

## Fairtree Mokala Macro SNN QI Hedge Fund

### Minimum Disclosure Document - Class 1

30 November 2018

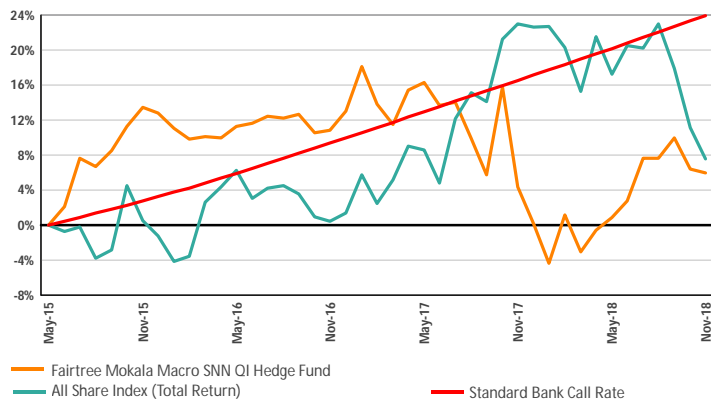
#### Fund Profile

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 November 2018  
Index Source: Bloomberg as at November 2018

#### Return Analysis

	Fund	Standard Bank Call Rate	All Share Index
1 Month	-0.48%	0.52%	-3.17%
3 Months	-1.57%	1.56%	-12.56%
6 Months	5.04%	3.14%	-8.25%
1 Year	1.50%	6.38%	-12.56%
3 Years	n/a	n/a	n/a
5 Years	n/a	n/a	n/a
Since Inception	5.93%	23.97%	7.58%

#### Risk Analysis

	Fund	Standard Bank Call Rate	All Share Index
Sharpe Ratio	-0.33%	n/a	-0.30%
Sortino Ratio	-0.52%	n/a	-0.54%
Standard Deviation	11.57%	0.10%	11.47%
Best Month	9.51%	0.54%	7.61%
Worst Month	-9.89%	n/a	-5.76%
Best Rolling 12 Months	11.28%	6.64%	22.54%
Worst Rolling 12 Months	-19.06%	5.91%	-12.56%
Largest Cumulative Drawdown	-19.06%	n/a	-12.56%
% Positive Months (Since Inception)	57.14%	n/a	50.00%
Correlation (Monthly)	0.32		
Value at Risk (VaR) 95%	3.72%		

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

#### Fund Details

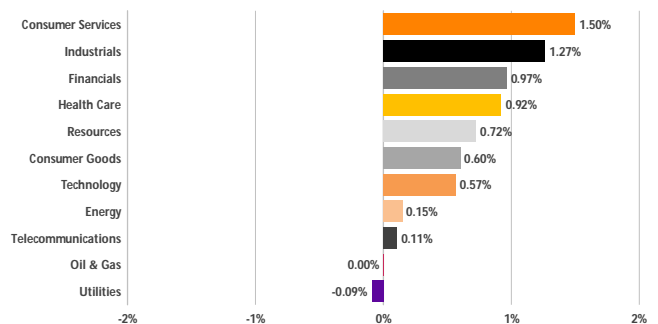
Risk Profile:	Med-High
Portfolio Manager:	Andre Malan
Fund size (in Millions):	R 49.5
NAV Price (Inception):	R 1000
NAV Price (as at month end):	R 911.14
Number of Units:	47 792.10
JSE Code:	FMOKA1
ISIN Number:	ZAE000255527
Inception Date:	June 2015
CISCA Inception Date:	1 February 2017
Fund Structure:	Equity Market Neutral
Fund Category:	QI Hedge Fund
Hurdle:	3 month JIBAR
Minimum Investment:	R1 000 000 Lump sum
<b>Fees</b>	
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)
<b>Cost Ratios (incl. VAT)</b>	
Total Expense Ratio (TER%):	2.91%
Transactions Costs Ratio (TC%):	0.97%
* Total Investment Charges (TIC%):	3.88%
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 (%)

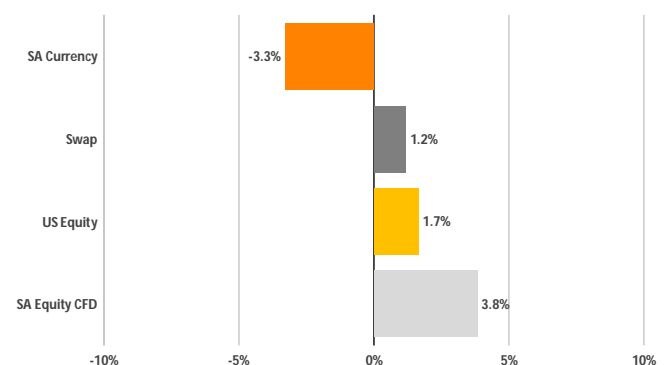
#### Portfolio Objective

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
<b>2015</b>						2.08%	5.41%	-0.87%	1.75%	2.53%	1.98%	-0.61%	<b>12.79%</b>
<b>2016</b>	-1.55%	-1.08%	0.28%	-0.15%	1.18%	0.35%	0.69%	-0.21%	0.38%	-1.88%	0.29%	1.95%	<b>0.18%</b>
<b>2017</b>	4.55%	-3.63%	-2.08%	3.57%	0.74%	-2.27%	0.31%	-3.64%	-3.76%	9.51%	-9.89%	-4.02%	<b>-11.35%</b>
<b>2018</b>	-4.54%	5.75%	-4.12%	2.54%	1.43%	1.92%	4.70%	0.00%	2.17%	-3.20%	-0.48%		<b>5.75%</b>

\*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**

<b>Risk Level:</b>	<b>Low</b>	<b>Low-Medium</b>	<b>Medium</b>	<b>Med-High</b>	<b>High</b>
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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**

November was another volatile month on the JSE. After a strong start to the month, the negative global sentiment weighed on the JSE All Share (-3.2%). Concerns about global growth rolling over and the ongoing trade war placed pressure on commodities, including Brent Crude (-22.2%). This meant most resource stocks ended the month much lower: Sasol (-16.1%), Mondi (-13.6%), BHP Billiton (-11.9%). Despite this sharp sell-off and our net-long position in the space, we managed to deliver positive returns due to stock picking, with Impala Platinum (+21.3%) and African Rainbow Minerals (-3.2%) comfortably outperforming the sector.

Selling in British American Tobacco (-24.8%) continued this month. The market is still nervous about the potential ban of menthol cigarettes in the USA, a segment that contributes around 20% to group profits. This is another landmine the fund avoided this year. 2018 will be remembered for the number of market darlings falling dramatically. Some of these dropping >30% y-t-d: Resilient (-51.3%), Aspen (-46.0%), Mediclinic (-40.2%), Tiger Brands (-40.1%), British American Tobacco (-39.3%) and MTN (-32.5%) to name a few. It has been a brutal year, and brings one of Warren Buffet's sayings to mind: "Only when the tide goes out do you discover who's been swimming naked". We are happy with our costume and believe our emphasis on risk management, flexibility and strong research focus will continue to deliver superior risk-adjusted returns.

November's results season was busy and highlighted that things are still extremely tough in South Africa. Nobody is seeing a pick up in the SA consumer yet and most corporates don't see things improving before the 2019 election.

On the political front, things have continued to move in the right direction, with more state capture culprits like Malusi Gigaba resigning. This was very positive, as it shows that President Ramaphosa's power within the ANC is increasing.

Although the bulk of the board and management members at the state-owned enterprises have been replaced, it will take years to improve their financial positions. The recent Eskom results showed how dire the situation is. Furthermore, load shedding is back, hardly something our fragile economy can afford at this stage. These concerns, coupled with a rate hike by the SARB, keep us neutral on the SA income space for now.

The fund enjoyed positive contributions from long positions in Bidvest (+11.7%), PSG (+7.5%) and Standard Bank (+7.2%). The above-mentioned names outperformed our short positions in PPC (-10.4%), Clicks (-0.1%) and Netcare (+3.5%).

To keep things interesting, Viceroy published a report on NEPI Rockcastle. We thought it was another poor quality report, filled with innuendo, lacking substance and understanding of basic financial reporting principles. Nevertheless, the market panic created some interesting trading opportunities from which we could benefit.

December started with a bang, as president Trump and Xi decided to pause the trade war. This, together with more dovish statements by the Fed, set the markets up for a welcomed beta rally into year-end. We were positioned for a constructive outcome and expect to see commodity prices and other risk assets bounce off their lows. We do, however, remain sceptical that this is the end of the saga and will continue to take profits as opportunities present themselves. We believe this is the beginning of a multi-year power struggle as China's global influence continues to grow exponentially.

**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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