

Fairtree Protea Worldwide Flexible Equity SNN QI Hedge Fund

Minimum Disclosure Document - Class 1

31 December 2018

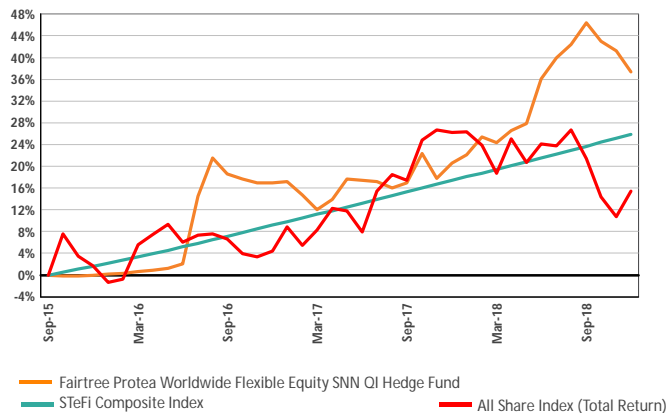
Fund Profile

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 December 2018
Index Source: Bloomberg as at December 2018

Return Analysis

| | Fund | All Share Index | STeFi |
|-----------------|--------|-----------------|--------|
| 1 Month | -2.76% | 4.25% | 0.60% |
| 3 Months | -6.18% | -4.88% | 1.78% |
| 6 Months | 0.95% | -6.94% | 3.58% |
| 1 Year | 13.89% | -8.53% | 7.25% |
| 3 Years | n/a | n/a | n/a |
| 5 Years | n/a | n/a | n/a |
| Since Inception | 37.32% | 15.46% | 25.90% |

Risk Analysis

| | Fund | All Share Index | STeFi |
|-------------------------------------|--------|-----------------|-------|
| Sharpe Ratio | 0.32 | -0.17 | 0.07 |
| Sortino Ratio | 0.80 | -0.31 | 0.10 |
| Standard Deviation | 9.94% | 11.88% | 0.11% |
| Best Month | 12.26% | 7.61% | 0.66% |
| Worst Month | -3.68% | -5.76% | 0.00% |
| Best Rolling 12 Months | 25.19% | 22.54% | 7.71% |
| Worst Rolling 12 Months | -4.52% | -12.56% | 7.15% |
| Largest Cumulative Drawdown | -7.84% | -12.56% | n/a |
| % Positive Months (Since Inception) | 58.97% | 51.28% | n/a |
| Correlation (Monthly) | 0.13 | | |
| Value at Risk (VaR) 95% | 4.34% | | |

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

Fund Details

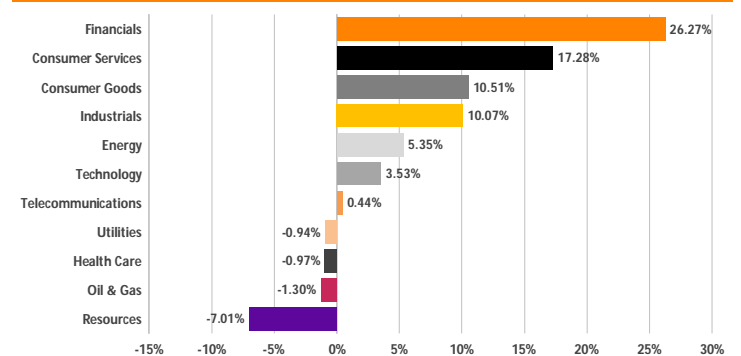
| | |
|--|--|
| Risk Profile: | High |
| Portfolio Manager: | Jean Pierre Verster |
| Fund size (in Millions): | R 118.5 |
| NAV Price (Inception): | R 1000 |
| NAV Price (as at month end): | R 1,373.24 |
| Number of Units: | 81,640.40 |
| JSE Code: | FPROW1 |
| ISIN Number: | ZAE000255568 |
| Inception 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%): | 4.06% |
| Transactions Costs Ratio (TC%): | 0.39% |
| * Total Investment Charges (TIC%): | 4.45% |
| Performance Fee (PF) Included in TER: | 1.99% |
| 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 (%)

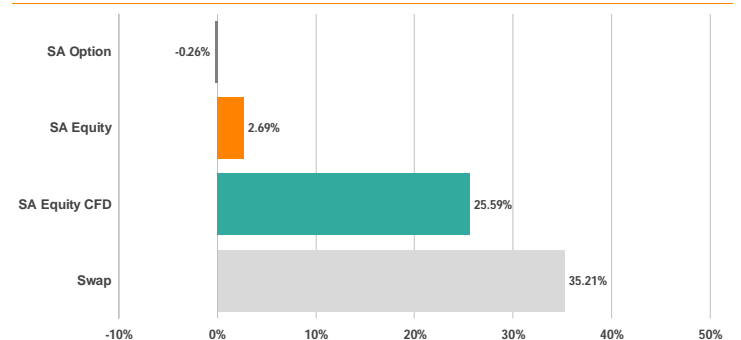
Portfolio Objective

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% | 2.80% | -2.30% | -1.24% | -2.76% | 13.89% |

*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

December was a challenging month, capping a disappointing 4th quarter of the year. For calendar 2018, we generated a return of roughly 14% after fees, which makes the fund one of the best performing unit trusts in South Africa for 2018 (according to collective investment scheme performance data from Morningstar, ProfileData and HedgeNews Africa).

The fund's individual holdings/positions are grouped according to the currency of the listed stock held, and categorised in 4 conceptual 'buckets', namely Longs, Shorts, Special Situations and Options.

During the year, we held positions quoted in 16 different currencies, namely Canadian Dollars (CAD), US Dollars (USD), British Pounds (GBP), Euros (EUR), Swiss Francs (CHF), Danish Krone (DKK), Norwegian Krone (NOK), Swedish Krone (SEK), South African Rand (ZAR), Singaporean Dollars (SGD), Taiwanese Dollars (TWD), Hong Kong Dollars (HKD), Korean Won (KRW), Japanese Yen (JPY), Australian Dollars (AUD) and New Zealand Dollars (NZD). Our aggregate Longs detracted roughly 8% from the year's performance and our aggregate Shorts contributed a gain of roughly 7%. Special Situations added roughly 3% to our 2018 gain and Option structures on individual shares generated 7%. USDZAR currency translation gains on foreign cash balances contributed roughly 5% to the fund's ZAR performance, after hedging costs.

Aggregate positions in NOK, ZAR, TWD, KRW, JPY and NZD contributed positively, while aggregate positions in CAD, USD, GBP, EUR, CHF, DKK, SEK, SGD, HKD and AUD detracted from performance for the year.

On the Long side, our 5 largest individual gains in 2018 were in the Retail (ZAR), Media (NOK), Fishing (NOK), Banking (ZAR) and Automotive Retail (USD) sectors. Our 3 largest losses were in the Information Technology (USD), Construction (ZAR) and General Financials (ZAR) sector.

On the Short side, our top 5 gains for the year were in the Banking (ZAR), Pharmaceutical (ZAR), Healthcare (ZAR), Automotive (USD) and Base Metals (USD) sectors. The 3 largest losses were in the Information Technology (USD), Information Services (GBP) and Mining (ZAR) sectors.

We will continue to enhance and apply our 'quantamental' investment process in a systematic and disciplined way, in order to generate above-average returns for our fund investors.

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.snnmanco.com, **Trustee:** Firstrand Bank Limited, Johannesburg, **Telephone:** +27 87 736 1732.

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 and maximum commissions, as well as a detailed description of how performance fees are calculated and applied, is available on request from Sanne 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 efficiently according to its mandate. Prices are published monthly on our website and local media. 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 foreign investments are included in the portfolio, performance is further affected by uncertainties such as changes in government policy, political risks, tax risks, settlement risks, foreign exchange risks, 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 by the Financial Sector Conduct Authority under CISCAs. The Manager retains full legal responsibility for the portfolio. Firstrand Bank Limited, is the appointed trustee. Fairtree Asset Management (Pty) Ltd, FSP No. 25917, is authorised under the Financial Advisory and Intermediary Services Act 37 of 2002 to render investment management services.

*Non-Executive

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