

Fairtree Assegai Equity Long Short SNN QI Hedge Fund

Minimum Disclosure Document - Class 2

30 April 2020

Fund Profile & Investment Policy

The fund is a directionally biased Long / Short equity South African 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.

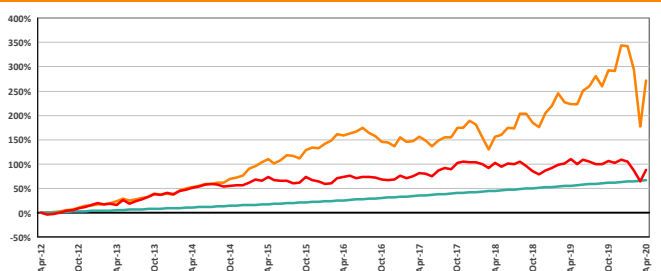
Investment Mandate

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 April 2020

Index Source: Bloomberg as at April 2020

Return Analysis (annualised)

	Fund	All Share Index	STeFi
1 Year	15.28%	-10.78%	7.14%
3 Years	13.28%	1.08%	7.28%
5 Years	12.12%	1.58%	7.23%
Since Inception	17.85%	8.18%	6.62%

Risk Analysis

	Fund	All Share Index	STeFi
Sharpe Ratio	0.57	0.18	0.26
Sortino Ratio	0.97	0.30	0.44
Standard Deviation	22.01%	13.10%	0.25%
Best Month	34.26%	13.98%	0.66%
Worst Month	-29.59%	-12.13%	0.00%
Highest Rolling 12 Months	45.49%	32.74%	7.71%
Lowest Rolling 12 Months	-15.39%	-18.42%	5.16%
Largest Cumulative Drawdown	-37.46%	-21.72%	n/a
% Positive Months (Since Inception)	66.67%	59.38%	n/a
Correlation (Monthly)	0.74		
Value at Risk (VaR) 95%	22.43%		

The above benchmark(s) are for comparison purposes with the fund's performance. The fund does not follow the benchmark(s).

Fund Details

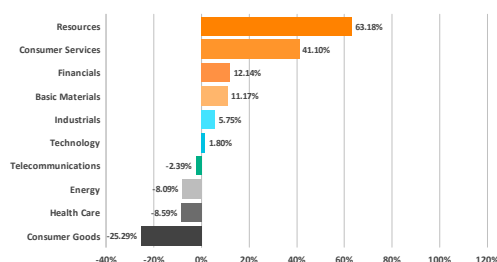
Risk Profile:	High
Portfolio Manager:	Stephen Brown
Fund size (in Millions):	R 1 009.2
NAV Price (Inception):	R 1000
NAV Price (as at month end):	R 2,031.18
Number of Units:	280,027.87
JSE Code:	FTASEQ
ISIN Number:	ZAE000259065
Inception Date:	May 2012
CISCA Inception Date:	1 October 2016
ASISA Classification:	Qualified Investor Hedge Fund - South African - Long/Short Equity -Long Bias
Hurdle/Benchmark:	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%):	10.85%
Transactions Costs Ratio (TC%):	0.01%
* Total Investment Charges (TIC%):	10.86%
Performance Fee (PF) Included in TER:	8.91%
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 (%)

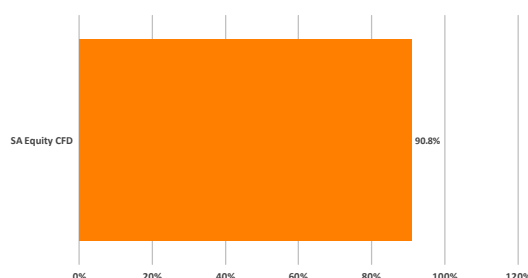
Portfolio Objective

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%	8.94%	-0.26%	13.36%	45.49%
2020	-0.09%	-11.09%	-29.59%	34.26%									-16.03%

*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

COVID-19 still dominated the headlines in April, with the global economy firmly in recession. However markets rebounded on the strength of (mostly DM-led) QE as well as fiscal stimulus across the globe. The S&P jumped 12.7% and is now down only 9.9% YTD, and is 30% ahead of its 23 March low. Ongoing QE helped the bond market with 10 year UST yields down 3bps to 0.64%. GBI DM yields dipped 12 bps and closed sub-1% at 99 bps.

Market volatility measured by the VIX index, high yield spreads and interbank funding rates have reduced sharply as financial market tail risks were priced out and signs emerged of the virus spread peaking in Europe and the US. Despite the sharp hit to economic activity, jobs and earnings, the market has looked through these near-term risks and continues to expect a sharp recovery over the second half of the year. According to the IMF, global growth is expected to contract by 3% this year and expand by close to 6% next year. Economic data suggests that activity may have bottomed in April as many countries and states look to reopen over May. In the US more than 20.5mn jobs were lost over April. Around 80% of those job losses were classified as temporary, and could reverse in the case of a sharp recovery. However, the risk of a resurgence in Covid-19 cases remains elevated as economies start to re-open. The policy response by monetary and fiscal authorities continue to grow, with asset purchases exceeding 6% of GDP, and announced fiscal response in excess of 5% of global GDP. We continue to monitor China's re-opening of their economy, where some industrial activity has now normalised. However weak global demand is weighing on manufacturing, and the services side of the economy is still on the mend. As we move closer to the US election, we believe the relationship between the US and China is likely to deteriorate further. A resurgence of the trade war will weigh on markets.

Oil yo-yoed wildly with WTI dipping below zero on 21 April as storage threatened to max out. Brent crude's low close was US\$17.32 but it finished the month up US\$2.23 to US\$23.7/bbl. Other commodities rose with the LME Metals Index up 2.46% and Iron ore up US\$1.5 to US\$97.8/ton. Gold rallied further despite the risk-on equity trade, up US\$109 to US\$1687/oz at month end, but Palladium dropped US\$392 to US\$1971/oz.

In South Africa the economic impact of Covid-19 and lockdown is now estimated to be a 7% GDP contraction over 2020. With inflation likely to fall below 3%, we estimate the SARB can cut rates further by 50-100bps. The fiscal dynamics are set to deteriorate and the budget deficit may hit 12% of GDP this year. South Africa may have to rely on further outside assistance from the World Bank, IMF or New Development Bank to consolidate its debt.

The South Africa All Share Index rallied 14% while the All Bond Index returned 4% in April. The 10-year SA government bond (R2030) yield dropped 70bps despite the ratings downgrade to junk late in March and risk of WGBI exclusion end of April. The Rand lost almost 4% against the US dollar. Resources (+22.9%) outperformed Financials (+11.9%) and Industrials (+9.6%) during April. Key sector leaders included Chemicals (+83.7%), Gold (+50.9%), Platinum (+46.3%) and Pharma (+23.6%). Laggards included Health Care Equipment (+0.1%) and Food Retail (-3.6%) with Clicks (-10.5%) and Shoprite (-14.3%) the two worst performers in the Top40.

The Assegai fund rose 34.26% during April. Gold, platinum and general miners contributed strongly to this performance, with Harmony up 8.5%, Sibanye 8%, Impala 6%, African Rainbow Minerals 4.7% and Goldfields 4.7%. The short position in Sasol detracted most from performance during April, with short positions in Discovery and Paper stocks also hurting.

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

Glossary

Net Asset Value (NAV):	Means net asset value, which is the total market value of all assets in a portfolio including any income accruals and less and deductible expenses such as audit fees, brokerage and service fees.
Annualised Return:	Is the weighted average compound growth rate over the performance period measured.
Highest & Lowest Return:	The highest and lowest rolling twelve-month performance of the portfolio since inception.
Total Expense Ratio (TER) :	Reflects the percentage of the average Net Asset Value (NAV) of the portfolio that was incurred as charges, levies and fees related to the management of the portfolio. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TER's.
Transaction Costs (TC) :	Is the percentage of the value of the Fund incurred as costs relating to the buying and selling of the Fund's underlying assets. Transaction costs are a necessary cost in administering the Fund and impacts Fund returns.
Total Investment Charges (TIC):	Should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of Fund, investment decisions of the investment manager.
Total Investment Charges (TIC%):	= TER (%) + TC (%): The Total Investment Charges (TIC), the TER + the TC, is the percentage of the net asset value of the class of the Financial Product incurred as costs relating to the investment of the Financial Product. It should be noted that a TIC is the sum of two calculated ratios (TER+TC).
Standard Deviation:	The deviation of the return of the portfolio relative to its average.
Drawdown:	The greatest peak to trough loss until a new peak is reached.
Sharpe Ratio:	The ratio of excess return over the risk-free rate divided by the total volatility of the portfolio.
Sortino Ratio:	The ratio of excess return over the risk-free rate divided by the downside deviation of the portfolio.
Correlation:	A number between -1 and 1 indicating the similarity of the dispersion of returns between the portfolio and another asset or index with 1 being highly correlated, -1 highly negatively correlated and 0 uncorrelated.
Value at Risk (VaR):	Value at risk is the minimum loss percentage that can be expected over a specified time period at a predetermined confidence level.
Leverage/Gearing:	The use of securities, including derivative instruments, short positions or borrowed capital to increase the exposure beyond the capital employed to an investment.

Fund Risk

Leverage Risk:	The Fund borrows additional funds, trades on margin or performs short sale trades to amplify investment decisions. This means that the volatility of a hedge fund portfolio can be many times that of the underlying investments due to leverage on a fund.
Derivative Risk:	Derivative positions are financial instruments that derive their value from an underlying asset. Derivatives are exposed to implicit leverage which could result in magnified gains and/or losses on the portfolio.
Counterparty Credit Risk:	Counterparty risk is a type of credit risk and is the risk of default by the counterparty associated with trading derivative contracts. An example of counterparty credit risk is margin or collateral held with a prime broker.
Volatility Risk:	Volatility refers to uncertainty and risk related to size of change of an instrument or portfolio. It is a statistical measure of the dispersion of returns for a given security or market index. Volatility is proportional to the directional exposure of a portfolio and is measured by Value at risk (VaR) which is a statistical technique used to measure and quantify the level of volatility.
Concentration and Sector Risk:	A large proportion of total assets invested in specific assets, sectors or regions. Concentrated positions or concentrated sectors in a portfolio will material impact the returns of the portfolio more so than diversified portfolios.
Correlation Risk:	A measure that determines how assets move in relation to each other. Correlation risk arises when the correlation between asset-classes change. Correlation risk also arises when the correlation within an asset-class changes. Examples of correlation within asset classes include equity pairs trading, fixed income curve trading and commodities pairs trading.
Equity Risk:	Applies to investment in shares or derivatives based on shares. The market price of shares varies depending on supply and demand of the shares. Equity risk is the risk of loss due to the drop in the market price of shares. Equity risk can either be systematic risk which is risk to the entire market based on political and economic indicators or unsystematic risk which is company specific and includes risk relating to company profits, future prospects and general consensus on the company or sector.

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). **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 (acting through its RMB Custody and Trustee Services Division). **Physical Address:** 3 Merchant Place, Ground Floor, Corner Fredman and Gwen Streets, Sandton, 2146 **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.

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.