases as it relates to investment decision-making.

Cumulative Performance Since Inception



Fund Source: Sanne Fund Services SA (Pty) Ltd as at March 2018
Benchmark(s) Source: Bloomberg as at March 2018

Return Analysis

	Fund	All Share Index	STeFi
1 Month	0.46%	-4.18%	0.60%
3 Months	8.57%	-5.97%	1.76%
6 Months	14.68%	1.03%	3.59%
1 Year	n/a	n/a	n/a
3 Years	n/a	n/a	n/a
5 Years	n/a	n/a	n/a
Since Inception	9.19%	10.03%	5.50%

Risk Analysis

	Fund	All Share Index	STeFi
Sharpe Ratio	0.13	0.15	0.21
Sortino Ratio	0.28	0.35	0.30
Standard Deviation	3.47%	3.47%	0.02%
Best Month	7.27%	7.03%	0.62%
Worst Month	-3.80%	-4.18%	0.00%
Best Rolling 12 Months	n/a	n/a	n/a
Worst Rolling 12 Months	n/a	n/a	n/a
Largest Cumulative Drawdown	-6.24%	-6.29%	n/a
% Positive Months (Since Inception)	55.6%	55.6%	100.0%
Correlation (Monthly)	-0.18		
Value at Risk - 95%	4.64%	5.09%	3.28%

Fund Details

Risk Profile:	High
Portfolio Manager:	Jean Pierre Verster
Fund size (in Millions):	R 58.5
NAV Price (Inception):	R 1000 (Class A1)
NAV Price (as at month end):	R 1 091.93
JSE Code:	
Inception Date:	1 July 2017
CISCA Inception Date:	1 July 2017
Fund Structure:	CIS Trust
Fund Category:	Equity Long-Short
Benchmark:	This portfolio does not follow a benchmark
Minimum Investment:	R50 000 Lump sum
Fees	
Management Fee:	1% p.a (excl. VAT)
Performance fee:	20% of the total performance (after deductions of the annual base fee) above the high-water mark, subject to a hurdle rate of 3-month JIBAR (excl. VAT). The Performance Fee is uncapped.
Cost Ratios (incl. VAT)	
Total Expense Ratio (TER%):	2.17%
Transactions Costs Ratio (TC%):	0.88%
* Total Investment Charges (TIC%):	3.05%

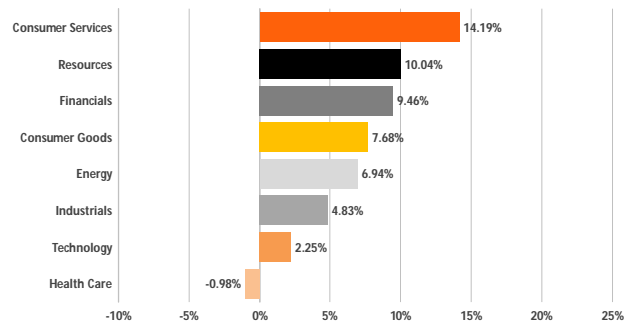
Income Distribution (Declaration):	Last day of December
Distribution Total for the past 12 months:	0.00 cpu for December 2017
Investment Manager contact details	
Telephone Number:	+27 86 176 0760
Website:	www.fairtree.com

*Total Investment Charges (TIC%) = TER (%) + TC (%)

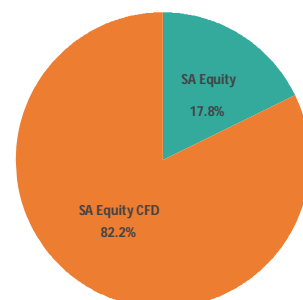
Portfolio Objective

The long-term objective of the fund is to compound investment returns, after all fees, at an above-average rate when compared to other equity funds (both active and passive), while avoiding deeply negative returns over any 12-month rolling period.

Sector Allocation



Asset Allocation



Increase in NAV Attributable to Investors

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2017							-0.62%	-1.02%	-3.21%	2.37%	-3.80%	7.27%	0.58%
2018	3.00%	4.92%	0.46%										8.57%

*The inception date for the portfolio is 1 July 2017. The portfolio has been transitioned under CISCAs regulations on 1 July 2017 and has since been managed as a regulated product. The annualized total return is the average return earned by an investment each year over a given time period, since date of the launch of the fund. Actual annual figures are available from the manager on request. The highest and lowest 1 year returns represent the highest and lowest actual returns achieved during a 12 month rolling period year since the original launch date of the portfolio. The performance figures given show the yield on a Net Asset value ("NAV") basis. The yield figure is not a forecast. Performance is not guaranteed and investors should not accept it as representing expected future performance. Individual investor performance may differ as a result of initial fees, time of entry/actual investment date, date of reinvestment, and dividends withholding tax. Performance is calculated for a lump sum investment on a Net Asset Value basis. The performance figures are reported net of fees with income reinvested. Jean Pierre Verster took over as portfolio manager since inception of the fund.

Risk Profile

Risk Level:	Low	Low-Medium	Medium	Med-High	High
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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. Sanne 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.

Portfolio Valuation & Transaction Cut-Off

Portfolios are valued monthly. The cut off time for processing investment subscription is 10:00am on the last day of the month prior to enable processing for investment on the first day of the next month.

Total Expense Ratio

A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER may not necessarily be an accurate indication of future TER's. 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 other factors over time including market returns, the type of financial product, the investment decisions of the investment manager and the TER. The TER is reported excluding performance fees for the first six months of the portfolio. The Manager has applied its mind hereto and is of the view that any reporting of TER with performance fee at this stage may be inaccurate and potentially misleading to investors.

Market Commentary

While the JSE All-Share Index dropped by over 4% for the month, we ended slightly up, which is a commendable outcome. Our Longs and Special Situations incurred losses, but our Shorts and Bearish Options generated meaningful gains.

On the Long side, our single largest detractor from performance was a position in a large Information Technology (IT) & Media holding company which sold a portion of its stake in a long-held foreign associate, a development which we interpret as being very positive. Our 3 single largest gains were from positions in smaller companies that operate in diverse sectors within the South African economy.

On the Short side, our single largest gain was generated by a position in the IT Services sector while our single largest loss was due to a short position in the Retail sector. We were reminded, once again, about two important investment principles in this regard: Firstly, that the qualitative assessment of management is a crucial part of the investment analysis process and secondly, that shorting a great company on valuation alone is rarely a good idea.

Our Special Situations positions suffered from the Naspers versus Tencent 'stub' trade moving against us, while our exposure to preference shares gained slightly.

Bearish Options positions generated decent gains. Throughout the month, we had structures in place on 3 companies, two of which are listed in the General Industrials sector and one which is listed in the Life Insurance sector.

Please Note: The above commentary is based on reasonable assumptions and is not guaranteed to occur.

Mandatory Disclosures

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*Non-Executive

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