

# Fairtree Protea Worldwide Flexible Equity SNN QI Hedge Fund

## Minimum Disclosure Document - Class A1

31 March 2018

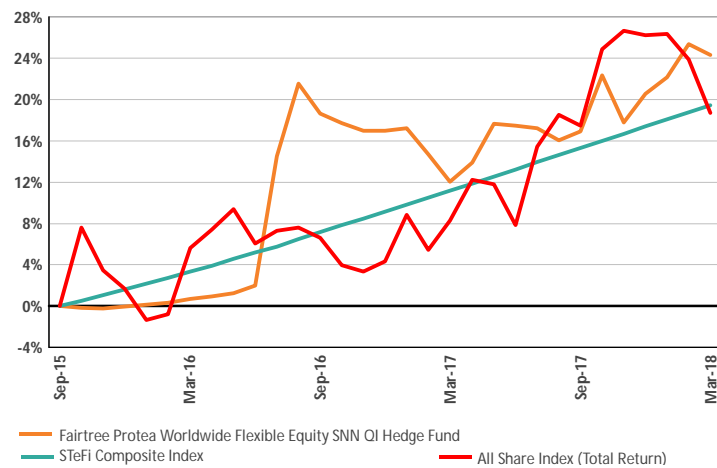
### Fund Profile

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 March 2018

Benchmark(s) Source: Bloomberg as at March 2018

### Return Analysis

	Fund	All Share Index	STeFi
1 Month	-0.84%	-4.18%	0.60%
3 Months	3.09%	-5.97%	1.76%
6 Months	6.31%	1.03%	3.59%
1 Year	10.96%	9.60%	7.45%
3 Years	n/a	n/a	n/a
5 Years	n/a	n/a	n/a
Since Inception	24.30%	18.69%	19.45%

### Risk Analysis

	Fund	All Share Index	STeFi
Sharpe Ratio	0.21	0.03	-0.06
Sortino Ratio	0.56	0.07	-0.08
Standard Deviation	10.06%	11.33%	0.12%
Best Month	12.26%	7.61%	0.66%
Worst Month	-3.68%	-4.18%	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)	56.67%	53.33%	n/a
Correlation (Monthly)	0.10		
Value at Risk - 95%	4.06%	5.05%	1.43%

### Fund Details

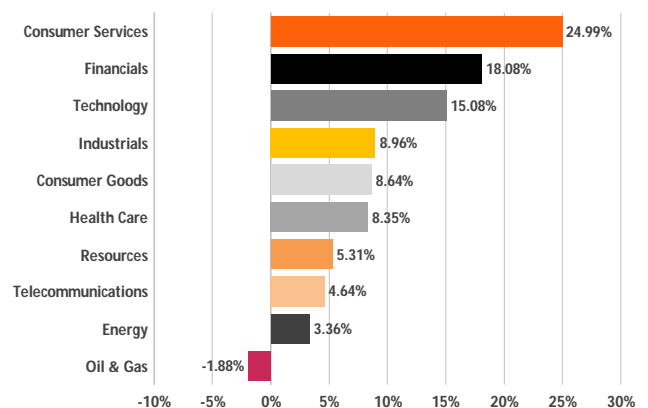
<b>Risk Profile:</b>	<b>High</b>
<b>Portfolio Manager:</b>	Jean Pierre Verster
<b>Fund size (in Millions):</b>	R 134.7
<b>NAV Price (Inception):</b>	R 1000 (Class A1)
<b>NAV Price (as at month end):</b>	R 1,243.04
<b>JSE Code:</b>	
<b>Inception Date:</b>	31 October 2015
<b>CISCA Inception Date:</b>	1 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>	2.74%
<b>Transactions Costs Ratio (TC%):</b>	0.53%
<b>* Total Investment Charges (TIC%):</b>	3.27%
<b>Performance Fee (PF) Included in TER:</b>	0.54%
<b>Income Distribution (Declaration):</b>	Last day of 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 86 176 0760
<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

-11.0% SA Option, 7.4% SA Equity, 37.7% SA Equity CFD, 62.3% Swap

### Increase in NAV Attributable to Investors

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

\*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

March was another negative month for world equity markets, with the MSCI World Index ending over 2% lower in USD-terms and the JSE All-Share Index dropping by over 4% for the month. The S&P 500 Information Technology (IT) Index slipped by almost 4%, with Facebook dropping by more than 10% after a personal data breach controversy came to light. Our significant exposure to the IT sector was the single largest contributor to our negative performance for the month. Roughly one-third of the fund's net equity exposure is to South African equities, and two-thirds to equities listed elsewhere.

On the Long side, our equity positions in Canadian Dollars (CAD), US Dollars (USD), British Pounds (GBP), Swiss Francs (CHF), Norwegian Krone (NOK), South African Rands (ZAR), Singaporean Dollars (SGD), Hong Kong Dollars (HKD), Australian Dollars (AUD) and New Zealand Dollars (NZD) incurred losses while our Long positions in Euros (EUR), Korean Won (KRW) and Taiwanese Dollars (TWD) generated gains. Our single largest gain was our holding in a Global Biotechnology group which was mooted as a potential takeover candidate, while our single largest loss was our holding in a large IT & Media holding company which sold a portion of its stake in a long-held associate, a development which we interpret as being very positive.

On the Short side, our CHF and TWD Shorts incurred losses while our USD, GBP, EUR, ZAR, KRW, SGD, Japanese Yen (JPY), AUD and NZD Shorts generated gains. Our single largest loss was in the Global Oil & Gas sector and our largest single gain across all shorts was a bearish position in the South African IT Services sector.

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, all listed in South Africa - 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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