

Fairtree Protea Worldwide Flexible Equity SNN QI Hedge Fund

Minimum Disclosure Document - Class 1

31 August 2018

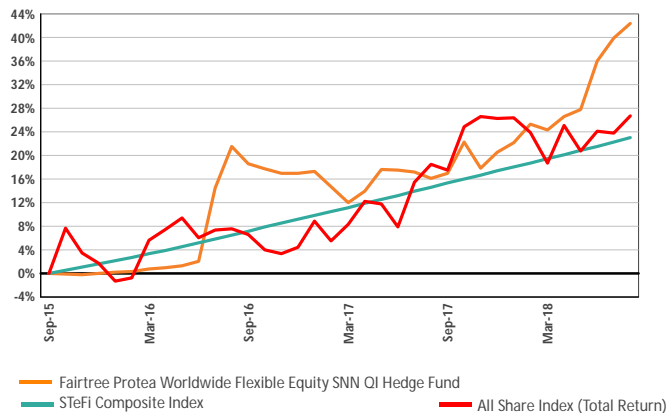
Fund Profile

The fund is a flexible 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 has exposure to listed securities worldwide.

Investment Strategy

The portfolio is managed as a long/short hedge fund, focused on extracting alpha returns from equity markets worldwide. Its 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, which combines a traditional fundamental understanding of the fair value of listed equity shares with analysis of the business's competitive environment, economic growth, broad economic themes and relative valuations.

Cumulative Performance Since Inception



Fund Source: Sanne Fund Services SA (Pty) Ltd as at August 2018
Index Source: Bloomberg as at August 2018

Return Analysis

	Fund	All Share Index	STeFi
1 Month	1.79%	2.34%	0.59%
3 Months	11.38%	4.93%	1.76%
6 Months	13.59%	2.26%	3.58%
1 Year	22.68%	6.88%	7.29%
3 Years	n/a	n/a	n/a
5 Years	n/a	n/a	n/a
Since Inception	42.39%	26.66%	22.99%

Risk Analysis

	Fund	All Share Index	STeFi
Sharpe Ratio	0.56	0.15	0.10
Sortino Ratio	1.54	0.30	0.15
Standard Deviation	9.95%	11.24%	0.11%
Best Month	12.26%	7.61%	0.66%
Worst Month	-3.68%	-4.18%	0.00%
Best Rolling 12 Months	22.68%	22.54%	7.71%
Worst Rolling 12 Months	-4.52%	-3.42%	7.15%
Largest Cumulative Drawdown	-7.84%	-8.33%	n/a
% Positive Months (Since Inception)	62.86%	54.29%	n/a
Correlation (Monthly)	0.13		
Value at Risk (VaR) 95%	4.60%		

The above benchmark(s) are for comparison purposes with the fund's performance. The fund does not follow the benchmark(s).

Fund Details

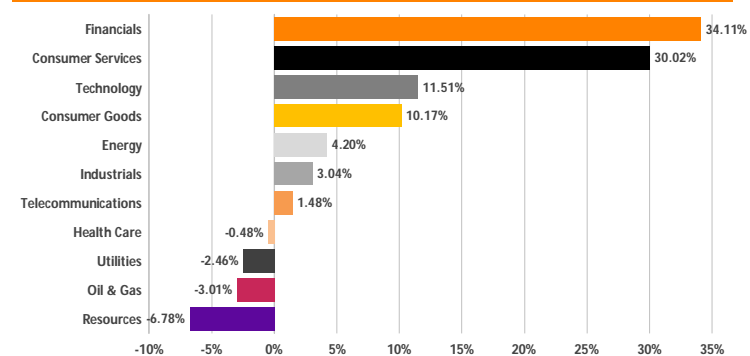
Risk Profile:	High
Portfolio Manager:	Jean Pierre Verster
Fund size (in Millions):	R 96.3
NAV Price (Inception):	R 1000
NAV Price (as at month end):	R 1,423.90
Number of Units:	63,401.80
JSE Code:	FPROW1
ISIN Number:	ZAE000255568
Inception Date:	31 October 2015
CISCA Inception Date:	1 September 2016
Fund Structure:	CIS Trust
Fund Category:	Equity Long-Short
Hurdle:	3 month JIBAR
Minimum Investment:	R 1 000 000 Lump sum
Fees	
Management Fee:	1% p.a (excl.VAT)
Performance fee (uncapped):	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)
Cost Ratios (incl. VAT)	
Total Expense Ratio (TER%):	4.59%
Transactions Costs Ratio (TC%):	0.44%
* Total Investment Charges (TIC%):	5.03%
Performance Fee (PF) Included in TER:	2.47%
Income Distribution (Declaration):	Last day of December
Distribution Total for the past 12 months:	0.00 cpu for December 2017
Investment Manager contact details	Fairtree Asset Management (Pty) Ltd
Telephone Number:	+27 86 176 0760
Website:	www.fairtree.com

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

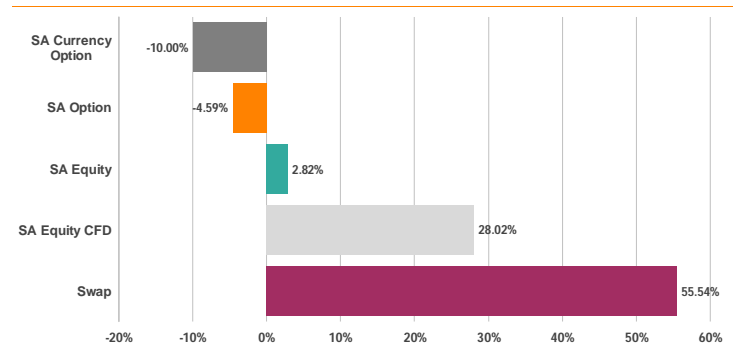
Portfolio Objective

The long-term investment objective of the portfolio is to achieve consistent absolute returns by investing according to a long/short equity investment strategy.

Sector Allocation



Asset Allocation



Increase in NAV Attributable to Investors

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2015										-0.17%	-0.04%	0.16%	-0.05%
2016	0.19%	0.20%	0.34%	0.27%	0.28%	0.78%	12.26%	6.15%	-2.42%	-0.78%	-0.59%	-0.04%	17.02%
2017	0.25%	-2.16%	-2.34%	1.68%	3.30%	-0.18%	-0.20%	-0.98%	0.74%	4.60%	-3.68%	2.35%	3.09%
2018	1.32%	2.61%	-0.84%	1.87%	0.96%	6.41%	2.84%	1.79%					18.09%

*The inception date for the portfolio is 1 October 2015. The historical performance figures until the end of 31 August 2016 reflect performance achieved prior to CISCAs regulation. The portfolio has been transitioned under CISCAs regulations on 1 September 2016 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 from 1 September 2016 and the performance before September 2016 does not necessarily reflect his investment style and approach.

Risk Profile

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

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

Although we were up for the month, I would describe the performance as disappointing, especially in the context of the Rand weakening by approximately 10% against the US Dollar (USD) during the month. Our aggregate Longs, Shorts, Special Situations and Options positions all detracted slightly from performance, but a foreign exchange gain on offshore cash pulled us back into positive territory. Our net equity exposure to shares quoted in currencies other than the South African Rand (ZAR) has increased to half of the fund's value, due to the sharp weakening of the USDZAR exchange rate year-to-date.

Analysing our aggregate Long positions per currency: Our positions in Canadian Dollars (CAD), Euros (EUR), Swiss Francs (CHF), Danish Krone (DKK), Norwegian Krone (NOK), ZAR, Hong Kong Dollars (HKD), Japanese Yen (JPY) and Australian Dollars (AUD) all contributed positively, while our aggregate Long positions in USD, British Pounds (GBP) and Singaporean Dollars (SGD) contributed negatively. Our exposure to the Chinese online gaming industry detracted significantly from our overall performance. Our largest gain was from a ZAR holding in the Chemicals Sector.

Turning to our Short positions per currency: Aggregate exposures in CAD, GBP, EUR, CHF, JPY and AUD generated gains, while aggregate exposures in USD, DKK, NOK, ZAR and SGD detracted from performance. We took further pain on a USD Short position in the Cyber Security Industry, which has almost doubled since I implemented the trade almost a year ago, notwithstanding the departure of the company's CEO and CFO since then. Short positions in the Leisure and Resources sectors paid off, as did those in shares of companies exposed to China.

Our Special Situations positions detracted from performance, driven by the increase in Naspers' discount to its holding in Tencent. A holding in preference shares benefitted from an announced repurchase by the issuing company.

In aggregate, both Bullish and Bearish Equity Options positions contributed negatively. Losses on Currency Options also detracted from the fund's performance for August. Our pre-existing USDZAR hedge (put option spread) became almost worthless due to the sharp weakening of the Rand, and I decided to enter into a new structure in order to protect against a strengthening of the Rand by year-end (but still maintaining USD exposure in case the Rand should weaken further).

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

Mandatory Disclosures

Investment Manager: Fairtree Asset Management (Pty) Ltd, **Registration Number:** 2004/033269/07 is an authorised Financial Services Provider (FSP25917) under the Financial Advisory and Intermediary Services Act (No.37 of 2002), to act in the capacity as investment manager. This information is not advice, as defined in the Financial Advisory and Intermediary Services Act (No.37 of 2002). Please be advised that there may be representatives acting under supervision. **Physical Address:** Willowbridge Place, Cnr. Carl Cronje and Old Oak Road, Bellville, 7530. **Postal Address:** PO Box 4124, Tygervalley, 7536. **Telephone Number:** +27 86 176 0760. **Website:** www.fairtree.com.

Management Company: Sanne Management Company (RF) (Pty) Ltd, **Directors:** J F Louw (Chairman)*, L Fourie, G P Rate (Managing Director), I Burke*, H J Pienaar*. **Registration Number:** 2013/096377/07, **Physical Address:** Pier Place, Heerengracht Street, Foreshore, Cape Town, South Africa. **Telephone Number:** +27 21 202 8282. **Website:** www.sannegroup.co.za. **Trustee:** Firstrand Bank Limited, Johannesburg, **Telephone:** +27 87 736 1732. **Website:** www.rmb.co.za

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*Non-Executive

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