



# Protea Worldwide Flexible SNN QI Hedge Fund

## Minimum Disclosure Document - Class 1

31 August 2019

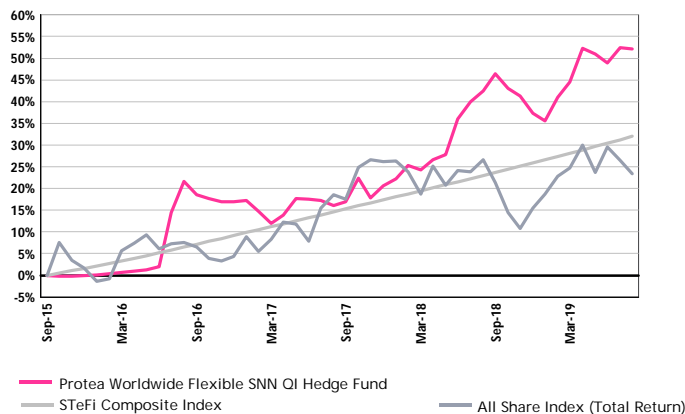
### Fund Profile

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 August 2019  
Index Source: Bloomberg as at August 2019

### Return Analysis

|                 | Fund   | STeFi  | All Share Index |
|-----------------|--------|--------|-----------------|
| 1 Month         | -0.18% | 0.60%  | -2.44%          |
| 3 Months        | 0.76%  | 1.80%  | -0.20%          |
| 6 Months        | 7.86%  | 3.66%  | 0.53%           |
| 1 Year          | 6.83%  | 7.34%  | -2.58%          |
| 3 Years         | 25.13% | 23.98% | 14.68%          |
| 5 Years         | n/a    | n/a    | n/a             |
| Since Inception | 52.11% | 32.01% | 23.40%          |

### Risk Analysis

|                                     | Fund   | STeFi | All Share Index |
|-------------------------------------|--------|-------|-----------------|
| Sharpe Ratio                        | 0.51   | 12.28 | -0.01           |
| Sortino Ratio                       | 1.35   | 0.00  | -0.02           |
| Standard Deviation                  | 9.71%  | 0.10% | 11.87%          |
| Best Month                          | 12.26% | 0.66% | 7.61%           |
| Worst Month                         | -3.68% | 0.00% | -5.76%          |
| Best Rolling 12 Months              | 25.19% | 7.71% | 22.54%          |
| Worst Rolling 12 Months             | -4.52% | 7.15% | -12.56%         |
| Largest Cumulative Drawdown         | -7.84% | n/a   | -12.56%         |
| % Positive Months (Since Inception) | 57.45% | n/a   | 53.19%          |
| Correlation (Monthly)               | -0.06  |       |                 |
| Value at Risk (VaR) 95%             | 4.21%  |       |                 |

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 160.5  |
| NAV Price (Inception):                     | R 1000   |
| NAV Price (as at month end):               | R 1,576.53   |
| Number of Units:                           | 99,039.69  |
| JSE Code:                                  | C1JL18   |
| ISIN Number:                               | ZAE000271565   |
| 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   |
| <b>Fees</b>                                |  |
| 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) |
| <b>Cost Ratios (incl. VAT)</b>             |  |
| Total Expense Ratio (TER%):                | 4.29%  |
| Transactions Costs Ratio (TC%):            | 0.35%  |
| * Total Investment Charges (TIC%):         | 4.64%  |
| Performance Fee (PF) Included in TER:      | 2.30%  |
| Income Distribution (Declaration):         | Last day of December   |
| Distribution Total for the past 12 months: | 0.00 cpu for December 2018   |
| Investment Manager contact details         | Protea Capital Management (Pty) Ltd  |
| Telephone Number:                          | +27(0) 11 822 2154   |
| Website:                                   | www.proteacapitalmanagement.com  |

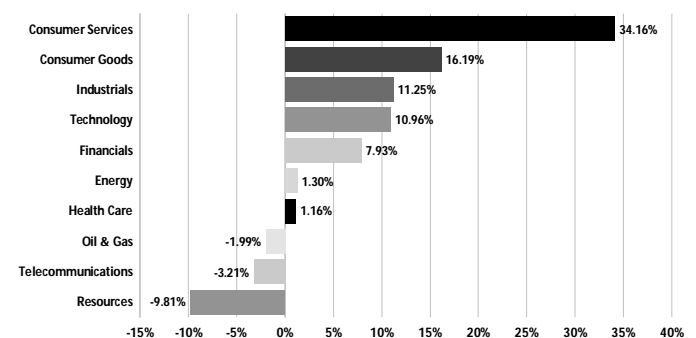
\*Total Investment Charges (TIC%) = TER (%) + TC (%)

Please note that Protea Worldwide Flexible SNN QI Hedge Fund was previously known as Fairtree Protea Worldwide Flexible Equity SNN QI Hedge Fund.

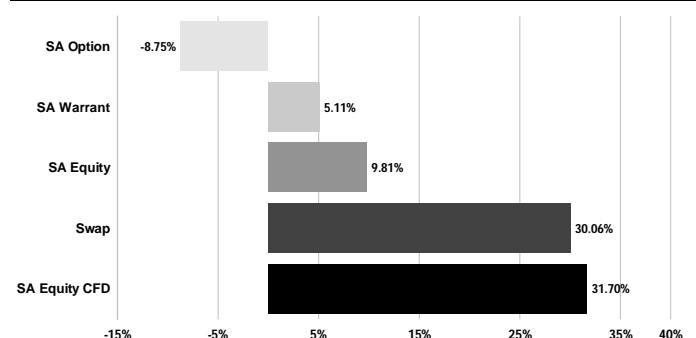
### Portfolio Objective

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





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### 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% | 3.98%  | 2.43%  | 5.39% | -0.83% | -1.35% | 2.32%  | -0.18% |        |        |        |        | 10.77% |

\*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 CISA regulation. The portfolio has been transitioned under CISA 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.

Please note that Protea Worldwide Flexible SNN QI Hedge Fund was previously known as Fairtree Protea Worldwide Flexible Equity SNN QI Hedge Fund, name change effective 13 June 2019.

### 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.

### Market Commentary

The fund was roughly flat for the month of August, benefitting from a weaker Rand. The MSCI World Index was down by more than 2% (in USD-terms) and the FTSE/JSE All-Share Index was also down by more than 2% (in Rand-terms). The USDZAR exchange rate moved sharply higher, from R14.34 to R15.20.

The following sub-categories of aggregate Long positions in our portfolio, group by the currency of the listed instruments held, made gains: Canadian Dollars (CAD), Euros (EUR), Danish Krone (DKK), Norwegian Krone (NOK) and Singaporean Dollars (SGD). Aggregate Longs in US Dollars (USD), British Pounds (GBP), Swiss Francs (CHF), Swedish Krone (SEK), South African Rands (ZAR), Hong Kong Dollars (HKD), Japanese Yen (JPY) and Australian Dollars (AUD) contributed negatively to our performance for the month. Our top Long performers for the month were an eclectic mix: a Scandinavian Bank, a Global Jewellery Manufacturer, two E-commerce Businesses and a Beverages Producer.

Aggregate Short positions in USD, GBP, EUR, CHF, NOK, ZAR, SGD and JPY generated gains, while our aggregate Shorts in CAD, DKK, SEK and AUS made losses. Our top gains were from positions in various sectors: Internet Services, Telecommunications, Medical Devices, Leisure and Oil Production.

Our Special Situations made a small gain for August. We look forward to value being unlocked from near-term catalysts expected.

Options positions incurred a mark-to-market loss for the month. We entered into an additional Bearish equity structure as well as a Currency Option structure, to protect the fund's value in Rand-terms.

The fund accepts investments in the last week of every month, whether directly, via a Holland Linked Endowment or via an Ashburton Equity-Linked Note - feel free to contact us if you want to invest.

Please Note: The above commentary is based on reasonable assumptions and is not guaranteed to occur.

### Mandatory Disclosures

Investment Manager: Protea Capital Management (Pty) Ltd, Registration Number: 2015/327243/07 is an authorised Financial Services Provider (FSP49796) 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: 7 Northridge Avenue, Sunnyside, Germiston, 1401. Postal Address: 7 Northridge Avenue, Sunnyside, Germiston, 1401. Telephone Number: +27 (0) 11 822 2154. Website: www.proteacapitalmanagement.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 (CISA) to administer Collective Investment Schemes (CIS). Directors: J F Louw (Chairman), 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.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 daily 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 CISA. The Manager retains full legal responsibility for the portfolio. FirstRand Bank Limited, is the appointed trustee. Protea Capital Management (Pty) Ltd, FSP No. FSP49796, is authorised under the Financial Advisory and Intermediary Services Act 37 of 2002 to render investment management services.

\*Non-Executive

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