

Fairtree Assegai Equity Long Short SNN QI Hedge Fund

Minimum Disclosure Document - Class 1

30 September 2018

Fund Profile & Investment Policy

The fund is a directionally biased Long / Short equity fund which will not hesitate to capture equity market beta when conditions allow for it.

Investment Strategy

The portfolio is managed as a long/short hedge fund, focused on extracting alpha returns from the South African equity market. The fund's returns are delivered through fundamental knowledge of South African equities vis-à-vis economic growth and broad economic themes as well as medium to long-term relative valuation opportunities, generating the largest portion of its returns through its directional bias. Relative value pairs, together with absolute longs and shorts seek to stabilize returns in turbulent market conditions, supported by the adjustment to the net exposure.

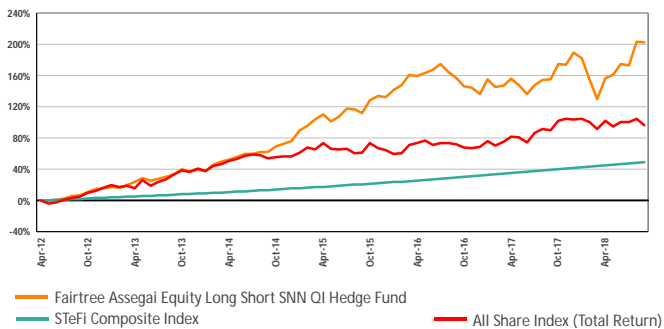
Investment Mandate

The portfolio may use leverage to a maximum of 4.5 times the net asset value of the portfolio. However, the portfolio has set an internal limit to use leverage up to a maximum of 3.5 times the net asset value. Excluded from this calculation shall be the investments in the portfolio solely used to enhance the interest earned by the portfolio.

Mandate 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 September 2018

Index Source: Bloomberg as at September 2018

Return Analysis

	Fund	All Share Index	STeFi
1 Month	-0.05%	-4.17%	0.57%
3 Months	10.31%	-2.17%	1.76%
6 Months	31.56%	2.27%	3.55%
1 Year	18.71%	3.32%	7.27%
3 Years	43.07%	21.38%	23.69%
5 Years	126.87%	46.84%	39.01%
Since Inception	202.93%	96.36%	49.58%

Risk Analysis

	Fund	All Share Index	STeFi
Sharpe Ratio	0.91	0.45	-0.12
Sortino Ratio	1.68	0.86	-0.18
Standard Deviation	13.07%	10.79%	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)	70.13%	61.04%	n/a
Correlation (Monthly)	0.62		
Value at Risk (VaR) 95%	9.37%		

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:	Stephen Brown
Fund size (in Millions):	R 642.0
NAV Price (Inception):	R 1000
NAV Price (as at month end):	R 2,946.15
Number of Units:	218,849.03
JSE Code:	FTASEQ
ISIN Number:	ZAE000259065
Inception Date:	31 May 2012
CISCA Inception Date:	1 October 2016
Fund Structure:	CIS Trust
Fund Category:	Multi - Strategy
Hurdle:	3 month JIBAR
Minimum Investment:	R 1 000 000 Lump sum
Fees	
Initial Fee - Adviser:	0% - 3.45% (incl. VAT)
Annual Base Fee:	1% (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 months JIBAR (excl. VAT).

Cost Ratios (incl. VAT)

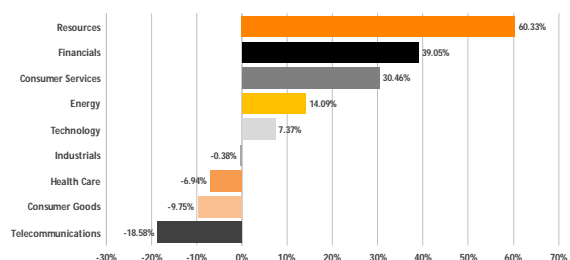
Total Expense Ratio (TER%):	3.05%
Transactions Costs Ratio (TC%):	1.18%
* Total Investment Charges (TIC%):	4.23%
Performance Fee (PF) Included in TER:	1.47%
Income Distribution (Declaration):	Last day of December
Distribution Total for the past 12 months:	0.00 cpu for December 2017
Investment Manager contact details	Fairtree Asset Management (Pty) Ltd
Telephone Number:	+27 86 176 0760
Website:	www.fairtree.com

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

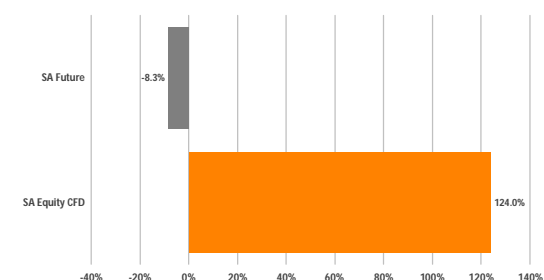
Portfolio Objective

The long-term 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%	1.56%	5.37%	-0.44%	10.85%	-0.05%				4.56%

*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 rand terms in September as SA couldn't manage the same rally off the mid-September lows as the rest of emerging markets. The rand followed emerging market FX higher, closing at R14.07 to the dollar, 3.9% stronger on the month, after trading as high as 15 during the month. Bond yields see-sawed with EM yields, with R186 yields ending the quarter at 8.98. Stocks lagged bonds - ALBI (+0.2%) and cash was king (STEFI +0.5%). Resources (+1.1%) outperformed Financials (-2%) and Industrials (-7.7%) during September. Key sector winners included Industrial Metals (+19.9%), Platinum (+16.5%) and Non-life Insurers (+9.8%). Pharma (-39.7%) and Household Goods (-17.9%) were the key laggards.

The economy dipped into recession with Q2 GDP of -0.7%, well below the consensus of +0.6%, after Q1's downward revised 2.6%. The SARB left rates on hold at 6.5% at its 20 Sept meeting on a 4:3 split decision. President Ramaphosa announced a ZAR 50bn stimulus plan, mostly reallocating the budget (worth 1% of GDP) rather than coming up with new money, but announcing a new infrastructure fund as well as new structural reforms, including the Mining Charter. The updated Mining Charter cut some of the free carry/taxes from the previous draft.

Metals rebounded in September with the LME Metals Index up 2.3%. Zinc (+8.0%) recorded the largest monthly gain, followed by Copper (+5.0%). Meanwhile, Aluminium declined 2.5% during the month with Lead (-1.7%), Nickel (-1.6%) and Tin (-1.0%) also finishing in the red. Brent and WTI rose with the former up 6.9% to US\$82.7/bbl while the latter gained 5.6% to US\$73.3/bbl. Iron ore prices rose 4.6% during the month to US\$69.2/t. Gold fell 0.7% to \$1,192.5/oz., weighed down by a resilient Dollar.

In September, SA equities had net foreign outflows of USD 1.0bn whereas SA bonds had a net outflow of USD -0.14bn. Meanwhile, cumulative inflows to EM bonds and equities YTD are now +\$21.7bn and +\$13.0bn, respectively. FirstRand and Bid Corp were the most bought stocks whereas British American Tobacco and Absa were the most sold stocks.

The Assegai fund returned -0.05% during September. Short positions in Imperial (+1.1%), Netcare (0.8%) and Tiger Brands (+0.7%) contributed most to performance, as did long positions in resource equities and selected property names. A long position in Aspen detracted most (-2.7%) as the stock fell dramatically on worse-than-consensus FY18 results and concerns around the level of gearing. Long positions in Sappi, Richemont and Naspers also detracted from performance during September.

Resource sector exposure was increased this month, as short positions were cut on improving fundamentals for the selected stocks. Media exposure was decreased as we increased the size of short positions in selected Telco names. Retail exposure was increased into weakness, while exposure to the Healthcare sector was decreased.

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, Tygervally, 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. **Trustee:** Firstrand Bank Limited, Johannesburg, **Telephone:** +27 87 736 1732, **Website:** www.rmb.co.za

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 monthly 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 CISCA. The Manager retains full legal responsibility for the portfolio. Firstrand Bank Limited, acting through the RMB Custody and Trustee Division, is the appointed trustee. Fairtree Asset Management (Pty) Ltd, FSP No. 25917, is authorised under the Financial Advisory and Intermediary Services Act 37 of 2002 to render investment management services.

*Non-Executive

Disclaimer

This document is confidential and issued for the information of the addressee and clients of the Manager only. It is subject to copyright and may not be reproduced in whole or in part without the written permission of the Manager. The information, opinions and recommendations contained herein are and must be construed solely as statements of opinion and not statements of fact. No warranty, expressed or implied, as to the accuracy, timeliness, completeness, fitness for any particular purpose of any such recommendation or information is given or made by the Manager in any form or manner whatsoever. Each recommendation or opinion must be weighed solely as one factor in any investment or other decision made by or on behalf of any user of the information contained herein and such user must accordingly make its own study and evaluation of each strategy/security that it may consider purchasing, holding or selling and should appoint its own investment or financial or other advisers to assist the user in reaching any decision. The Manager will accept no responsibility of whatsoever nature in respect of the use of any statement, opinion, recommendation or information contained in this document. This document is for information purposes only and does not constitute advice or a solicitation for funds