

Fairtree Protea Equity Long Short SNN Retail Hedge Fund Minimum Disclosure Document - Class 1

31 May 2019

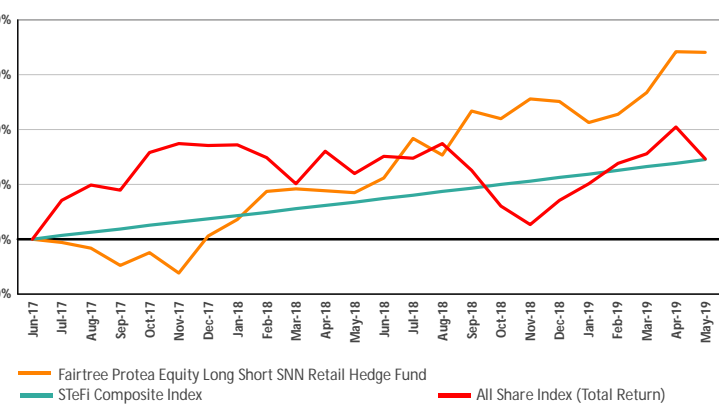
Fund Profile

The fund is a South African 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 focuses on JSE-listed securities and has a net equity exposure of 35-70% at most times, with a maximum gross exposure of 200% (i.e. maximum 2x leverage).

Investment Strategy

The portfolio is managed as a long/short hedge fund, predominantly focused on extracting alpha returns from the South African equity market. 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 May 2019
Index Source: Bloomberg as at May 2019

Return Analysis

	Fund	All Share Index	STeFi
1 Month	-0.10%	-4.84%	0.61%
3 Months	9.15%	0.73%	1.82%
6 Months	6.74%	11.64%	3.61%
1 Year	23.53%	2.43%	7.29%
3 Years	n/a	n/a	n/a
5 Years	n/a	n/a	n/a
Since Inception	34.01%	14.62%	14.53%

Risk Analysis

	Fund	All Share Index	STeFi
Sharpe Ratio	0.79	0.07	0.41
Sortino Ratio	1.86	0.12	0.56
Standard Deviation	11.34%	12.65%	0.07%
Best Month	7.27%	7.03%	0.62%
Worst Month	-3.80%	-5.76%	0.00%
Best Rolling 12 Months	33.90%	15.02%	7.35%
Worst Rolling 12 Months	11.11%	-12.56%	7.25%
Largest Cumulative Drawdown	-6.24%	-12.56%	n/a
% Positive Months (Since Inception)	52.2%	56.5%	100.0%
Correlation (Monthly)	-0.14		
Value at Risk (VaR) 95%	5.24%		

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

Fund Details

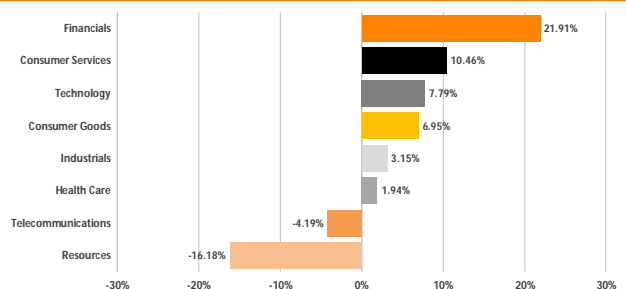
Risk Profile:	High
Portfolio Manager:	Jean Pierre Verster
Fund size (in Millions):	R 75.5
NAV Price (Inception):	R 1000
NAV Price (as at month end):	1,367.44
Number of Units:	53,251.43
JSE Code:	FPROQ1
ISIN Number:	ZAE000255543
Inception Date:	1 July 2017
CISCA Inception Date:	1 July 2017
Fund Structure:	CIS Trust
Fund Category:	Equity Long-Short
Hurdle:	3 month STEFI
Minimum Investment:	R50,000 lump sum or R2,000 monthly
Fees	
Management Fee:	1% p.a (excl.VAT)
Performance fee (uncapped):	20% (excl. VAT) of the excess performance (after deductions of the annual base fee) above the perpetual hurdle rate, subject to a high-water mark
Cost Ratios (incl. VAT)	
Total Expense Ratio (TER%):	7.77%
Transactions Costs Ratio (TC%):	0.39%
* Total Investment Charges (TIC%):	8.16%
Performance Fee (PF) Included in TER:	5.59%
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 (%)

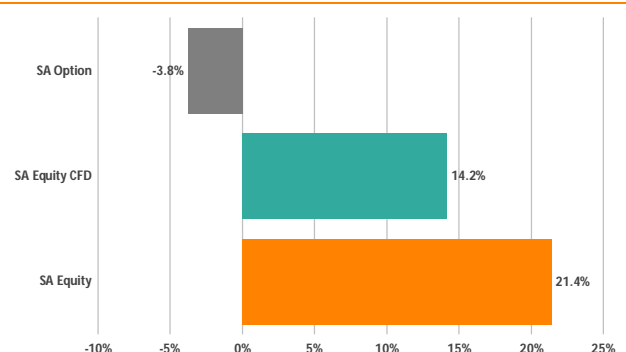
Portfolio Objective

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
2017							-0.62%	-1.02%	-3.21%	2.37%	-3.80%	7.27%	0.58%
2018	3.00%	4.92%	0.46%	-0.42%	-0.23%	2.43%	6.52%	-2.59%	6.92%	-1.13%	3.01%	-0.38%	24.35%
2019	-3.08%	1.28%	3.24%	5.83%	-0.10%								7.15%

*The inception date for the portfolio is 1 July 2017. The portfolio has been transitioned under CISCA regulations on 1 July 2017 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 since inception of the fund.

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

The portfolio is valued daily. The transaction cut-off time is 14:00pm on a business day. Investor instructions received after 14:00pm shall be processed the following business day.

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.

Market Commentary

We are excited to share with you that the Protea range of hedge funds will be rebranded during the month of June (no change to the portfolio management of the funds). Look out for a further announcement in this regard.

May was a tough month on global equity markets, with the JSE dropping by almost 5%. In contrast, we were able to roughly break even due to our specific holdings and hedging strategies.

Shorts and Special Situations generated gains for the month, while our Longs and Options detracted from performance.

On the Long side, our positions which contributed positively were mid-cap companies exposed to the domestic economy. We had many Longs which detracted from performance, across a variety of industries.

Our top-performing Shorts were in the Retail sector, with positions in the General Mining sector also making a noteworthy contribution. Our Short exposure to the Gold Mining sector went against us as risk aversion rose during the month, while our worst individual Short was in the Telecommunications sector.

Our Special Situations positions, which include arbitrage trades, activist stakes, opportunities with an expected catalyst for value-unlock and other positions which do not fit our core 'quantamental' analysis process did particularly well and contributed more than 2% to our return for May.

Option structures made a small loss on a mark-to-market basis for the month.

Remember that the fund is open for investments on any business day - feel free to contact us for application forms at any time.

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 (the "Manager"), **Registration Number:** 2013/096377/07, is authorised in terms of the Collective Investment Schemes Control Act (CISCA) to administer Collective Investment Schemes (CIS). **Directors:** J F Louw (Chairman)*, L Fourie, G P Rate (Managing Director), I Burke*, H J Pienaar*. **Physical Address:** Pier Place, Heerengracht Street, Foreshore, Cape Town, South Africa. **Telephone Number:** +27 21 202 8282. **Website:** www.snnmco.com, **Trustee:** FirstRand Bank Limited, Johannesburg, **Telephone:** +27 87 736 1732.

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*Non-Executive

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