

Fairtree Protea Worldwide Flexible Equity SNN QI Hedge Fund

Minimum Disclosure Document - Class 1

31 January 2019

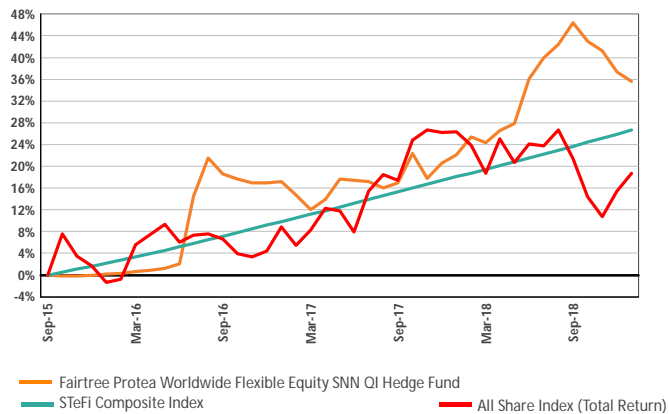
Fund Profile

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 January 2019
Index Source: Bloomberg as at January 2019

Return Analysis

	Fund	All Share Index	STeFi
1 Month	-1.24%	2.81%	0.60%
3 Months	-5.16%	3.77%	1.79%
6 Months	-3.05%	-4.09%	3.59%
1 Year	11.02%	-6.06%	7.25%
3 Years	n/a	n/a	n/a
5 Years	n/a	n/a	n/a
Since Inception	35.63%	18.70%	26.66%

Risk Analysis

	Fund	All Share Index	STeFi
Sharpe Ratio	0.26	-0.11	0.10
Sortino Ratio	0.65	-0.20	0.15
Standard Deviation	9.88%	11.81%	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)	57.50%	52.50%	n/a
Correlation (Monthly)	0.12		
Value at Risk (VaR) 95%	4.17%		

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

Fund Details

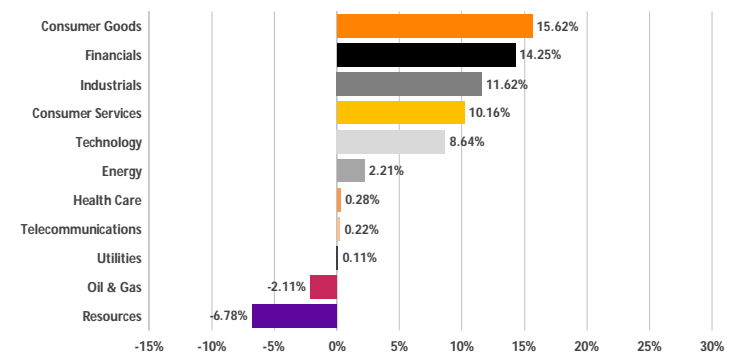
Risk Profile:	High
Portfolio Manager:	Jean Pierre Verster
Fund size (in Millions):	R 117.6
NAV Price (Inception):	R 1000
NAV Price (as at month end):	R 1,405.70
Number of Units:	81,840.65
JSE Code:	FPROW1
ISIN Number:	ZAE000255568
Inception Date:	31 October 2015
CISCA Inception Date:	1 September 2016
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%):	3.98%
Transactions Costs Ratio (TC%):	0.38%
* Total Investment Charges (TIC%):	4.36%
Performance Fee (PF) Included in TER:	1.92%
Income Distribution (Declaration):	Last day of December
Distribution Total for the past 12 months:	0.00 cpu for December 2018
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 (%)

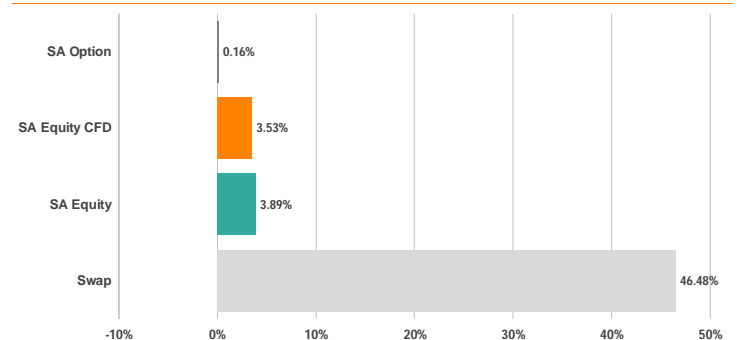
Portfolio Objective

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%
2019	-1.24%												-1.24%

*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

The fund was up for the month in USD-terms, but the Rand's +8% surge against the US Dollar during January negated that performance in Rand-terms. We have not held any currency hedges since the expiry of our previous option structure in mid-December, because we viewed the Rand as trading around fair value against the US Dollar at the time, which so far seems like a costly decision. The Rand has been extraordinarily volatile over the past year, complicating our currency hedging trades.

Analysing our performance per quoted currency of listed instruments held, our Longs in Canadian Dollars (CAD), US Dollars (USD), British Pounds (GBP), Euros (EUR), Swiss Francs (CHF), Danish Krone (DKK), Norwegian Krone (NOK), Swedish Krone (SEK), Singaporean Dollars (SGD), Japanese Yen (JPY) and Australian Dollars (AUD) all contributed positively, while Long positions in South African Rands (ZAR) and Hong Kong Dollars (HKD) detracted from performance. Our top performers for the month were ZAR positions in the Banking sector and USD positions in the Information Technology sector, while the only significant loss was due to a GBP holding in a British bank.

On the Short side, aggregate positions in all our currency sub-categories incurred losses. We closed most of our recent USD Shorts in the Information Technology sector but maintained our ZAR Shorts in the Healthcare and Commodity sectors. Our 'quantamental' process assists greatly in the continuous assessment of whether our bearish thesis regarding each of our Shorts is still valid or if we need to change our view. Past experience has shown that we have a tendency to be early, with many historical positions having moved against us before working out to our benefit. Prudent risk management and position sizing is of prime importance in this regard.

Special Situations positions made a small loss. We look forward to a well-publicised ZAR unbundling transaction happening during February which could generate gains for us.

We currently hold option structures on 4 different underlying shares, which contributed a small loss for the month as these structures were marked-to-market.

In order to generate superior long-term returns for investors, we need to make superior investment decisions, and we believe that our 'Man + Machine' approach will set us apart in this regard.

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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