

Fairtree Protea Worldwide Flexible Equity SNN QI Hedge Fund

Minimum Disclosure Document - Class 1

31 May 2018

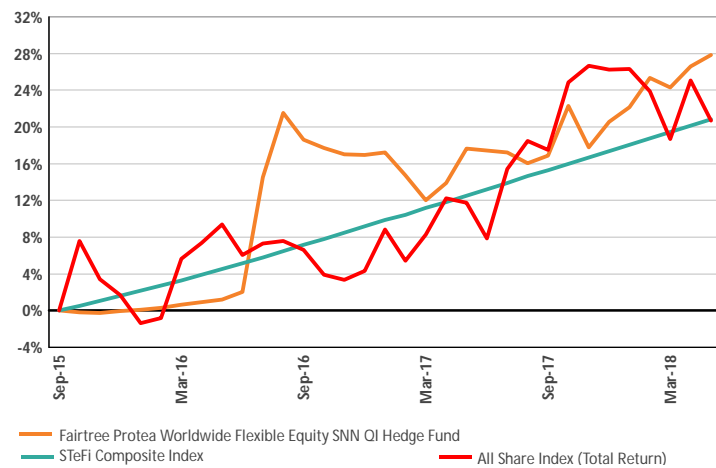
Fund Profile

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

Return Analysis

	Fund	All Share Index	STeFi
1 Month	0.96%	-3.50%	0.59%
3 Months	1.98%	-2.54%	1.79%
6 Months	8.52%	-4.69%	3.58%
1 Year	8.65%	8.00%	7.39%
3 Years	n/a	n/a	n/a
5 Years	n/a	n/a	n/a
Since Inception	27.84%	20.71%	20.86%

Risk Analysis

	Fund	All Share Index	STeFi
Sharpe Ratio	0.26	0.05	0.06
Sortino Ratio	0.70	0.11	0.08
Standard Deviation	9.77%	11.63%	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)	59.38%	53.13%	n/a
Correlation (Monthly)	0.11		
Value at Risk (VaR) 95%	3.80%		

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

Fund Details

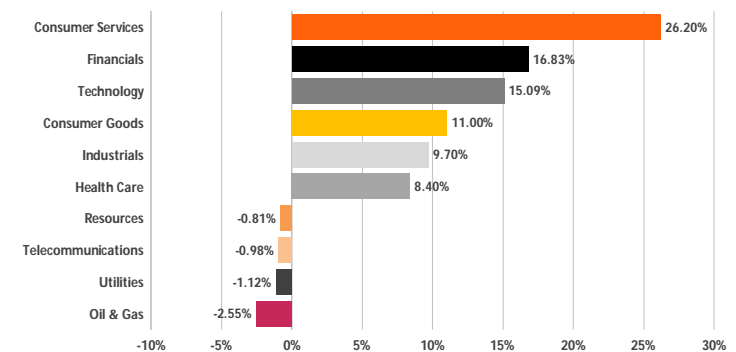
Risk Profile:	High
Portfolio Manager:	Jean Pierre Verster
Fund size (in Millions):	R 139.7
NAV Price (Inception):	R 1000
NAV Price (as at month end):	R 1,278.36
JSE Code:	FPROW1
ISIN Number:	ZAE000255568
Inception Date:	31 October 2015
CISCA Inception Date:	1 September 2016
Fund Structure:	CIS Trust
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%):	3.19%
Transactions Costs Ratio (TC%):	0.49%
* Total Investment Charges (TIC%):	3.68%
Performance Fee (PF) Included in TER:	1.04%
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 Capital (Pty) Limited
Telephone Number:	+27 86 176 0760
Website:	www.fairtree.com

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

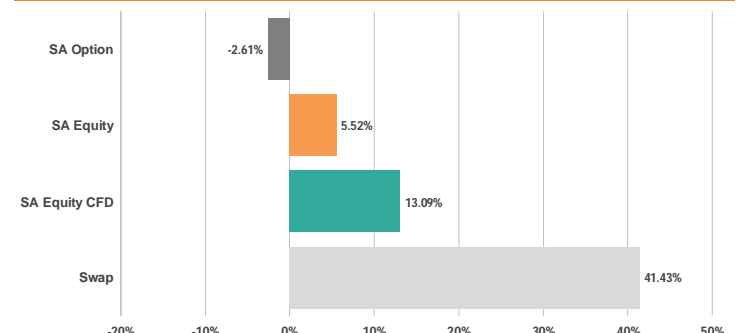
Portfolio Objective

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



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%								6.02%

*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 ended up for the month, benefitting from the Rand's 1.9% weakening against the US Dollar, while the FTSE/JSE All-Share Index dropped by 3.5%.

On the Long side, our aggregate exposures to Canadian Dollars (CAD), US Dollars (USD), British Pounds (GBP), Euros (EUR) and Swiss Francs (CHF) contributed positively. Our GBP positions generated the majority of our gains, in particular our holdings in, respectively, an International Equipment Rental company and a company operating in the Betting industry which was boosted by the lifting of a federal-level prohibition on sports betting in the US, where it has significant operations. A holding in CHF in the Building Materials sector also made a noteworthy positive contribution after a long-running takeover battle ended and a USD position in a Social Networking company also generated noteworthy gains. Our aggregate exposures to South African Rands (ZAR), Norwegian Krone (NOK), Hong Kong Dollars (HKD), Singaporean Dollars (SGD), Japanese Yen (JPY) and Australian Dollars (AUD) detracted from performance, especially the shares of companies exposed to the domestic South African economy.

On the Short side, our aggregate exposures to EUR, ZAR and JPY contributed positively, while aggregate exposures to CAD, USD, GBP, CHF, NOK, SGD and AUD detracted from performance. Short positions in ZAR in both the Retail and General Industrial sectors contributed most significantly. Our Short positions in companies listed on the Borsa Italiana also did particularly well, as a political crisis ensued in Italy. Short positions in German Automobile Manufacturers and Japanese Banks also contributed positively. Our single biggest gain on the Short side was attributable to a US-listed Software Security company, whose audit committee announced an internal investigation into possible past irregularities, leading to a sharp drop in the company's share price. Our ZAR Bearish Options did what they are supposed to do when markets drop sharply, and generated meaningful gains for us during the month.

Our Special Situations detracted from performance, mostly due to the Naspers versus Tencent 'stub' trade moving against us. We continue to see significant potential upside in this trade, which also acts as a useful hedge against the so-called Variable Interest Entity (VIE) structure commonly employed by Chinese companies listed elsewhere. We do not believe that there is a significant risk to shareholders of Tencent's Hong Kong listed shares (Naspers included) due to exposure to the VIE structure, but it is a low-probability-high-impact tail risk that we prefer to hedge.

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 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.

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*Non-Executive

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