

Fairtree Wild Fig Multi Strategy SNN QI Hedge Fund

Minimum Disclosure Document - Class 1

31 May 2019

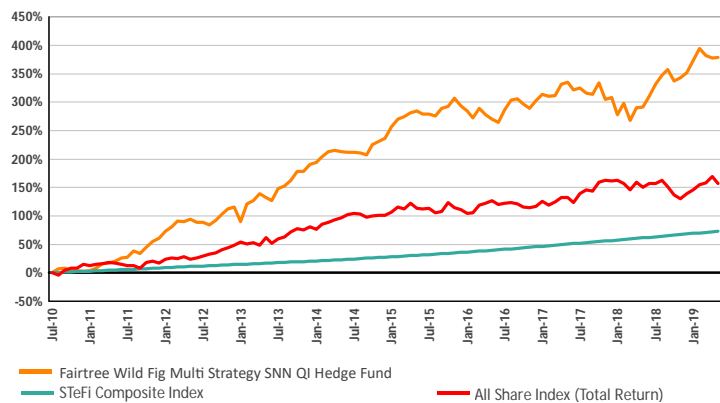
Fund Profile

The Fairtree Wild Fig Multi Strategy SNN QI Hedge Fund is diversified across three asset classes, equities; fixed income and commodities, with the strategic long term allocation framework seeking maximum asset class diversification in its portfolio construction technique. Tactical asset allocation decisions are taken to ensure the fund is appropriately exposed to the most attractive opportunity sets, without foregoing the benefit of a degree of asset class diversification. The portfolio is rebalanced at least monthly. Capital is allocated across the various strategy teams within the asset classes, with additional risk allocation introducing a further degree of gearing.

Investment Strategy

The portfolio invests in several strategies over various instruments, asset classes and portfolios. It combines a strategic risk allocation which provides the optimal diversification benefit across the various strategies, with tactical risk allocation to the most attractive opportunity sets as identified on a bottom up basis.

Cumulative Performance Since Inception



Fund Source: Sanne Fund Services SA (Pty) Ltd as at May 2019
Index Source: Bloomberg as at May 2019

Return Analysis

	Fund	All Share Index	STeFi
1 Month	0.22%	-4.84%	0.61%
3 Months	-3.22%	0.73%	1.82%
6 Months	8.03%	11.64%	3.61%
1 Year	22.38%	2.43%	7.29%
3 Years	29.37%	13.03%	24.03%
5 Years	52.74%	30.32%	40.69%
Since Inception	378.73%	156.70%	73.40%

Risk Analysis

	Fund	All Share Index	STeFi
Sharpe Ratio	0.90	0.45	0.09
Sortino Ratio	1.78	0.87	0.14
Standard Deviation	13.83%	11.48%	0.25%
Best Month	16.67%	9.35%	0.66%
Worst Month	-11.90%	-5.76%	0.00%
Best Rolling 12 Months	67.31	32.74	7.71
Worst Rolling 12 Months	-10.38	-12.56	5.16
Largest Cumulative Drawdown	-15.09%	-12.56%	n/a
% Positive Months (Since Inception)	66.98%	59.43%	n/a
Correlation (Monthly)	0.20		
Value at Risk (VaR) 95%	5.73%		

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

Fund Details

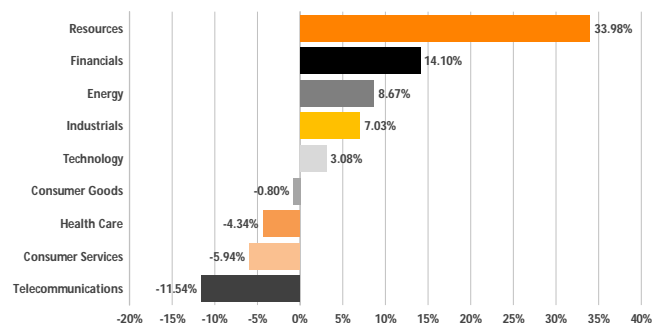
Risk Profile:	High
Portfolio Manager:	Bradley Anthony and Kurt van der Walt
Fund size (in Millions):	R 572.1
NAV Price (Inception):	R 1000 (Class A1)
NAV Price (as at month end):	R 4,934.79
Number of Units:	190,722.64
JSE Code:	FTWFIG
ISIN Number:	ZAE000259107
Inception Date:	31 August 2010
CISCA Inception Date:	1 April 2017
Fund Structure:	CIS Trust
Fund Category:	Multi - Strategy
Benchmark:	N/A
Minimum Investment:	R 1 000 000 Lump sum
Fees	
Management Fee:	2% p.a (excl.VAT)
Performance fee (uncapped):	20 % of excess above the high water mark (excl.VAT)
Cost Ratios (incl. VAT)	
Total Expense Ratio (TER%):	4.82%
Transactions Costs Ratio (TC%):	1.49%
* Total Investment Charges (TIC%):	6.31%
Performance Fee (PF) Included in TER:	1.97%
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 (%)

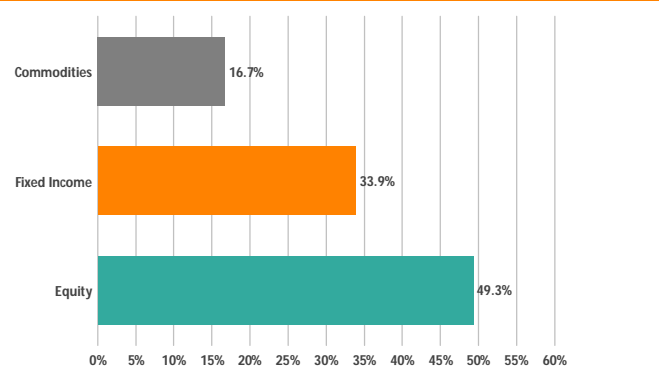
Portfolio Objective

The long-term objective of the portfolio is to achieve consistent absolute returns through investment in 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
2010								6.82%	1.02%	-3.82%	-0.26%	-1.28%	2.21%
2011	1.74%	3.97%	7.26%	0.79%	3.35%	4.50%	1.13%	8.45%	-3.55%	8.92%	6.52%	4.03%	57.67%
2012	7.19%	4.72%	5.45%	-0.26%	2.00%	-2.95%	0.11%	-2.05%	4.09%	5.87%	4.56%	1.20%	33.65%
2013	-11.90%	16.67%	2.48%	5.65%	-2.79%	-2.68%	9.54%	1.55%	3.99%	5.95%	0.10%	4.39%	34.83%
2014	1.20%	3.59%	3.00%	0.60%	-0.64%	-0.52%	0.05%	-0.26%	-1.17%	5.91%	1.77%	1.71%	16.09%
2015	5.81%	3.86%	1.07%	1.77%	0.91%	-1.36%	-0.12%	-0.74%	3.38%	0.89%	3.79%	-3.29%	16.79%
2016	-2.41%	-2.93%	4.44%	-3.02%	-2.03%	-1.53%	6.31%	4.25%	0.59%	-2.34%	-1.99%	3.60%	2.31%
2017	2.74%	-0.93%	0.26%	4.90%	0.79%	-3.01%	0.86%	-2.16%	-0.63%	4.97%	-6.62%	0.69%	1.27%
2018	-7.45%	5.46%	-7.47%	5.80%	0.36%	5.01%	5.17%	3.51%	2.36%	-4.54%	1.42%	2.01%	10.82%
2019	4.68%	4.54%	-2.57%	-0.88%	0.22%								5.91%

*The inception date for the portfolio is 31 August 2010. The historical performance figures until the end of 31 March 2017 reflect performance achieved prior to CISA regulation. The portfolio has been transitioned under CISA regulations on 1 April 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.

Market Commentary

South Africa government bonds rallied for a third consecutive month along with global bonds and supported by a positive national election outcome. The All Bond Index returned +0.6% over the month to bring the year to date return to 5.3%, while the All Share Index dropped 4.8% to bring the year to date return to 7.1%. The Rand lost around 2% against the US dollar. Foreigners sold around R3bn local bonds.

Global equities and bond yields fell sharply as negotiations around a US/China trade agreement broke down and geo-political risks increased on the back of US/Iran sanctions, US/Mexico immigration conflict, hard Brexit fears and US/China technology supply bans. The risk-off environment boosted the US dollar and caused the oil price to fall sharply on increasing fears around slower global growth and a US recession. The market is now discounting more than two 25bps cuts by the Fed this year and two more next year. US data has also weakened on aggregate, but remain at levels consistent with an expansion rather than contraction. Economic data from China suggests that the economy may have bottomed and is improving while European data has shown some signs of potential stabilisation. We will be looking at incoming data over the next month to confirm these early signs of recovery.

The US Fed has turned markedly more dovish as some members now suggest that a rate cut may be appropriate soon if US/China trade uncertainty continues and inflation remain below their 2% target. We believe that the Fed will signal a potential rate cut at its June meeting if US data continue to come in lower than expected over the next few weeks.

Locally, hard economic data remained very weak. The Q1 GDP print came in at -3.2% and together with inflation running well below expectations the nominal growth rate has slowed to 4.1% year on year. The risk of a ratings downgrade by Moody's over the next 12 months have increased along with the weaker growth outlook for 2019 (now around 0.5%) and weaker debt metrics. We believe the SARB will respond by cutting interest rates by at least 25bps over its next two meetings. Inflation expectations have fallen and should soon run below 5%. Concerns around Eskom and credit risk continue to weigh on long end bonds and has caused the yield curve to steepen. We expect to soon hear about a turnaround plan for Eskom. We expect growth to remain weak over the near term but improve towards year end.

The Fairtree Multi Strategy QI Hedge Funds held up well against the above-described macro environment, considering the pull-back in equity markets both locally and globally, combined with further weakness in commodity prices. The equity components performed well relative to the market, with a marginally negative contribution to the funds' May return. Fixed Income detracted slightly as well, while commodities bounced back sharply from the previous two months to push the funds into positive territory for the month. On a YTD basis, both funds are up with similar returns to the JSE All Share, while returns over the last 12 months have been strong relative to market indices showcasing the Multi Strategy portfolios' ability to provide returns uncorrelated to markets while producing alpha from relative value portfolio management strategies in the various asset classes utilised in the portfolios.

Equities: The outlook for global earnings growth remains positive but has come under pressure from renewed trade conflict between US and China and fading effect of US fiscal stimulus during 2018. Global equities may continue to experience a moderate pull back over the coming months as the economic growth outlook softens towards trend growth. Outside a full-on trade war with China, we do not expect a US recession during 2019 and expect global inflation to remain close to target supported by higher input costs, including wages. The positive global growth outlook favours cyclical stocks. We believe the overall South Africa equity market will benefit from a weaker Rand as trade concerns mount. While it may be too early to be constructive on local equities, we do believe that the domestic economy will start to benefit from more political stability after the national election. We like selected local and global cyclical assets with strong global earnings growth potential and companies with the ability to generate cash sustainably. We continue to find protection in gold stocks and ZAR hedged assets.

Fixed Income: South Africa's inflation will be well contained over the next few months and inflation expectation should decrease further. Given current weak economic activity and balanced risk to inflation the SARB may decide to cut rates by 25bps. Bond yields will remain volatile driven by local political and SOE risks and volatile global geo-politics.

Currency: We believe the US dollar strength has stabilised. Given the potential for global growth to converge lower and Fed to cut rates we believe the US dollar could weaken over the medium term. We also view the renewed trade conflict with China as dollar negative given the scope for lower real rates.

Alternatives: Going forward we believe global monetary policy will be more data dependent while global fiscal policies will be used to support growth. We believe interest rates will gradually rise and lead to higher levels of volatility and lower correlations amongst asset classes and securities. Market rotations and increased dispersion has typically led to a more favourable environment for alternative assets to perform.

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, Tygervally, 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 Plenaar*. **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.

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*Non-Executive

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