



# Protea Global SNN Retail Hedge Fund

## Minimum Disclosure Document - Class 1

30 November 2019

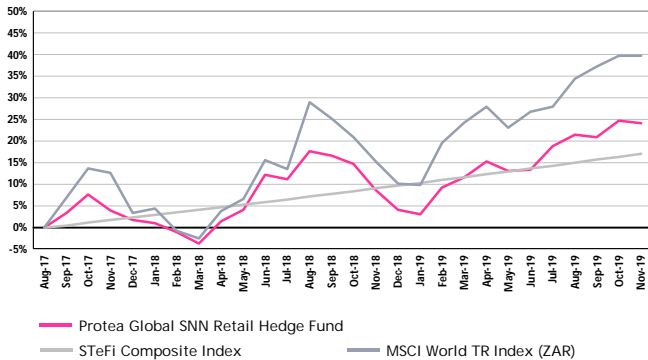
### Fund Profile

The fund is a Global/short equity hedge fund, domiciled in South Africa, 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 listed securities in developed markets outside of South Africa 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, focused on extracting alpha returns from equity markets outside of South Africa. 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 November 2019  
Index Source: Bloomberg as at November 2019

### Return Analysis (ZAR)

|                 | Fund   | STeFi  | MSCI World Index (Total Return) |
|-----------------|--------|--------|---------------------------------|
| 1 Month         | -0.46% | 0.56%  | -0.05%                          |
| 6 Month         | 9.77%  | 3.57%  | 13.55%                          |
| 1 Year          | 14.27% | 7.31%  | 21.25%                          |
| 2 Year          | 19.40% | 15.09% | 24.06%                          |
| 3 Years         | n/a    | n/a    | n/a                             |
| 5 Years         | n/a    | n/a    | n/a                             |
| Since Inception | 24.06% | 16.97% | 39.70%                          |

### Risk Analysis

|                                     | Fund    | STeFi | MSCI World Index (Total Return) |
|-------------------------------------|---------|-------|---------------------------------|
| Sharpe Ratio                        | 0.35    | 6.71  | 0.59                            |
| Sortino Ratio                       | 0.74    | 14.30 | 1.25                            |
| Standard Deviation                  | 11.75%  | 0.12% | 17.27%                          |
| Best Month                          | 7.72%   | 0.61% | 13.64%                          |
| Worst Month                         | -5.28%  | n/a   | -8.29%                          |
| Best Rolling 12 Months              | 17.61%  | 7.34% | 28.94%                          |
| Worst Rolling 12 Months             | 1.01%   | 7.12% | 2.32%                           |
| Largest Cumulative Drawdown         | -12.42% | n/a   | -14.83%                         |
| % Positive Months (Since Inception) | 48.15%  | n/a   | 55.56%                          |
| Correlation (Monthly)               | 0.44    |       |                                 |
| Value at Risk (VaR) 95%             | 4.82%   |       |                                 |

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 87.2   |
| NAV Price (Inception):       | R 1000   |
| NAV Price (as at month end): | R 1,240.74   |
| Number of Units:             | 69,606.22  |
| JSE Code:                    | FARQC1   |
| ISIN Number:                 | FAE000272878   |
| Inception Date:              | 11 September 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. |

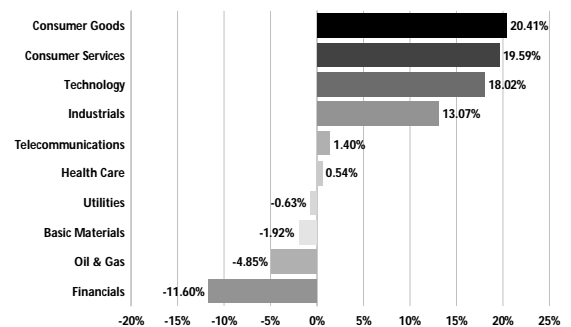
|  |                                     |
|--|-------------------------------------|
| Cost Ratios (incl. VAT)                    |                                     |
| Total Expense Ratio (TER%):                | 4.42%                               |
| Transactions Costs Ratio (TC%):            | 0.10%                               |
| * Total Investment Charges (TIC%):         | 4.52%                               |
| Performance Fee (PF) Included in TER:      | 2.40%                               |
| 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 11 822 2154                     |
| Website:                                   | www.proteacapitalmanagement.com     |
| Auditor:                                   | PricewaterhouseCoopers              |

\*Total Investment Charges (TIC%) = TER (%) + TC (%)  
Please note that the auditors (from Deloitte to PricewaterhouseCoopers) changed from August 2019.

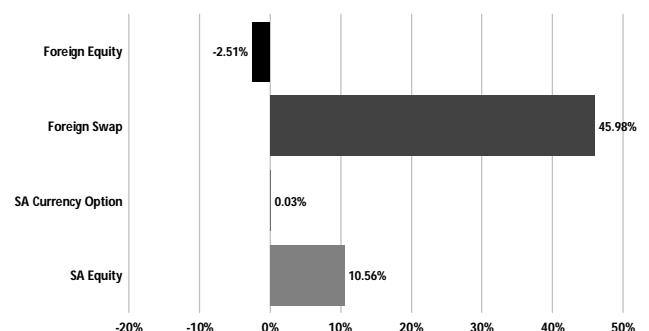
### Portfolio Objective

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  |
|------|--------|--------|--------|-------|--------|-------|--------|-------|--------|--------|--------|--------|--------|
| 2017 |        |        |        |       |        |       |        |       | 3.34%  | 4.06%  | -3.37% | -2.07% | 1.75%  |
| 2018 | -0.72% | -2.11% | -2.71% | 5.36% | 2.70%  | 7.72% | -0.93% | 5.86% | -0.81% | -1.75% | -5.28% | -4.14% | 2.29%  |
| 2019 | -1.03% | 5.96%  | 2.28%  | 3.30% | -1.99% | 0.22% | 4.81%  | 2.28% | -0.49% | 3.15%  | -0.46% |        | 19.21% |

\*The inception date for the portfolio is 11 September 2017. 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.

Please note that Protea Global SNN Retail Hedge Fund was previously known as Fairtree Protea Global Equity LS SNN RH 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

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

The Rand (ZAR) strengthened by almost 3% against the US Dollar (USD) during November, from R15.10 to R14.67, which acted as a headwind to our reported performance. The fund was slightly down for the month in Rand terms, but up by more than 2% in USD-terms. The MSCI World Index was also down slightly in ZAR-terms but up by more than 2% in USD-terms.

The following aggregate Long positions (grouped by the currency of the individual listed instruments) made gains for the month: Canadian Dollars (CAD), US Dollars (USD), British Pounds (GBP), Euros (EUR), Swiss Francs (CHF), Norwegian Krone (NOK), Hong Kong Dollars (HKD), Japanese Yen (JPY) and Australian Dollars (AUD). Aggregate Longs in Danish Krone (DKK), Swedish Krone (SEK) and Singaporean Dollars (SGD) contributed negatively to our performance for the month. Our top Long performers were from the Branded Dairy, Salmon Fishing, Consumer Finance, Technology and Healthcare sectors. Overall, our Long positions contributed roughly 4% to our performance for the month.

Our Short book incurred a small mark-to-market loss for the month. Aggregate Short positions in EUR and SEK were the only currency groupings which generated gains on the short side, while aggregate Shorts in CAD, USD, GBP, CHF, DKK, NOK, SGD, JPY and AUS made losses, most notably of which were Shorts in US-listed companies across divergent sectors. Our overall loss on Shorts for the month of only 0.6% indicates good stock picking.

Our Special Situations made a mark-to-market loss, with our index hedges moving further against us as US markets continued higher. We are comfortable maintaining protection in an environment where valuations, in general, are becoming a bit stretched. A Currency Option we hold contributed a small loss for the month.

Lastly, we are pleased to announce that a new team member has joined us. Richard Cheesman has been appointed as a Senior Analyst and we look forward to him contributing positively to our 'quantamental' process. See our website for more on Richard's background.

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, Sunnyridge, Germiston, 1401. Postal Address: 7 Northridge Avenue, Symridge, Germiston, 1401. Telephone Number: +27 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 (CISCA) to administer Collective Investment Schemes (CIS). Directors: J F Louw (Chairman), G P Rate (Director), I Burke\*, H J Pienaar\*, K de Bruin (Managing Director). 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.

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\*Non-Executive

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