

Fairtree Fixed Income SNN Retail Hedge Fund Minimum Disclosure Document - Class 1

30 November 2019

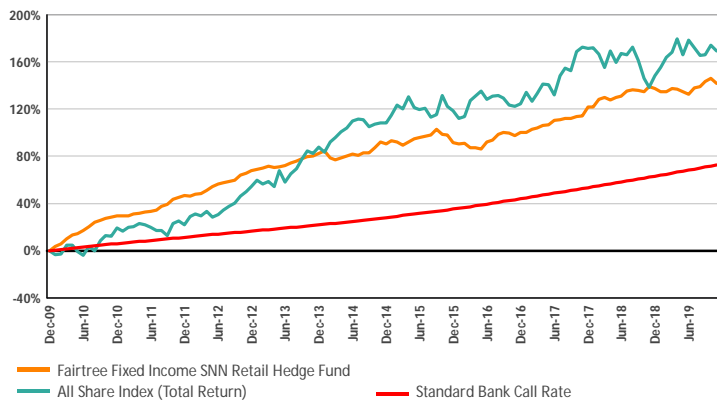
Fund Profile

The fund invests in South African fixed income instruments to take advantage of relative value opportunities across the short and long end of the FRA, bond and swap yield curve. Idea generation flows from jointly formulating a macro view of global and local South African macro parameters. These views are analysed against existing market expectations and tested against the portfolio. The long term return target of the fund is Cash plus 10%.

Investment Strategy

The portfolio is a long/short fixed income hedge fund. It is focused on extracting pure alpha returns from South African capital markets. These returns are accessed through fundamental knowledge of South African instruments vis-à-vis economic growth and broad economic themes as well as medium and long-term relative valuation opportunities.

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

| | Fund | Standard Bank Call Rate | All Share Index |
|-----------------|---------|-------------------------|-----------------|
| 1 Month | -1.80% | 0.52% | -1.80% |
| 3 Months | 0.99% | 1.56% | 1.49% |
| 6 Months | 2.88% | 3.14% | 1.29% |
| 1 Year | 0.98% | 6.38% | 13.08% |
| 3 Years | 22.42% | 20.58% | 21.17% |
| 5 Years | 25.66% | 35.38% | 29.22% |
| Since Inception | 141.72% | 72.65% | 169.51% |

Risk Analysis

| | Fund | Standard Bank Call Rate | All Share Index |
|-------------------------------------|--------|-------------------------|-----------------|
| Sharpe Ratio | 0.78 | n/a | 0.44 |
| Sortino Ratio | 1.43 | n/a | 0.88 |
| Standard Deviation | 4.47% | 0.21% | 11.83% |
| Best Month | 3.96% | 0.54% | 9.35% |
| Worst Month | -3.28% | 0.00% | -5.76% |
| Best Rolling 12 Months | 29.52% | 6.64% | 32.74% |
| Worst Rolling 12 Months | -4.49% | 4.49% | -12.56% |
| Largest Cumulative Drawdown | -8.18% | n/a | -12.56% |
| % Positive Months (Since Inception) | 75.63% | n/a | 57.98% |
| Correlation (Monthly) | -0.05 | | |
| Value at Risk (VaR) 95% | 2.16% | | |

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: | Med-High |
| Portfolio Manager: | Ian Millard and Jacobus Lacock |
| Fund size (in Millions): | R 72.5 |
| NAV Price (Inception): | R 1000 |
| NAV Price (as at month end): | R 2,326.90 |
| Number of Units: | 25,887.70 |
| JSE Code: | FISNN |
| ISIN Number: | ZAE000259099 |
| Inception Date: | January 2010 |
| CISCA Inception Date: | 1 December 2016 |
| Fund Structure: | CIS Trust |
| Fund Category: | Fixed Income |
| Hurdle: | 3 month JIBAR |
| Minimum Investment: | R 50 000 Lump sum or R 2000 monthly |
| Additional Lump sum: | R 10 000 |
| Fees | |
| Management Fee: | 1% (excl. VAT) |
| Performance fee (uncapped): | 20% of excess above the high water mark, subject to a hurdle rate of 3 month JIBAR (excl. VAT) |
| Cost Ratios (incl. VAT) | |
| Total Expense Ratio (TER%): | 3.98% |
| Transactions Costs Ratio (TC%): | N/A (Trading costs are not reported) |
| * Total Investment Charges (TIC%): | 4.02% |
| Performance Fee (PF) Included in TER: | 1.66% |
| Income Distribution (Declaration): | Last day of December |
| Distribution Total for the past 12 months: | 45.4568 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 (%)

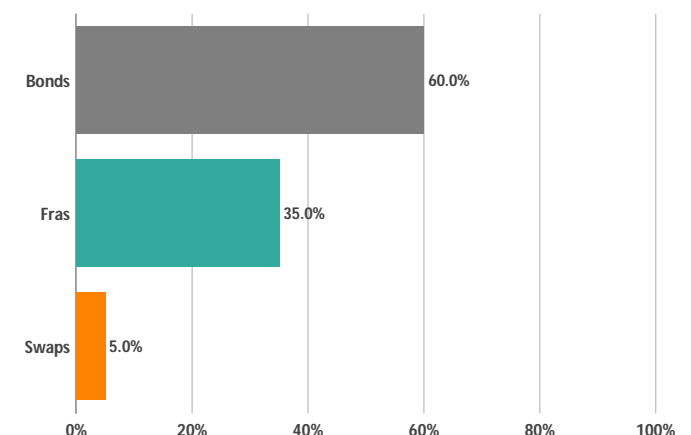
Portfolio Objective

The long-term objective of the portfolio is to achieve consistent absolute returns through investment in risk controlled strategies.

Sector Allocation

The Fairtree Fixed Income SNN Retail Hedge Fund is 100% Government Bonds

Asset Allocation



Increase in NAV Attributable to Investors

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Total |
|------|--------|--------|--------|--------|--------|--------|--------|-------|--------|--------|--------|--------|--------|
| 2010 | 3.62% | 2.18% | 3.96% | 2.70% | 1.38% | 2.04% | 2.75% | 3.23% | 1.40% | 1.19% | 0.95% | 0.81% | 29.52% |
| 2011 | 0.05% | 0.13% | 1.14% | 0.38% | 0.61% | 0.46% | 0.72% | 2.56% | 1.14% | 3.30% | 1.02% | 0.96% | 13.14% |
| 2012 | -0.09% | 1.04% | 0.47% | 1.54% | 2.32% | 1.47% | 0.57% | 0.64% | 0.79% | 2.73% | 0.90% | 1.25% | 14.48% |
| 2013 | 0.82% | 0.59% | 0.88% | -0.60% | 0.44% | 0.42% | 1.45% | 0.80% | 1.06% | 1.13% | 0.28% | 1.13% | 8.72% |
| 2014 | 1.17% | -3.28% | -0.82% | 0.82% | 1.03% | 0.83% | -0.43% | 1.17% | -0.06% | 2.41% | 2.63% | -1.08% | 4.33% |
| 2015 | 1.42% | -0.53% | -1.30% | 1.34% | 1.61% | 0.53% | 0.53% | 0.54% | 2.38% | -2.03% | -0.27% | -3.28% | 0.77% |
| 2016 | -0.57% | 0.14% | -1.81% | -0.01% | -0.61% | 3.12% | 0.96% | 2.26% | 1.05% | -0.44% | -1.06% | 1.50% | 4.52% |
| 2017 | 0.01% | 1.15% | 0.66% | 1.02% | 0.27% | 1.91% | 0.16% | 0.66% | -0.17% | 0.77% | 0.23% | 3.50% | 10.58% |
| 2018 | 0.07% | 2.88% | 0.76% | -0.86% | 0.92% | 0.52% | 1.73% | 0.45% | -0.25% | -0.32% | 1.89% | -0.70% | 7.26% |
| 2019 | -1.10% | -0.12% | 1.06% | -0.05% | -0.93% | -0.99% | 2.43% | 0.44% | 1.83% | 1.00% | -1.80% | | 1.69% |

The portfolio converted its valuation frequency from monthly to daily valuation effective 10 May 2019. The performance shown above includes historical performance of the fund prior to its conversion to daily valuation

*The inception date for the portfolio is 1 January 2010. The historical performance figures until the end of 30 November 2016 reflect performance achieved prior to CISCA regulation. The portfolio has been transitioned under CISCA regulations on 1 December 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

The portfolio converted its valuation frequency from monthly to daily valuation effective 10 May 2019. The portfolio is now valued daily and the transactions 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

South Africa government bonds posted marginal positive returns as local bond yields only rose marginally despite deteriorating local fundamentals and rising global bond yields. The 10-year government bond (R2030) yield closed only 1bp higher at 9.20%, but the bond curve steepened as 30-year dated maturities rose 15bps. The All Bond Index returned 0.2% over the month to bring the year to date return to 8.3%, while the All Share Index fell -1.8% to bring the year to date return to 8.5%. The Rand gained around 3% against the US dollar. Foreigners bought more than R3bn bonds in November.

Global equities were up 2.6%, improving the year to date returns to 21.7%, but emerging market equities continue to lag, up only 7.7% year to date. Markets participants turned more optimistic as global manufacturing activity is showing signs of recovery and trade talks between the US and China are progressing towards reaching a "phase one" deal. Risks around a no deal Brexit have also diminished. On aggregate the level of global political uncertainty remains high although some of the immediate risks have faded. Central banks remain accommodative and ready to act if needed. In this context with global economic activity picking up we believe risks assets can continue to do well. US data are showing signs of further softening, but no recession while activity in Europe and China may pick up over the next few quarters driven by loose monetary policy and increased probability of fiscal easing.

In South Africa, the required political and economic reforms are happening at a slow pace. Business and consumer confidence indicators remain weak and the Q3 GDP release came out at -0.6% annualised seasonally adjusted, lower than the consensus expectation of 0%. Looking at the details it shows that most cyclical sectors (mining, manufacturing and transport) fared badly - somewhat expected given the global slowdown. From the demand side all components grew except for inventories. Fixed capital formation and exports performed well while household consumption was soft. We expect inventory restocking to drive activity over the short to medium term. The strong performance in private investment for a second quarter in a row suggest that Ramaphosa's Investment Summits may be bearing fruit. Other developments that may instil future confidence were the announcement of the new Eskom CEO, SAA being put in business rescue, high profile prosecutions and more aggressive talks about cutting the public sector wage bill. While fiscal risks remain on the horizon the SARB's hands are tied when it comes to providing more relief via monetary policy, despite inflation falling and surprising to the downside.

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, 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)*, 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 daily 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.