

Fairtree Woodland Multi Strategy SNN QI Hedge Fund

Minimum Disclosure Document - Class 1

31 December 2019

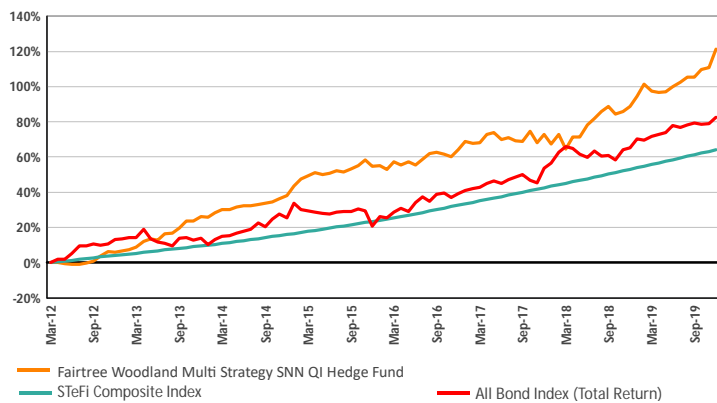
Fund Profile

The Fairtree Woodland Multi Strategy SNN QI Hedge Fund is a single hedge fund which provides investors with exposure to a diversified range of alternative investment strategies across multiple asset classes. The underlying strategies are managed by award winning specialist strategy teams, with all securities traded for one fund structure. A dedicated multi strategy team is responsible for the capital allocation and risk monitoring. The objective of the capital allocation process is to minimise downside risk by actively managing risk diversification. The portfolio is constructed using a risk parity approach. No individual strategy dominates the fund's risk exposure. Tactical tilts are used to direct capital towards the most attractive opportunity sets and / or protect the fund against unintended factor, name and sector concentration risk. The fund targets an annualised return of 3 month JIBAR + plus 10% over a rolling three year period. With minimal drawdown risk and relatively uncorrelated returns.

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 December 2019
 Index Source: Bloomberg as at December 2019

Return Analysis

	Woodland	All Bond Index	STeFi
1 Month	4.94%	1.86%	0.58%
3 Months	7.63%	1.73%	1.74%
6 Months	10.59%	2.48%	3.56%
1 Year	17.15%	10.32%	7.29%
3 Years	34.73%	30.94%	23.75%
5 Years	59.99%	45.23%	41.51%
Since Inception	121.24%	82.42%	64.11%

Risk Analysis

	Woodland	All Bond Index	STeFi
Sharpe Ratio	0.66	0.23	0.03
Sortino Ratio	1.14	0.39	0.05
Standard Deviation	6.12%	7.30%	0.25%
Best Month	4.94%	6.49%	0.66%
Worst Month	-4.80%	-6.67%	0.00%
Best Rolling 12 Months	20.03%	21.23%	7.71%
Worst Rolling 12 Months	-2.20%	-5.61%	5.16%
Largest Cumulative Drawdown	-5.72%	-9.78%	n/a
% Positive Months (Since Inception)	73.12%	64.52%	n/a
Correlation (Monthly)	0.45		
Value at Risk 95%	5.19%		

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:	Bradley Anthony and Kurt van der Walt
Fund size (in Millions):	R 133.2
NAV Price (Inception):	R 1000
NAV Price (as at month end):	R 2,269.81
Number of Units:	63,984.46
JSE Code:	FWOOD1
ISIN Number:	ZAE000255584
Inception Date:	1 April 2012
CISCA Inception Date:	1 December 2016
Fund Structure:	CIS Trust
Fund Category:	Multi - Strategy
Hurdle/Benchmark:	3 month JIBAR
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, subject to a hurdle rate of 3 month JIBAR (excl.VAT)

Cost Ratios (incl. VAT)

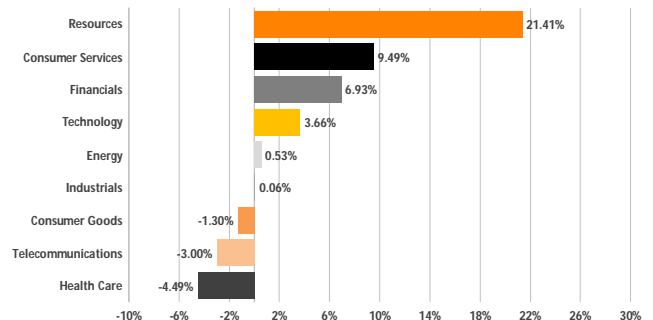
Total Expense Ratio (TER%):	5.10%
Transactions Costs Ratio (TC%):	1.26%
* Total Investment Charges (TIC%):	6.36%
Performance Fee (PF) Included in TER:	2.20%
Income Distribution (Declaration):	Last day of December
Distribution Total for the past 12 months:	0.00 cpu for December 2018
Investment Manager contact details	Fairtree Asset Management (Pty) Ltd
Telephone Number:	+27 86 176 0760
Website:	www.fairtree.com

*Total Investment Charges (TIC%) = TER (%) + TC (%)

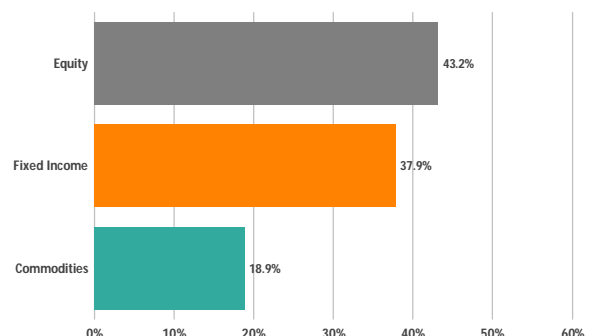
Portfolio Objective

The long-term objective of the portfolio is to achieve superior risk adjusted returns through investment in risk controlled strategies, across a number of different asset classes.

Sector Allocation



Asset Allocation



Increase in NAV Attributable to Investors

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2012				0.29%	-1.06%	-0.29%	0.17%	0.68%	1.20%	2.71%	2.51%	-0.29%	6.00%
2013	0.48%	0.95%	1.16%	3.11%	1.05%	-0.52%	3.23%	0.35%	2.36%	3.54%	-0.09%	2.17%	19.20%
2014	-0.41%	2.10%	1.28%	0.07%	1.02%	0.70%	-0.05%	0.42%	0.53%	0.68%	1.17%	1.58%	9.44%
2015	3.81%	2.67%	1.26%	1.26%	-0.77%	0.46%	1.04%	-0.40%	1.09%	1.15%	2.24%	-2.46%	11.79%
2016	0.36%	-1.48%	2.93%	-1.20%	1.16%	-1.17%	2.09%	2.06%	0.59%	-0.77%	-0.98%	2.61%	6.22%
2017	2.72%	-0.61%	0.39%	2.61%	0.78%	-2.27%	0.60%	-1.04%	-0.18%	3.29%	-3.67%	2.78%	5.25%
2018	-3.20%	3.34%	-4.80%	4.10%	0.01%	4.03%	2.12%	2.11%	1.60%	-2.40%	0.84%	1.61%	9.27%
2019	2.96%	3.59%	-1.91%	-0.37%	0.12%	1.52%	1.18%	1.44%	0.11%	2.10%	0.46%	4.94%	17.15%

*The inception date for the portfolio is 1 April 2012. The historical performance figures until the end of 30 November 2016 reflect performance achieved prior to CISCA regulation. The portfolio has been transitioned under CISCA regulations on 1 December 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
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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.

Market Commentary

South African assets performed well over the month of December as global economic sentiment improved. The 10-year government bond (R2030) yield closed -19bps lower at 9.02%. The All Bond Index returned 1.9% over the month to bring the year to date return to 10.3%, while the All Share Index rose 3.3% to bring the year to date return to 12.1%. The Rand gained around 4.7% against the US dollar. Foreigners bought more than R6bn local bonds during the month. The Fairtree Multi Strategy QI Hedge Funds ended the year strongly with positive December returns in excess of the market. The funds benefitted from their allocations to relative value commodity pairs recovering from their unsustainable levels, as well as directional relative value equity strategies. Wild Fig and Woodland's outperformance of the JSE All Share were 13.5% and 5.22% respectively during 2019 while the last 2 years amounted to 16% and 12% respectively. Following the strength in equity markets globally and strong performances by the Fairtree equity teams during the year, it should be no surprise that the equity contribution explains the majority of these returns. However, fixed income and commodities ended the year in the green as well, and certainly contributed to overall fund performance, and lower volatility due to the uncorrelated nature of these asset classes which are utilised in the portfolio.

Global equities were up 2.9%, improving the year to date returns to 25.2% while emerging market equities were up 7.7%, taking the year to date return to 15.4%. Sentiment turned more optimistic and the outlook for growth improved as the trade tension between the US and China eased and Brexit tail risks declined. Global economic activity data also improved suggesting the global manufacturing downturn may have bottomed while consumers and the services side of the global economy remains healthy. Despite this improvement in the data the global central banks signalled that monetary policy will remain accommodative for a prolonged period. The ECB is set to continue with asset purchases until inflation return, the Fed remains on hold and continues to expand their balance sheet and the PBOC in China announced a further RRR cut early in 2020. This easing of financial conditions, reduction in geo-political risk and improving economic activity should support risk assets over the medium term. However, there are risks that may escalate quickly. The tension between the US and Iran are building and although neither party would want a war one cannot exclude the potential for political miscalculation by one side.

In South Africa, the political and economic reforms are happening at a slow pace while operational and financial challenges at Eskom continue to pose the biggest downside risk to the economy. Ongoing electricity load shedding will be a drag on growth and the country's fiscal health. The World Bank has downgraded SA's growth to 0.9% for 2020 and the risk of a ratings downgrade by Moody's has risen to an almost certainty. Local assets are already reflecting a large portion of the downside scenario, signs of any economic improvement remain absent. While fiscal risks remain on the horizon the SARB's hands are tied when it comes to providing more relief via monetary policy, despite inflation falling and surprising to the downside.

Equities: The outlook for global earnings growth has moderated but remains positive. However, accommodative central bank policies and low yields will continue to provide some support to equities. We do not expect a US recession soon and expect global inflation to gradually move closer to target supported by higher input costs, including wages. It's too early to get excited about local equities. We do believe that the domestic economy will start to benefit from interest rate cuts and more economic reforms, but this will take time. We like selected local and global exposed cyclical assets with strong global earnings growth potential and companies with the ability to generate cash sustainably. We continue to find protection in gold and precious metal stocks and ZAR hedged assets.

Fixed Income: South Africa's inflation will remain 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 again over the next 6 months but fiscal risk have increased meaningfully and may lead to a pause over the short term.

Currency: We believe the US dollar strength has stabilised. Given the potential for global growth to converge lower and the Fed to remain on hold we believe the US dollar could weaken over the medium term.

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 higher levels of volatility and lower correlations amongst asset classes and securities will increase dispersion and lead to a more favourable environment for alternative assets to perform.

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, Johannesburg, **Telephone:** +27 87 736 1732. Kurt van der Walt manages hedge funds under supervision.

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*Non-Executive

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