

Fairtree Assegai Equity Long Short SNN QI Hedge Fund

Minimum Disclosure Document - Class 2

30 September 2019

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.

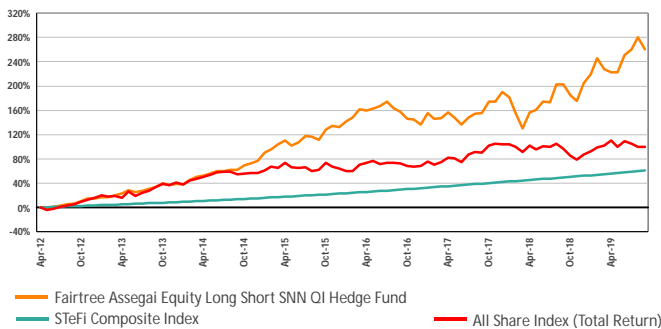
Investment Mandate

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 2019

Index Source: Bloomberg as at September 2019

Return Analysis

	Fund	All Share Index	STeFi
1 Month	-5.37%	0.19%	0.57%
3 Months	2.69%	-4.57%	1.79%
6 Months	9.85%	-0.83%	3.62%
1 Year	18.79%	1.86%	7.34%
3 Years	39.95%	15.99%	23.91%
5 Years	121.96%	29.56%	41.23%
Since Inception	259.84%	100.01%	60.55%

Risk Analysis

	Fund	All Share Index	STeFi
Sharpe Ratio	0.85	0.32	-0.03
Sortino Ratio	1.60	0.59	-0.05
Standard Deviation	14.11%	11.08%	0.26%
Best Month	11.44%	8.51%	0.66%
Worst Month	-9.92%	-5.76%	0.00%
Best Rolling 12 Months	42.26%	32.74%	7.71%
Worst Rolling 12 Months	-11.48%	-12.56%	5.16%
Largest Cumulative Drawdown	-20.52%	-12.56%	n/a
% Positive Months (Since Inception)	68.54%	60.67%	n/a
Correlation (Monthly)	0.59		
Value at Risk (VaR) 95%	8.90%		

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 998.8
NAV Price (Inception):	R 1000
NAV Price (as at month end):	R 1,796.32
Number of Units:	51,763,445.96
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:	1.25% (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)

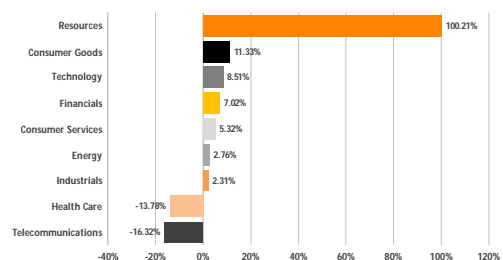
Total Expense Ratio (TER%):	4.30%
Transactions Costs Ratio (TC%):	1.45%
* Total Investment Charges (TIC%):	5.75%
Performance Fee (PF) Included in TER:	2.41%
Income Distribution (Declaration):	Last day of December
Distribution Total for the past 12 months:	0.00 cpu for December 2018
Investment Manager contact details	Fairtree Asset Management (Pty) Ltd
Telephone Number:	+27 86 176 0760
Website:	www.fairtree.com

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

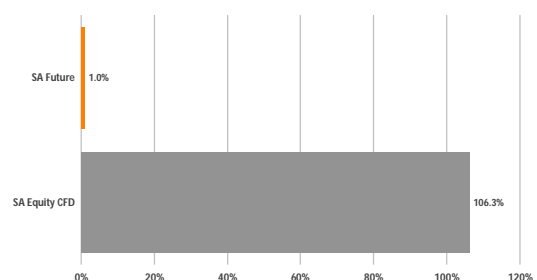
Portfolio Objective

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%	-5.82%	-3.29%	10.41%	5.15%
2019	4.87%	8.15%	-5.19%	-1.45%	0.07%	8.47%	2.72%	5.64%	-5.37%				18.13%

*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.

Fee Classes

Class 2 is a reportable class available to the general public. The portfolio has other fee classes available for investment.

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 All Share index was flat in September (+0.2%), while bonds (ALBI +0.5%) and cash (STEFI +0.6%) did slightly better. The rand strengthened 0.4% versus the US dollar, while R186 yields rose 11bps to 8.32%. MSCI South Africa fell -1.9% in dollars, underperforming MSCI World (+1.9%) and MSCI EM (+1.7%).

The US Fed (cut rates 25 bps) and ECB (10bp cut off the deposit rate, asset purchases and reserve tiering) both eased policy to offset signs of weaker global growth. Draghi added a call for fiscal easing. The US Dollar Index (DXY) remained strong, adding +0.5% in September, now up 3.3% YTD. A coordinated drone strike on 14 Sept knocked out - temporarily - about half of Saudi oil production capacity with most (if not all) coming back on stream by the end of Sept. Oil jumped 8% on the day, but fully unwound the jump and finished the month with Brent crude up only US\$0.65 to US\$59.85/bbl. The US-China trade war ratcheted down slightly over the month with high level trade talks likely in October. The US House of Representatives initiated impeachment hearings over President Trump's pursuit of incriminating evidence against opposition politicians from the President of Ukraine.

On 20 Sep, the SARB held the policy rate unchanged at 6.5% (in line with consensus), but the SARB's statement was more dovish than in July when it did cut rates. SA real GDP grew at an annualised rate of 3.1% in 2Q19 (above consensus of 2.4%), following a contraction in 1Q19. The SA ABSA PMI declined to 41.6 in September 2019 (the lowest levels since 2000 ex-early 2009) from 45.7 in Aug 2019, given weak demand. New sales orders, purchasing inventories and business activity declined, and employment conditions remain weak. SA headline CPI accelerated from 4.0% in Jan 2019 to 4.5% in Mar 2019 and then settled around 4.3% in Aug 2019. The SARB quarterly bulletin also shows that government expenditure increased at 15.4% y/y (versus 10.2% y/y originally budgeted for in fiscal 2019/2020), outstripping SA government revenues which increased by 6.8% y/y until Jun 2019.

In the local market, Financials (+3.5%) outperformed Industrials (-0.7%) and Resources (-2.5%), lead by strong performance from the Banks (+4.8%) and Insurers (+4.6%). Pharma (+7.6%), Tobacco (+5%), Food and Drug Retailers (+4.9%) and Platinum (+4.6%) were other leading sectors in September. Gold Mining (-14.9%), Specialty Chemicals (-11.2%) and Fixed Line Telcos (-11.3%) underperformed.

The Assegai fund fell 5.4% during September. Naspers unbundled Prosus during the month; Prosus shares added 3% to portfolio performance, offset by a 2.9% decline in the portfolio from the decline in Naspers value. Top contributors were the short position in Telkom (+1.2%), and long positions in Impala (+1.1), Anglo America (+0.7%) and Capitec (+0.6%). Long positions in gold equities detracted most from performance during September (Harmony -3%, AngloGold -2.5%). Long positions in Sappi and African Rainbow Minerals, and short positions in Aspen and Glencor also detracted.

Overall exposure to the resource sector remained flat in total, although we increased exposure to gold equities and decreased exposure to iron ore equities during September. The fund was long banks at the start of September, but ended the month with almost no exposure to the sector. Industrials exposure increased, principally due to buying rand hedge industrials, while we decreased exposure to the retail sector.

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)*, G P Rate (Managing Director), I Burke*, H J Pienaar* , K de Bruin. **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 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, 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