

Fairtree Assegai Equity Long Short SNN QI Hedge Fund

Minimum Disclosure Document - Class A1

31 March 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.

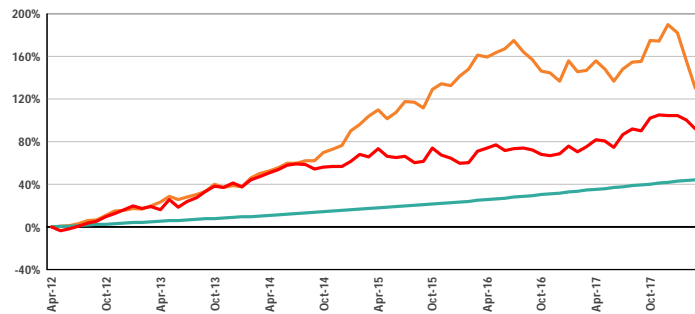
Investment Policy and Mandate

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



— Fairtree Assegai Equity Long Short SNN QI Hedge Fund
— STeFi Composite Index
— All Share Index (Total Return)

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

Return Analysis

| | Fund | All Share Index | STeFi |
|-----------------|---------|-----------------|--------|
| 1 Month | -9.92% | -4.18% | 0.60% |
| 3 Months | -20.52% | -5.97% | 1.76% |
| 6 Months | -9.76% | 1.03% | 3.59% |
| 1 Year | -6.81% | 9.60% | 7.45% |
| 3 Years | 13.06% | 15.93% | 23.25% |
| 5 Years | 91.92% | 61.22% | 37.73% |
| Since Inception | 130.27% | 92.01% | 44.45% |

Risk Analysis

| | Fund | All Share Index | STeFi |
|-------------------------------------|---------|-----------------|-------|
| Sharpe Ratio | 0.71 | 0.50 | -0.18 |
| Sortino Ratio | 1.18 | 0.98 | -0.26 |
| Standard Deviation | 12.22% | 10.68% | 0.26% |
| Best Month | 8.05% | 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) | 70.42% | 61.97% | n/a |
| Correlation (Monthly) | 0.63 | | |
| Value at Risk - 95% | 8.92% | 5.06% | 0.98% |

Fund Details

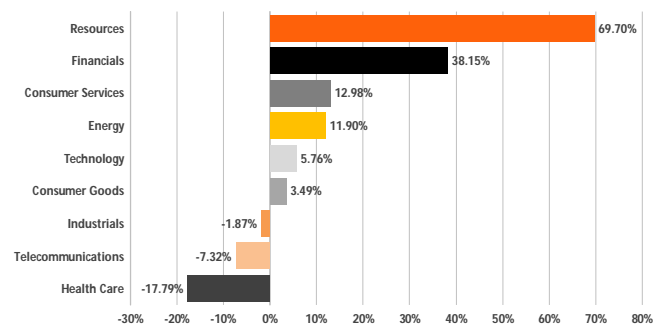
| | |
|---|--|
| Risk Profile: | High |
| Portfolio Manager: | Stephen Brown |
| Fund size (in Millions): | R 609.0 |
| NAV Price (Inception): | R 1000 (Class A1) |
| NAV Price (as at month end): | R 2,302.65 |
| JSE Code: | |
| Inception Date: | 31 May 2012 |
| CISCA Inception Date: | 1 October 2016 |
| Fund Structure: | CIS Trust |
| Fund Category: | Multi - Strategy |
| Benchmark: | This portfolio does not follow a benchmark |
| Minimum Investment: | R1 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%): | 3.49% |
| Transactions Costs Ratio (TC%): | 0.87% |
| * Total Investment Charges (TIC%): | 4.36% |
| Performance Fee (PF) Included in TER: | 1.91% |
| Income Distribution (Declaration): | Last day of December |
| Distribution Total for the past 12 months: | 0.00 cpu for December 2017 |
| Investment Manager contact details | |
| 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

-10.7% SA Future, -8.1% SA Equity Basket, 133.8% SA Equity CFD

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% | | | | | | | | | | -20.52% |

*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 fell 4.2% in Rands during March, while the ZAR lost 0.4% to end the month at 11.84/USD. The best performing sectors in the month were Non-life Insurance (+8.2%), Gold Mining (+6.1%), Health Care Equipment (+4.9%), Paper (+3.2%) and Fixed Line Telco's (+2.3%). The worst performing sectors were Household Goods (-43.1%), Technology (-25.6%), Coal (-17.7%), Industrial Metals (-15.4%), Platinum (-15.2%) and Media (-11.6%).

Moody's raised the outlook for the sovereign from negative to stable and kept the rating at Baa3 which keeps it in the WGBI index. 4Q GDP beat expectations at 3.1% qoq saar versus the 1.8% consensus forecast. SARB cut the repo rate by 25 bps to 6.5% in line with consensus (but a few forecasters were expecting no change). In terms of the post-Zuma governance clean-up: the NPA announced Zuma would face corruption charges that were dropped 9 years ago and the SARS head was suspended. Mining Minister Mantashe announced that he would revise the mining charter, a move welcomed by the industry.

Metals fell again in March with the LME Metals Index down 4.0%. Aluminium recorded the largest loss during the month, declining 7.7% followed by Zinc (-5.6%), Lead (-4.1%), Nickel (-3.6%), Copper (-3.1%) and Tin (-2.1%). Brent and WTI prices rose 7.6% and 5.6% to US\$69.34/bbl and US\$64.94/bbl respectively. Iron ore prices sank 17.8% during the month to US\$74.85/t. Gold rose 0.5% to \$1325/oz. amid concerns of escalating trade tensions between the US and China.

In March, SA equities continued to see inflows of \$121mn, although this was significantly less than last month's inflows of \$1.3bn. SA bonds saw inflows of \$1.1bn. YTD, SA equities have received \$2.2bn of inflows. Meanwhile, EM equities also had a very strong start to the year with inflows of \$43.4bn ytd.

The Assegai fund fell 9.92% during March. Once again the Resilient group of companies were a drag on performance, deducting 4.4% combined during the month. These companies have come under severe pressure of late as selling followed the issue of a report from one of the local hedge funds. We continue to believe that the asset bases and income streams of these companies are not impaired, so this sell-off provides a unique opportunity to buy these quality companies at very compelling yields. Technology company EOH also came under pressure this month, detracting 3.1% from performance. This was a result of a disappointing trading statement, which followed a very tough operating period for the business. However we believe this business is still intact and is very cheap at these levels. Long positions in the miners (especially African Rainbow Minerals, Exxaro and Assore) as well as short positions in the hospitals also detracted from performance during March. The short position in Brait added 2% to performance, and the short in Steinhoff added 0.9%. Exposure to the gold companies was also a positive contributor, adding 1.3%.

During March we increased exposure to the resources sector, but decreased platinum sector exposure as the stronger rand put these stocks under pressure. Exposure to banks and retailers was decreased materially, as we took profits in these SA Inc sectors which have performed strongly on positive political changes. Property sector exposure was increased further, as was the net short in the health care sector.

Despite the poor performance year to date, we remain very confident that the positions we hold in the fund offer compelling value and should deliver superior returns going forward.

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

Mandatory Disclosures

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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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