

Fairtree Mokala Macro SNN QI Hedge Fund

Minimum Disclosure Document - Class 1

31 August 2018

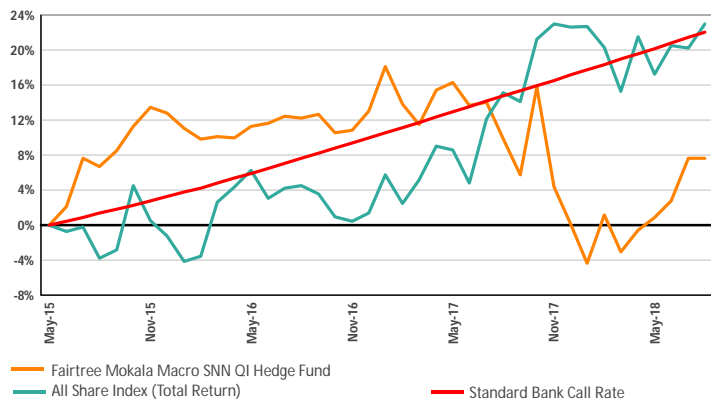
Fund Profile

The Fairtree Mokala Macro SNN QI Hedge Fund is a global macro multi-asset class portfolio. The long-term objective of the portfolio is to achieve superior risk adjusted returns through investment across a diverse set of investment strategies and asset classes. Although the portfolio aims to take advantage of macro economic themes, trends and investment opportunities globally, the majority of the risk is expressed in the South African equity market through an equity relative value strategy. A tactical risk allocation is expressed, from-time -to-time, to the most attractive non-South African, macro economic opportunities on an ad-hoc basis. This tactical allocation is expressed across asset classes in developed markets. The portfolio combines the strategic, South African relative value risk with a tactical, ad-hoc risk allocation to provide optimal diversification benefits.

Investment Strategy

The portfolio will combine a strategic risk allocation framework which provides the optimal diversification benefit across the various strategies, with tactical risk allocation to the most attractive opportunities as identified on a bottom up basis.

Cumulative Performance Since Inception



Fund Source: Sanne Fund Services SA (Pty) Ltd as at August 2018
Index Source: Bloomberg as at August 2018

Return Analysis

	Fund	Standard Bank Call Rate	All Share Index
1 Month	0.00%	0.52%	2.34%
3 Months	6.71%	1.56%	4.93%
6 Months	6.42%	3.14%	2.26%
1 Year	-2.07%	6.38%	6.88%
3 Years	n/a	n/a	n/a
5 Years	n/a	n/a	n/a
Since Inception	7.61%	22.07%	23.03%

Risk Analysis

	Fund	Standard Bank Call Rate	All Share Index
Sharpe Ratio	-0.27%	n/a	0.00%
Sortino Ratio	-0.42%	n/a	-0.01%
Standard Deviation	11.80%	0.10%	10.93%
Best Month	9.51%	0.54%	7.61%
Worst Month	-9.89%	n/a	-4.18%
Best Rolling 12 Months	11.28%	6.64%	22.54%
Worst Rolling 12 Months	-19.06%	5.91%	-3.42%
Largest Cumulative Drawdown	-19.06%	n/a	-8.33%
% Positive Months (Since Inception)	58.97%	n/a	53.85%
Correlation (Monthly)	0.32		
Value at Risk (VaR) 95%	2.31%		

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

Fund Details

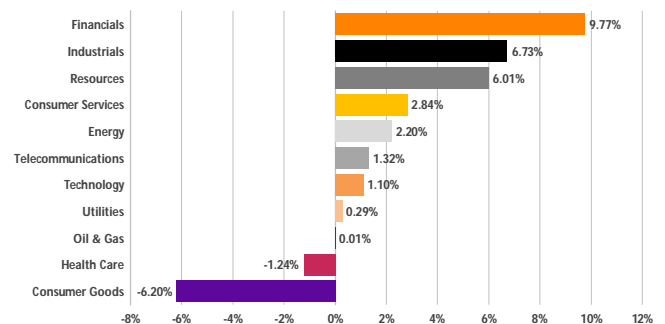
Risk Profile:	Med-High
Portfolio Manager:	Andre Malan
Fund size (in Millions):	R 31.0
NAV Price (Inception):	R 1000
NAV Price (as at month end):	R 925.64
Number of Units:	30,118.29
JSE Code:	FMOKA1
ISIN Number:	ZAE000255527
Inception Date:	June 2015
CISCA Inception Date:	1 February 2017
Fund Structure:	Equity Market Neutral
Fund Category:	QI Hedge Fund
Hurdle:	3 month JIBAR
Minimum Investment:	R1 000 000 Lump sum
Fees	
Management Fee:	1% p.a (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%):	2.98%
Transactions Costs Ratio (TC%):	1.03%
* Total Investment Charges (TIC%):	4.01%
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 (%)

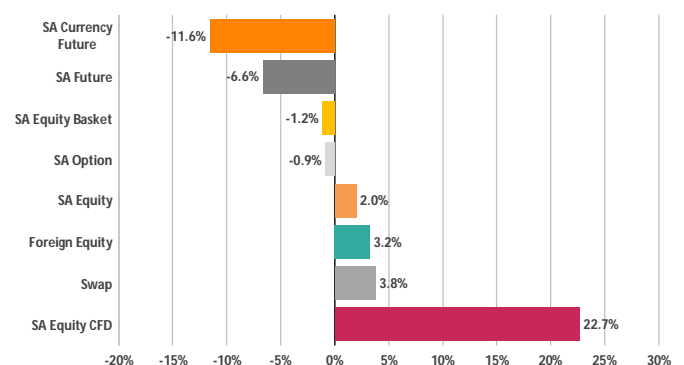
Portfolio Objective

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

Sector Allocation



Asset Allocation



Increase in NAV Attributable to Investors

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2015						2.08%	5.41%	-0.87%	1.75%	2.53%	1.98%	-0.61%	12.79%
2016	-1.55%	-1.08%	0.28%	-0.15%	1.18%	0.35%	0.69%	-0.21%	0.38%	-1.88%	0.29%	1.95%	0.18%
2017	4.55%	-3.63%	-2.08%	3.57%	0.74%	-2.27%	0.31%	-3.64%	-3.76%	9.51%	-9.89%	-4.02%	-11.35%
2018	-4.54%	5.75%	-4.12%	2.54%	1.43%	1.92%	4.70%	0.00%					7.43%

*The inception date for the portfolio is 1 June 2015. The historical performance figures until the end of 31 January 2017 reflect performance achieved prior to CISCA regulation. The portfolio has been transitioned under CISCA regulations on 1 February 2017 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
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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 JSE All share (+2.3%) delivered a positive return and has now edged into the green for the year. Equity returns have been lacklustre across most markets this year, with the S&P 500 (+3.3%) and Nasdaq (+6.0%) the exceptions. Our index gains can mainly be attributed to the weaker USD/ZAR (+11.6%), driving Rand hedges like Bidcorp (+19.0%), Aspen (+14.3%) and Richemont (+13.4%). The Rand has been extremely volatile this month and whipsawed between 13.09 and 15.56 to the Dollar.

Our market is starved from real growth, and mainly driven by news flow (land expropriation, trade wars, etc.), which create a volatile environment, conducive to our fund management style. Our net-long exposure in resource stocks, African Rainbow Minerals (+10.9%) and Sasol (+11.2%), paid off as they reported good results and reiterated strong free cash flow prospects. They outperformed short positions in Kumba Iron Ore (-3.8%) and Goldfields (-25.1%).

The fund would have performed even better if it wasn't for Spire (-30.5%) and MTN (-21.0%). We held a position in Spire as MediClinic is now eligible to make a new takeover bid. The stock sold off sharply after issuing a profit warning. Although we had a small net-short position in MTN, we took a hit on out-of-the-money written puts when the Central Bank of Nigeria issued a letter demanding the return of \$8bn which was allegedly taken out of the country illegally. These are massive moves, and act as an advertisement for risk management and the importance of position sizing.

Absa (-5.4%) and Shoprite (-6.3%) were a drag on the fund as they delivered disappointing results. We agree that Absa's franchise is struggling, but they are still posting growth, while offering a 7.5% dividend yield. We think Shoprite's underperformance versus peers is overdone. The food retail space is going through a very tough time as they are facing deflation without any volume growth to compensate. Shoprite's scale and high margins enable them to spend multiples more on innovation and investing in price, which we think will lead to continued market share gains. Shoprite's peers still need to report, and the profit warning from Tiger Brands (-18.2%) make it clear that the whole value chain is struggling, increasing our conviction.

Our short positions in FirstRand (+2.1%) and Clicks (+5.0%) outperformed the above mentioned paired stocks. Although both are excellent operations, we think they are priced for perfection, which is dangerous in this tough economic climate.

The retailers posted mixed performances. Our long position in Dischem (+16.4%) and Truworths (+5.1%) stood us in good stead. Truworths posted an in-line result, but the market became excited about their sales growth post year end. They did, however, highlight that this is skewed by the timing of their winter sale. Other retailers like Massmart (-5.9%) and Woolworths (+6.0%) posted disappointing revenue figures. These results, coupled with the anaemic banking advances growth, highlights that the South African consumer is still under severe pressure.

We would not get too excited about the market's performance this month, because the lack of follow-through in holding companies, PSG (-3.4%) and Remgro (-1.3%), suggests this beta rally was mainly driven by foreign flows. We are still amidst results season, and unfortunately there is nothing that suggests that South Africa's economy has picked up. South Africa is a big ship to turn and most corporates are now expecting policy certainty and investment to come post the 2019 election.

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)*, 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

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*Non-Executive

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