

Fairtree Protea Worldwide Flexible Equity SNN QI Hedge Fund

Minimum Disclosure Document - Class 1

30 September 2018

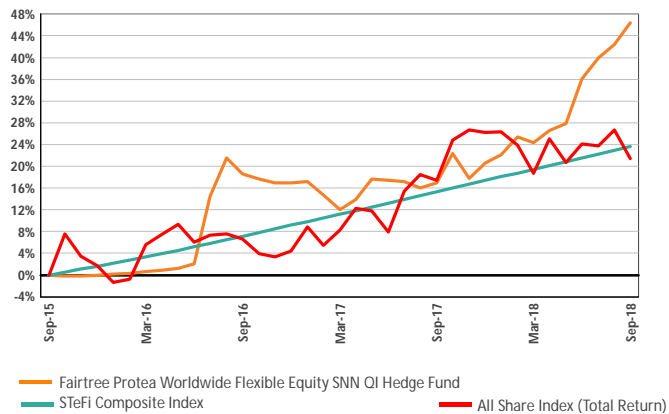
Fund Profile

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 September 2018
Index Source: Bloomberg as at September 2018

Return Analysis

	Fund	All Share Index	STeFi
1 Month	2.80%	-4.17%	0.57%
3 Months	7.60%	-2.17%	1.76%
6 Months	17.75%	2.27%	3.55%
1 Year	25.19%	3.32%	7.27%
3 Years	n/a	n/a	n/a
5 Years	n/a	n/a	n/a
Since Inception	46.37%	21.38%	23.69%

Risk Analysis

	Fund	All Share Index	STeFi
Sharpe Ratio	0.622	0.001	0.054
Sortino Ratio	1.714	0.003	0.078
Standard Deviation	9.86%	11.43%	0.11%
Best Month	12.26%	7.61%	0.66%
Worst Month	-3.68%	-4.18%	0.00%
Best Rolling 12 Months	25.19%	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)	63.89%	52.78%	n/a
Correlation (Monthly)	0.10		
Value at Risk (VaR) 95%	4.58%		

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

Fund Details

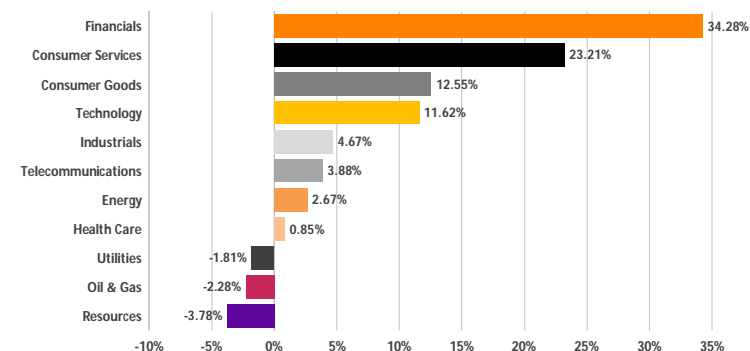
Risk Profile:	High
Portfolio Manager:	Jean Pierre Verster
Fund size (in Millions):	R 99.7
NAV Price (Inception):	R 1000
NAV Price (as at month end):	R 1,463.70
Number of Units:	63,399.02
JSE Code:	FPROW1
ISIN Number:	ZAE000255568
Inception Date:	31 October 2015
CISCA Inception Date:	1 September 2016
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%):	4.87%
Transactions Costs Ratio (TC%):	0.42%
* Total Investment Charges (TIC%):	5.29%
Performance Fee (PF) Included in TER:	2.76%
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 (%)

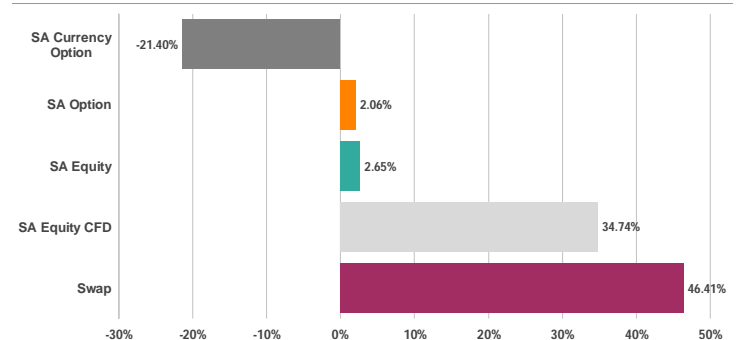
Portfolio Objective

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%				21.40%

*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 CISCA regulation. The portfolio has been transitioned under CISCA 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 had a very good month, due to good stock picking. Our Shorts, Special Situations and Options positions all added positively to our performance for September, while our Long positions, in aggregate, detracted slightly.

It is fascinating that many investors still cling to the belief that asset allocation rather than stock selection is the main driver of portfolio performance, notwithstanding proof to the contrary. Studies by Brinson, Hood & Beebower (1986) and by Ibbotson & Kaplan (2000) have shown that asset allocation only determines variability of returns (i.e. the difference in returns between the best performing and worst performing portfolios in a sample) but does not determine the actual portfolio returns. Stated differently: the chances are very good that both the best performing and worst performing portfolios in a sample will have a high allocation to stocks (as opposed to bonds and cash), with the difference between the portfolios attributable to the specific stocks held in those portfolios, rather than to the difference in allocations between stocks, bonds & cash within the portfolios. Our focus continues to be on picking the right stocks (both long and short), and we believe that our 'quantamental' investment process gives us a sustainable competitive advantage in this regard.

Our aggregate Long positions in US Dollars (USD), Danish Krone (DKK), Norwegian Krone (NOK), Singaporean Dollars (SGD), Hong Kong Dollars (HKD) and Japanese Yen (JPY) contributed positively, while our aggregate Long positions in Canadian Dollars (CAD), British Pounds (GBP), Euros (EUR), Swiss Francs (CHF), South African Rands (ZAR) and Australian Dollars (AUD) contributed negatively. The bulk of our gains were generated by USD positions in the Information Technology sector, while a ZAR position in the Paper & Pulp sector and a GBP position in the Healthcare sector were the largest detractors for the month. Roughly 60% of our Long exposure is to JSE-listed stocks, which experienced a broad sell-off during the month.

Aggregate Short positions in CAD, GBP, CHF, DKK, ZAR, SGD and AUD generated gains, while aggregate Short positions in USD, EUR, NOK and JPY detracted from performance. The largest gain was generated by a ZAR Short position in the Pharmaceutical sector, followed by a USD Short position in an Electric Vehicle Manufacturer. Shorts in the Leisure and Basic Materials sectors incurred losses.

Our Special Situations positions benefitted from announced corporate actions, and we expect further value to be unlocked from our holdings.

Both Bullish and Bearish Equity Options positions contributed positively. Most of our structures expired during the month, so we are searching for new opportunities in this space where our assessment of the probability-weighted range of price movements for specific stocks differs materially from what is implied by volatility pricing. Our USDZAR currency hedge (put spread) moved into the money during the month, so we are well positioned irrespective of whether the Rand weakens or strengthens between now and the end of the year.

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.sannegroup.co.za. **Trustee:** Firstrand Bank Limited, Johannesburg, **Telephone:** +27 87 736 1732. **Website:** www.rmb.co.za

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 CISCA. The Manager retains full legal responsibility for the portfolio. FirstRand Bank Limited, acting through the RMB Custody and Trustee Division, 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

Disclaimer

This document is confidential and issued for the information of the addressee and clients of the Manager only. It is subject to copyright and may not be reproduced in whole or in part without the written permission of the Manager. The information, opinions and recommendations contained herein are and must be construed solely as statements of opinion and not statements of fact. No warranty, expressed or implied, as to the accuracy, timeliness, completeness, fitness for any particular purpose of any such recommendation or information is given or made by the Manager in any form or manner whatsoever. Each recommendation or opinion must be weighed solely as one factor in any investment or other decision made by or on behalf of any user of the information contained herein and such user must accordingly make its own study and evaluation of each strategy/security that it may consider purchasing, holding or selling and should appoint its own investment or financial or other advisers to assist the user in reaching any decision. The Manager will accept no responsibility of whatsoever nature in respect of the use of any statement, opinion, recommendation or information contained in this document. This document is for information purposes only and does not constitute advice or a solicitation for funds.