

# Fairtree Protea Worldwide Flexible Equity SNN QI Hedge Fund

## Minimum Disclosure Document - Class A1

28 February 2018

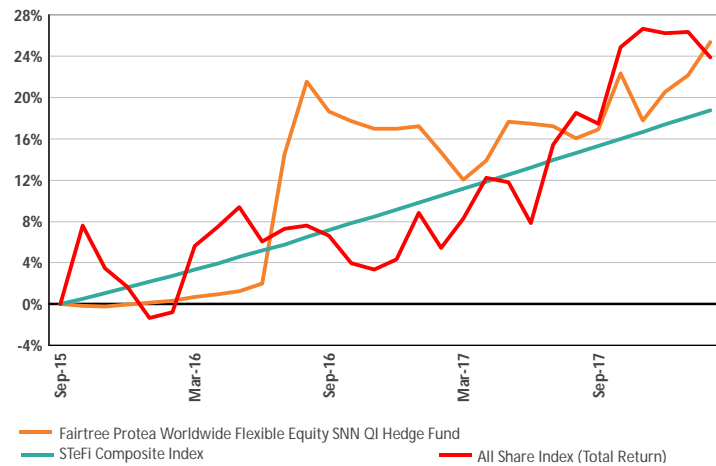
### Fund Profile

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 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 February 2018  
Benchmark(s) Source: Bloomberg as at February 2018

### Return Analysis

	Fund	All Share Index	STeFi
1 Month	2.61%	-1.97%	0.54%
3 Months	6.41%	-2.20%	1.76%
6 Months	8.00%	4.51%	3.58%
1 Year	9.27%	17.44%	7.48%
3 Years	n/a	n/a	n/a
5 Years	n/a	n/a	n/a
Since Inception	25.35%	23.86%	18.74%

### Risk Analysis

	Fund	All Share Index	STeFi
Sharpe Ratio	0.27	0.21	-0.11
Sortino Ratio	0.73	0.46	-0.16
Standard Deviation	10.18%	11.09%	0.12%
Best Month	12.26%	7.61%	0.66%
Worst Month	-3.68%	-3.86%	0.00%
Best Rolling 12 Months	18.62%	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)	58.62%	55.17%	n/a
Correlation (Monthly)	0.07		
Value at Risk - 95%	4.25%	4.82%	1.43%

### Fund Details

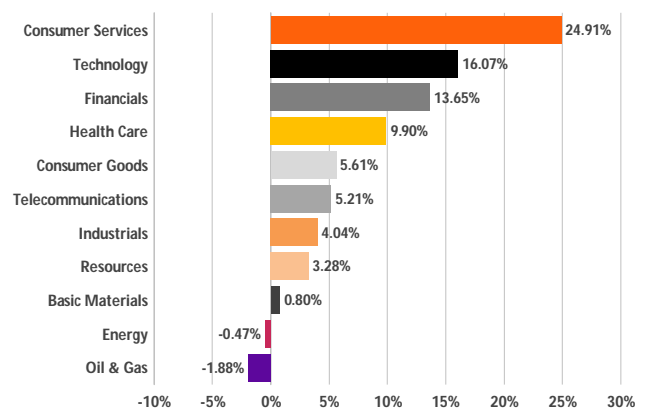
<b>Risk Profile:</b>	<b>High</b>
<b>Portfolio Manager:</b>	Jean Pierre Verster
<b>Fund size (in Millions):</b>	R 136.2
<b>NAV Price (Inception):</b>	R 1000 (Class A1)
<b>NAV Price (as at month end):</b>	R 1,253.52
<b>JSE Code:</b>	
<b>Inception Date:</b>	31 October 2015
<b>CISCA Inception Date:</b>	1 September 2016
<b>Fund Structure:</b>	CIS Trust
<b>Fund Category:</b>	Equity Long-Short
<b>Benchmark:</b>	This portfolio does not follow a benchmark
<b>Minimum Investment:</b>	R1 000 000 Lump sum
<b>Fees</b>	
<b>Management Fee:</b>	1% p.a (excl. VAT)
<b>Performance fee:</b>	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.
<b>Cost Ratios (incl. VAT)</b>	
<b>Total Expense Ratio (TER%):</b>	2.98%
<b>Transactions Costs Ratio (TC%):</b>	0.56%
<b>* Total Investment Charges (TIC%):</b>	3.54%
<b>Performance Fee (PF) Included in TER:</b>	0.76%
<b>Income Distribution (Declaration):</b>	Last day of February & December
<b>Distribution Total for the past 12 months:</b>	0.00 cpu for December 2017
<b>Investment Manager contact details</b>	
<b>Telephone Number:</b>	+27 21 943 3760
<b>Website:</b>	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

-13.9% SA Option, 7.1% SA Equity, 27.3% SA Equity CFD, 60.6% Swap

### 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%											3.96%

\*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

We had a good month, in the context of the JSE All-Share Index slipping by 2% and the MSCI World Index dropping by 4.75% in Rand-terms. We made gains across all our main categories of performance attribution i.e. Longs, Shorts, Options and Special Situations.

On the Long side, our performance was boosted by select positions in ZAR shares of companies which fall outside of the Top 40 Index. We also made a significant gain from Steinhoff bonds, which were redeemed early during the month. Our Longs in NZD and NOK also ended the month higher. This was driven by a jump in the share price of a specialist dairy producer based in New Zealand and a strong result announced by a bank operating out of Norway. Our USD Long positions generated negative returns, especially in the Technology sector. Longs in CAD, GBP, EUR, CHF, AUD, SGD, HKD, KRW and TWD also ended lower during a tumultuous month for global equity markets.

Our Shorts generated gains across all their listed currency exposure buckets - ZAR, USD, GBP, EUR, CHF, AUD, NZD, SGD, KRW, TWD and JPY. We continue to be prudent in the weighting of any single security, in order to avoid significant losses when we are wrong.

Our Special Situations positions benefitted from the Naspers versus Tencent 'stub' trade moving higher, while our exposure to specific ZAR preference shares ended lower.

Barish Options positions generated meaningful gains, as we benefitted from a spike in volatility and unwound certain option structures at attractive prices when the market dropped mid-month.

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

### Mandatory Disclosures

**Investment Manager:** Fairtree Capital (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 21 943 3760. **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.

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\*Non-Executive

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