

Fairtree Assegai Equity Long Short SNN QI Hedge Fund Minimum Disclosure Document - Class 1

30 April 2018

Fund Profile

The fund is a directionally biased Long / Short equity fund which will not hesitate to capture equity market beta when conditions allow for it. The objective of the fund is to generate the largest portion of its returns through its directional bias, in so doing capturing 60% of the upside return of the market, while protecting against 60% of the downside. Relative value pairs, together with absolute longs and shorts seek to stabilise returns in turbulent market conditions, supported by the adjustment to the net exposure. Leverage is on average at 2.5 times and net exposure will vary with the fund manager's view of the market.

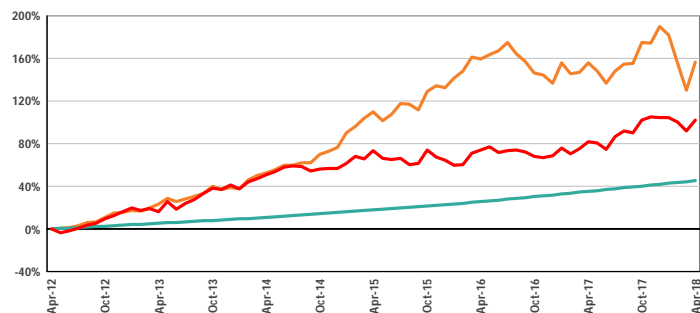
Investment Policy and Mandate

The portfolio may use leverage to a maximum of 3.5 times the net asset value of the portfolio. Excluded from this calculation shall be the investments in the portfolio solely used to enhance the interest earned by the portfolio.

Limits and Constraints:

- The portfolio is precluded from raising any debt funding over and above that achieved in terms of the long/short process;
- No net individual equity position shall exceed 15% of capital;
- Directional exposure limit to 120% of current underlying capital on the long side and up to 20% of current underlying capital on the short side;
- The portfolio shall at all times hold a minimum of 10 equity positions; and
- The portfolio will limit exposure to equities based upon liquidity.

Cumulative Performance Since Inception



Fund Source: Sanne Fund Services SA (Pty) Ltd as at April 2018
Benchmark(s) Source: Bloomberg as at April 2018

Return Analysis

| | Fund | All Share Index | STeFi |
|-----------------|---------|-----------------|--------|
| 1 Month | 11.44% | 5.40% | 0.58% |
| 3 Months | -8.93% | -0.99% | 1.74% |
| 6 Months | -6.53% | 0.21% | 3.56% |
| 1 Year | 0.24% | 11.45% | 7.43% |
| 3 Years | 22.20% | 16.71% | 23.34% |
| 5 Years | 107.59% | 74.26% | 37.90% |
| Since Inception | 156.62% | 102.37% | 45.28% |

Risk Analysis

| | Fund | All Share Index | STeFi |
|-------------------------------------|---------|-----------------|-------|
| Sharpe Ratio | 0.81 | 0.57 | -0.17 |
| Sortino Ratio | 1.42 | 1.12 | -0.25 |
| Standard Deviation | 12.82% | 10.76% | 0.26% |
| Best Month | 11.44% | 8.51% | 0.66% |
| Worst Month | -9.92% | -5.70% | 0.00% |
| Best Rolling 12 Months | 38.34% | 32.74% | 7.71% |
| Worst Rolling 12 Months | -11.48% | -4.37% | 5.16% |
| Largest Cumulative Drawdown | -20.52% | -8.33% | n/a |
| % Positive Months (Since Inception) | 70.83% | 62.50% | n/a |
| Correlation (Monthly) | 0.64 | | |
| Value at Risk 95% | 9.97% | | |

Fund Details

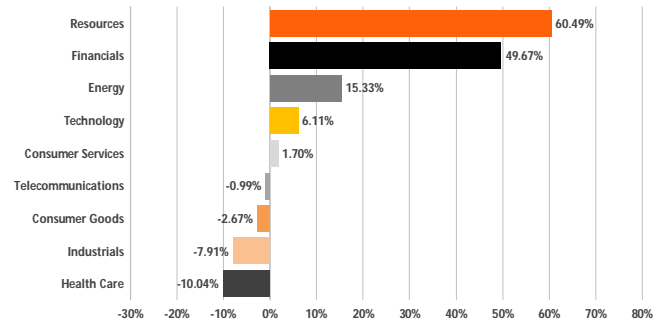
| | |
|--|--|
| Risk Profile: | High |
| Portfolio Manager: | Stephen Brown |
| Fund size (in Millions): | R 643.9 |
| NAV Price (Inception): | R 1000 (Class A1) |
| NAV Price (as at month end): | R 2,566.17 |
| JSE Code: | |
| Inception Date: | 31 May 2012 |
| CISCA Inception Date: | 1 October 2016 |
| Fund Structure: | CIS Trust |
| Fund Category: | Multi - Strategy |
| Benchmark: | This portfolio does not follow a benchmark |
| Minimum Investment: | R 1 000 000 Lump sum |
| Fees | |
| Initial Fee - Adviser: | 0% - 3.42% (excl. VAT) |
| Annual Base Fee: | 1% (excl. VAT) |
| Performance fee: | 20% of the total performance (after deductions of the annual base fee) above the high water mark, subject to a hurdle rate of 3 months JIBAR (excl. VAT). The Performance Fee is uncapped. |
| Cost Ratios (incl. VAT) | |
| Total Expense Ratio (TER%): | 3.39% |
| Transactions Costs Ratio (TC%): | 0.89% |
| * Total Investment Charges (TIC%): | 4.28% |
| Performance Fee (PF) Included in TER: | 1.81% |
| 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 (%)

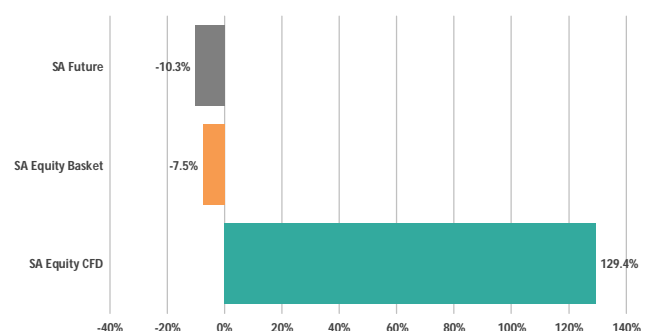
Portfolio Objective

The long-term objective of the portfolio is to achieve consistent absolute returns through investment in long/short equity based strategies.

Sector Allocation



Asset Allocation



Increase in NAV Attributable to Investors

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Total |
|-------------|--------|--------|--------|--------|--------|--------|-------|--------|--------|--------|--------|--------|----------------|
| 2012 | | | | | 0.46% | 0.63% | 1.83% | 2.97% | 0.83% | 3.83% | 3.84% | 0.12% | 15.37% |
| 2013 | 1.58% | -0.26% | 2.64% | 3.03% | 4.19% | -2.43% | 1.83% | 1.77% | 2.53% | 5.02% | -2.22% | 1.49% | 20.61% |
| 2014 | -1.16% | 5.97% | 3.19% | 1.36% | 2.10% | 2.59% | 0.07% | 1.30% | 0.16% | 4.76% | 1.68% | 2.08% | 26.70% |
| 2015 | 7.93% | 2.99% | 3.94% | 3.11% | -3.91% | 2.80% | 4.96% | -0.38% | -2.37% | 7.99% | 2.37% | -0.72% | 31.82% |
| 2016 | 3.98% | 2.67% | 5.32% | -0.81% | 1.56% | 1.50% | 2.75% | -3.80% | -2.64% | -4.21% | -0.75% | -3.24% | 1.80% |
| 2017 | 8.05% | -3.84% | 0.53% | 3.60% | -3.10% | -4.65% | 4.89% | 2.63% | 0.22% | 7.59% | -0.14% | 5.68% | 22.47% |
| 2018 | -2.74% | -9.28% | -9.92% | 11.44% | | | | | | | | | -11.42% |

*The inception date for the portfolio is 1 May 2012. The historical performance figures until the end of 30 September 2016 reflect performance achieved prior to CISCA regulation. The portfolio has been transitioned under CISCA regulations on 1 October 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.

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 All Share Index rose 5.4% in Rands during April, helped by a 5% weakening in the Rand. The currency ended the month at 12.46/USD. Resources (+8.7%) outperformed Industrials (+5.2%) and financials (+3.2%) during the month. The best performing sectors were Real Estate (+12.1%), Personal Goods (+11.4%), Health Care Equipment (+10.8%), General Mining (+10.7%), and Chemicals (+10.1%). Household Goods was the worst performing sector, down 41.8%.

President Ramaphosa announced incentives to attract USD 100bn in new investments; he left the Commonwealth Summit early to deal with the violent protesters in the North West province opposed to the governor, Supra Mahumapelo, a Zuma ally. The miners won a court case upholding the "once empowered always empowered" principle; the government said it would appeal the decision and negotiate with the companies.

Metals rose in April with the LME Metals Index up 3.0%. Aluminium (+13.7%) recorded the largest monthly gain after sanctions were imposed on Rusal, the largest aluminium producer outside China. Nickel (+2.6%), Tin (0.7%) and Copper (+1.5%) also rose, while Lead (-3.1%) and Zinc (-4.8%) declined. Brent and WTI prices rose +8.5% and +5.7% to USD 74.69/bbl and USD 68.57/bbl, respectively. Strong demand and supply fundamentals coupled with geopolitical risks emanating from trade tensions, sanctions and disruptions in the Middle East and Venezuela are boosting prices. Gold fell 0.7% to USD 1,315/oz. amid strength in the US Dollar.

In April, SA equities continued to see inflows of USD 338mn. Meanwhile, SA bonds had small outflows of USD 25mn following inflows of more than USD 2bn in the last two months. YTD, SA equities have received USD 2.5bn of inflows. Meanwhile, EM equities also had a very strong start to the year with inflows of USD 55.4bn ytd.

The Assegai Fund increased by 11.44% in April. The Resilient group companies (Resilient, Fortress B and Nepi Rockcastle) added 9.8% to performance, as share prices started to recover, helped by the outcome of the Independent Review commissioned by management. This review indicated no evidence of wrongdoing or share price manipulation by management of the group. Long positions in the resources names also contributed positively this month, most notably South 32 (+1.1%), Billiton (+1%), and Sasol (+0.8%). The short position in Steinhoff contributed 0.8% to performance. The biggest detractor from performance this month was the short position in Brait (-1.75%), short positions in the hospital companies and our long position in EOH.

During April we cut exposure to resources somewhat, although the sector remains a large overweight. Exposure to the banking sector was increased, while retail exposure was cut further. The net short exposure to industrials was increased further. Property sector exposure increased partly due to market movements, and the health care short was trimmed.

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 (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.sannegroup.co.za.

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*Non-Executive

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