

Fairtree Woodland Multi Strategy SNN QI Hedge Fund

Minimum Disclosure Document - Class A1

31 January 2018

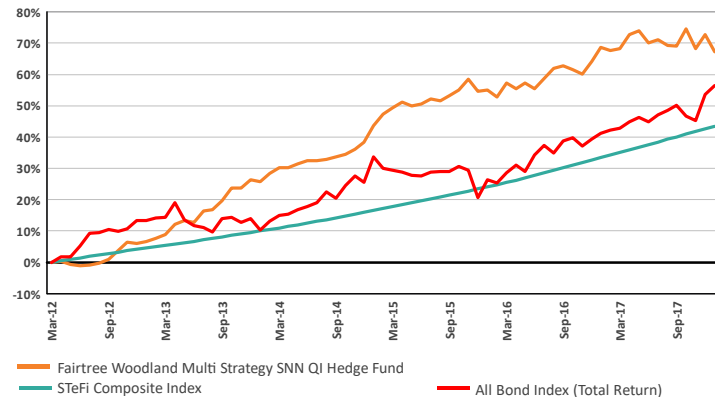
Fund Profile

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 January 2018
 Benchmark(s) Source: Bloomberg as at January 2018

Return Analysis

	Woodland	All Bond Index	STeFi
1 Month	-3.20%	1.86%	0.60%
3 Months	-4.17%	6.57%	1.80%
6 Months	-2.22%	6.36%	3.65%
1 Year	-0.82%	10.79%	7.51%
3 Years	13.51%	20.26%	22.51%
5 Years	55.59%	37.03%	36.69%
Since Inception	67.30%	56.41%	43.48%

Risk Analysis

	Woodland	All Bond Index	STeFi
Sharpe Ratio	0.51	0.23	-0.10
Sortino Ratio	0.87	0.39	-0.15
Standard Deviation	5.46%	7.73%	0.27%
Best Month	3.81%	6.49%	0.66%
Worst Month	-3.67%	-6.67%	0.00%
Best Annualised Rolling Return	19.61%	21.23%	7.71%
Worst Annualised Rolling Return	-0.82%	-5.61%	5.16%
Largest Cumulative Drawdown	-4.17%	-9.78%	n/a
% Positive Months (Since Inception)	70.00%	64.29%	n/a
Correlation (Monthly)	0.44		
Value at Risk - 95%	3.67%	3.80%	0.98%

Fund Details

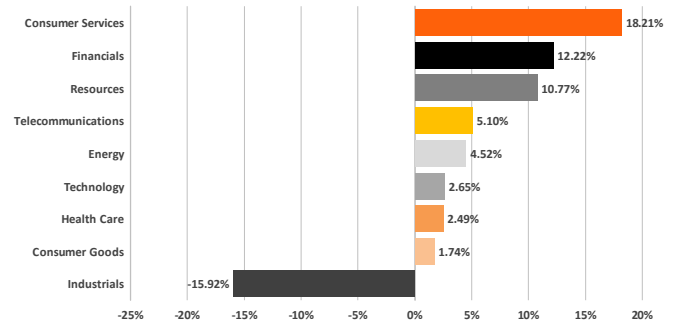
Risk Profile:	Med-High
Portfolio Manager:	Bradley Anthony and Jacobus Lacoek
Fund size (in Millions):	R 397.7
NAV Price (Inception):	R 1000 (Class A1)
NAV Price (as at month end):	R 1,672.99
JSE Code:	
Inception Date:	30 April 2012
CISCA Inception Date:	01 December 2016
Fund Structure:	CIS Trust
Fund Category:	Multi - Strategy
Benchmark:	This portfolio does not follow a benchmark
Minimum Investment:	R1 000 000 Lump sum
Fees	
Management Fee:	2% p.a (excl. VAT)
Performance fee:	20 % of excess above the high water mark, subject to a hurdle rate of 3 month JIBAR (excl.VAT) uncapped.
Cost Ratios (incl. VAT)	
Total Expense Ratio (TER%):	2.84%
Transactions Costs Ratio (TC%):	1.63%
* Total Investment Charges (TIC%):	4.47%
Income Distribution (Declaration):	Last day of February & December
Distribution Total for the past 12 months:	0.00 cpu for December 2017
Investment Manager contact details	
Telephone Number:	+27 21 943 3760
Website:	www.fairtree.com.

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

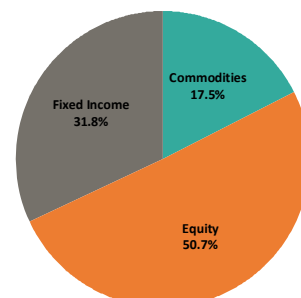
Portfolio Objective

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%												-3.20%

*The inception date for the portfolio is 01 April 2012. The historical performance figures until the end of 30 November 2016 reflect performance achieved prior to CISA regulation. The portfolio has been transitioned under CISA regulations on 01 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**

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

After a strong finish to 2017, the global backdrop remains constructive for risk assets and the continuation of the current economic up cycle. However, the combination of low volatility, high equity valuations and rising bond yields have caused risk assets to pair back some gains early in February. Higher than expected average hourly earnings in the US has been a catalyst to fears that central banks may tighten financial conditions too quickly. However, the strong economic back ground will allow global central banks to roll back accommodative policies gradually. In this context the US should continue to gradually hike rates, at least 3 times, over the rest of 2018. The European Central Bank is also expected to announce an end to its asset purchase program during the first half of this year. Should inflation start to come through towards the second half of 2018 and central banks become less accommodative, the healthy backdrop for emerging markets may come under pressure. However at this stage, global growth remains stable along with commodity prices and the US dollar weak.

In South Africa asset linked to the local economy continued to rally as it priced in better growth and higher real wages. We believe the political risk premium will reduce further with the leadership transition from Jacob Zuma to Cyril Ramaphosa. We also expect Ramaphosa to make sweeping changes to the cabinet that will signal his intent to implement reforms both at government and SOE levels. The State of the Nation address and 2018 Budget should set the political tone for the year ahead and will have a big impact on business and investment confidence. Although the current fiscal outlook remains weak the Budget speech later this month will affirm the country's aim towards fiscal consolidation. We expect higher taxes, a fuel levy, reduction in expenditure and higher growth expectations to cause an improvement in the outlook and headline metrics. However the funding requirement will remain high along with the potential for heavy issuance of longer dated government bonds, but the positive outcome to the ANC elective conference have raised hopes that further credit rating downgrades may be prevented by potential economic reforms. We believe that the probability of a ratings downgrade by Moody's has dropped to 50%. The Rand has also rallied on the reduction in risk premium, but has further been supported by strong commodity prices, healthy emerging market back drop and improving current account fundamentals. The US Dollar has weakened further as global growth improved and helped the Rand to appreciate by 4.5% over the month.

The South African Reserve Bank has kept rates on hold at 6.75% as expected by most. However, their modest hawkish rhetoric has surprised the market somewhat. Despite falling headline and core inflation, a much stronger Rand and reduced risk of sharp electricity increases, the SARB chose to focus on the risk of rising oil prices, credit downgrades and potential for inflation expectation to remain high. We believe there is scope for the SARB to cut interest rates by at least 25bps if a credit ratings downgrade can be prevented.

Equities: The outlook for global earnings growth remains strong supported by the economic recovery and below target inflation. We expect global inflation to pick up gradually over the medium term supported by easy financial conditions and looser fiscal policies. The global deflationary outlook created positive sentiment around cyclical and value orientated stocks, while the outlook for higher global bond yields will put pressure on high valuation defensive names. As yields rise and volatility increase valuations will be tested more frequently. We believe the overall South Africa equity index will follow global equity markets higher due to its externalised nature. We have turned more optimistic on domestic equities as we believe economic activity will improve over the next 12 months. However, we remain selective. We like global cyclical companies with global earnings growth potential and companies with the ability to generate cash sustainably.

Fixed Income: South Africa's inflation will continue to fall over the next few months driven by lower food prices, strong ZAR and weak demand. The SARB has cut interest rates once but paused due to political uncertainty. Although the risk premium has fallen post the ANC conference in December, the risk of further credit downgrades over the medium term will keep the SARB relatively cautious. We believe the SARB will move towards rate cuts over the next few months. South Africa's level of yields remains very attractive. The focus on the search for yield by global investors and health emerging market backdrop may support lower bond yields, however the fiscal outlook remains challenging and a cut to sub-investment grade by Moody's may still lead to foreign outflows.

Currency: We believe the US dollar will strengthen over the short to medium term as the market price in a faster pace of rate hikes. However the ECB will also be looking to halt its asset purchase program later this year which may support the EUR. The short term outlook for the Rand is stable to stronger, but we believe the currency will depreciate towards the second half of 2018 as the emerging market backdrop turns less healthy.

Alternatives: Stronger global growth will allow less accommodative monetary policy and looser fiscal policies which should lead to higher interest rates, 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 Capital (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 21 943 3760. **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 Louw, S Greeff, I Burke, L Fourie, G Rate. **Physical Address:** Pier Place, Heerengracht Street, Foreshore, Cape Town, South Africa. **Telephone Number:** +27 21 202 8282. **Website:** www.sannegroup.co.za.

Collective Investment Schemes are generally medium- to long-term investments. The value of participatory interests (units) may go down as well as up. Past performance is not necessarily a guide to future performance. Collective investments are traded at ruling prices and can engage in scrip lending and borrowing. A schedule of fees, charges and maximum commissions, as well as a detailed description of how performance fees are calculated and applied, is available on request from Sanne Management Company (RF)(Pty) Ltd ("the Manager"). The Manager does not provide any guarantee in respect to the capital or the return of the portfolio. Excessive withdrawals from the portfolio may place the portfolio under liquidity pressure and in such circumstances, a process of ring-fencing of withdrawal instructions and managed pay-outs over time may be followed. Commission and incentives may be paid, and if so, are included in the overall costs. The Manager may close the portfolio to new investors in order to manage it efficiently according to its mandate. Prices are published daily on our website and local media. Additional information, including key investor information documents, minimum disclosure documents, as well as other information relating to the basis on which the manager undertakes to repurchase participatory interests offered to it, and the basis on which selling and repurchase prices will be calculated, is available, free of charge, on request from the Manager. The value of an investment is dependent on numerous factors which may include, but not limited to, share price fluctuations, interest and exchange rates and other economic factors. Where foreign investments are included in the portfolio, performance is further affected by uncertainties such as changes in government policy, political risks, tax risks, settlement risks, foreign exchange risks, and other legal or regulatory developments. The Manager is registered and approved by the Financial Services Board under CISCA. The Manager retains full legal responsibility for the portfolio. FirstRand Bank Limited, acting through the RMB Custody and Trustee Division, is the appointed trustee. Fairtree Capital (Pty) Limited, FSP No. 25917, is authorised under the Financial Advisory and Intermediary Services Act 37 of 2002 to render investment management services.

Disclaimer

This document is confidential and issued for the information of the addressee and clients of the Manager only. It is subject to copyright and may not be reproduced in whole or in part without the written permission of the Manager. The information, opinions and recommendations contained herein are and must be construed solely as statements of opinion and not statements of fact. No warranty, expressed or implied, as to the accuracy, timeliness, completeness, fitness for any particular purpose of any such recommendation or information is given or made by the Manager in any form or manner whatsoever. Each recommendation or opinion must be weighed solely as one factor in any investment or other decision made by or on behalf of any user of the information contained herein and such user must accordingly make its own study and evaluation of each strategy/security that it may consider purchasing, holding or selling and should appoint its own investment or financial or other advisers to assist the user in reaching any decision. The Manager will accept no responsibility of whatsoever nature in respect of the use of any statement, opinion, recommendation or information contained in this document. This document is for information purposes only and does not constitute advice or a solicitation for funds.