

Fairtree Mokala Macro SNN QI Hedge Fund

Minimum Disclosure Document - Class 1

30 September 2018

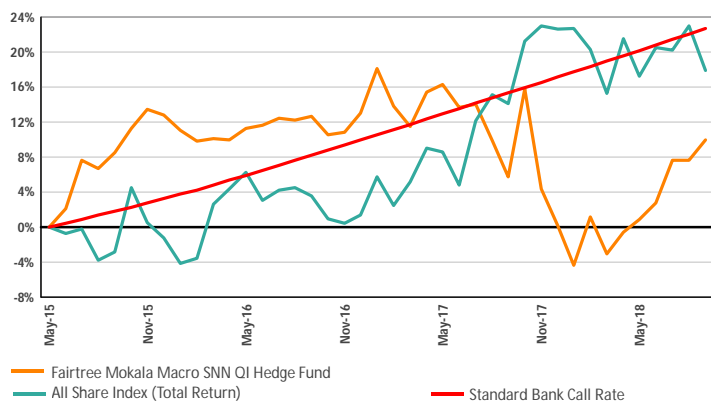
Fund Profile

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 September 2018
Index Source: Bloomberg as at September 2018

Return Analysis

	Fund	Standard Bank Call Rate	All Share Index
1 Month	2.17%	0.52%	-4.17%
3 Months	6.98%	1.56%	-2.17%
6 Months	13.41%	3.14%	2.27%
1 Year	3.97%	6.38%	3.32%
3 Years	n/a	n/a	n/a
5 Years	n/a	n/a	n/a
Since Inception	9.95%	22.70%	17.90%

Risk Analysis

	Fund	Standard Bank Call Rate	All Share Index
Sharpe Ratio	-0.22%	n/a	-0.13%
Sortino Ratio	-0.35%	n/a	-0.25%
Standard Deviation	11.69%	0.10%	11.10%
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)	60.00%	n/a	52.50%
Correlation (Monthly)	0.29		
Value at Risk (VaR) 95%	4.05%		

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

Fund Details

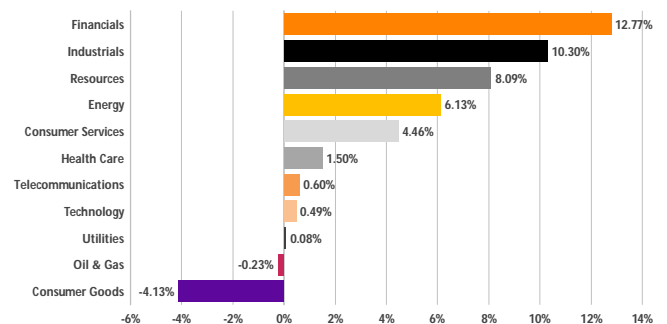
Risk Profile:	Med-High
Portfolio Manager:	Andre Malan
Fund size (in Millions):	R 31.7
NAV Price (Inception):	R 1000
NAV Price (as at month end):	R 945.76
Number of Units:	30,118.29
JSE Code:	FMOKA1
ISIN Number:	ZAE000255527
Inception Date:	June 2015
CISCA Inception Date:	1 February 2017
Fund Structure:	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%):	2.97%
Transactions Costs Ratio (TC%):	1.03%
* Total Investment Charges (TIC%):	4.00%
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 (%)

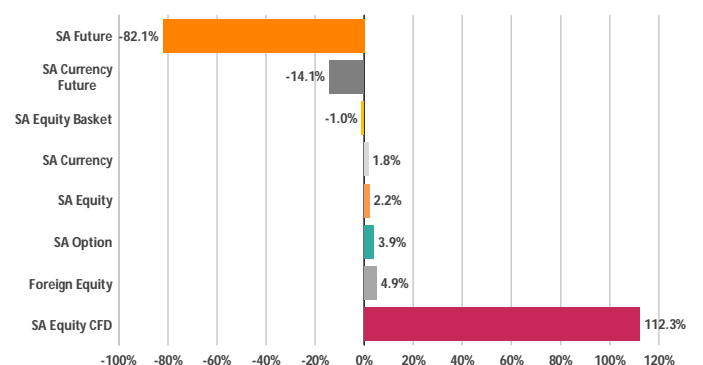
Portfolio Objective

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%	2.17%				9.77%

*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**

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

September was a very difficult month, with the JSE All Share (-4.2%) suffering big losses and now back into the red for the year.

MTN (-1.6%) continued its sell-off in the first half of the month, but started to recover on the back of more constructive remarks from the Nigerian authorities. There are currently landmines everywhere, Aspen (-42%) the latest big name to collapse. Their result underwhelmed, both from an earnings and cash generation perspective, but their debt situation is what spooked the market. They would have breached covenants if they did not clinch the infant milk formula deal. This was a sharp U-turn for the investment case, since the market normally credits Aspen with a premium rating based on Stephen Saad's (CEO) deal-making capabilities. The fund suffered some losses based on a bull fence structure, where the written put came into play.

The market can be an unpredictable place, and you are bound to get things wrong along the way. Being able to digest two consecutive severe moves like these, and still post positive returns, is very pleasing. We believe this acts as a testimony of how important risk management and capital preservation are to us.

One has to be flexible in volatile times like these. There are various examples this month, where we entered the month with a specific direction on a specific name, and flipped it based on price action and/or changes in the investment case. Naspers (-6.4%), Standard Bank (-3.8%) and Bidvest (-13.0%) are a few examples of short positions at the start of the month, that now make up some of our biggest long positions. On the other hand, we were constructive on Coronation (-6.4%) due to their generous dividend yield, but changed our minds about their future prospects. Coronation's funds are struggling due to massive exposures to stocks like MTN and emerging markets in general. This makes it hard to see how they will avoid fresh fund outflow momentum over the medium term.

Our constructive view on Resources stocks continued to pay off this month. African Rainbow Minerals (+8.1%), Anglo American (+7.8%) and South32 (+11.7%) comfortably outperformed rand hedge stocks such as Richemont (-8.9%).

We also profited in the SA Inc space with long positions in Sanlam (-0.3%) and PSG (+1.8%) outperforming short positions in Clicks (-13.8%) and Netcare (-17.5%). PSG's biggest investment, Capitec (+2.1%) posted a brilliant set of results. They continued to gain thousands of clients and their transaction volumes grew 25%, a remarkable feat in South Africa, stuck in a recession. Netcare, on the other hand, issued a trading update, highlighting a slowdown in volumes and negative operational leverage in their second half.

This remains a stock picker's market, and the volatility is providing plenty of trading opportunities. We are feeling quietly-confident that we can continue the positive momentum.

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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