

## Fairtree Woodland Multi Strategy SNN QI Hedge Fund

### Minimum Disclosure Document - Class 1

31 January 2019

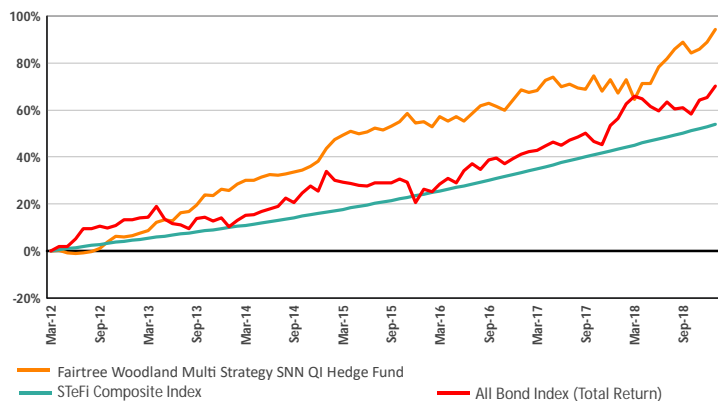
#### Fund Profile

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 January 2019

Index Source: Bloomberg as at January 2019

#### Return Analysis

	Woodland	All Bond Index	SteFi
1 Month	2.96%	2.90%	0.60%
3 Months	5.49%	7.56%	1.79%
6 Months	6.81%	4.06%	3.59%
1 Year	16.22%	8.79%	7.25%
3 Years	25.33%	34.77%	23.95%
5 Years	54.52%	54.21%	39.90%
Since Inception	94.43%	70.15%	53.88%

#### Risk Analysis

	Woodland	All Bond Index	SteFi
Sharpe Ratio	0.59	0.23	-0.09
Sortino Ratio	0.99	0.40	-0.13
Standard Deviation	6.09%	7.68%	0.26%
Best Month	4.10%	6.49%	0.66%
Worst Month	-4.80%	-6.67%	0.00%
Best Rolling 12 Months	19.61%	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)	71.95%	63.41%	n/a
Correlation (Monthly)	0.47		
Value at Risk 95%	4.27%		

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

#### Fund Details

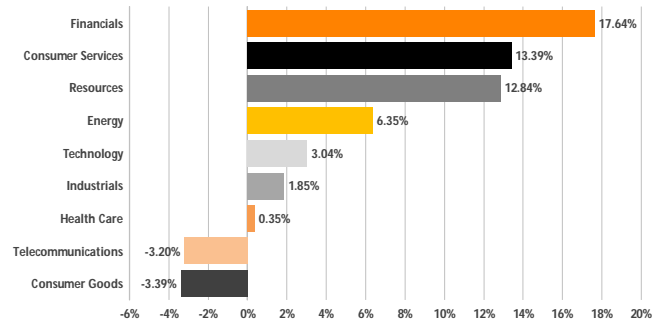
Risk Profile:	Med-High
Portfolio Manager:	Bradley Anthony and Kurt van der Walt
Fund size (in Millions):	R 201.6
NAV Price (Inception):	R 1000
NAV Price (as at month end):	R 1,994.78
Number of Units:	111,238.11
JSE Code:	FWOOD1
ISIN Number:	ZAE000255584
Inception Date:	30 April 2012
CISCA Inception Date:	1 December 2016
Fund Structure:	CIS Trust
Fund Category:	Multi - Strategy
Hurdle:	3 month JIBAR
Minimum Investment:	R 1 000 000 Lump sum
<b>Fees</b>	
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)
<b>Cost Ratios (incl. VAT)</b>	
Total Expense Ratio (TER%):	5.55%
Transactions Costs Ratio (TC%):	1.37%
* Total Investment Charges (TIC%):	6.92%
Performance Fee (PF) Included in TER:	2.67%
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 (%)

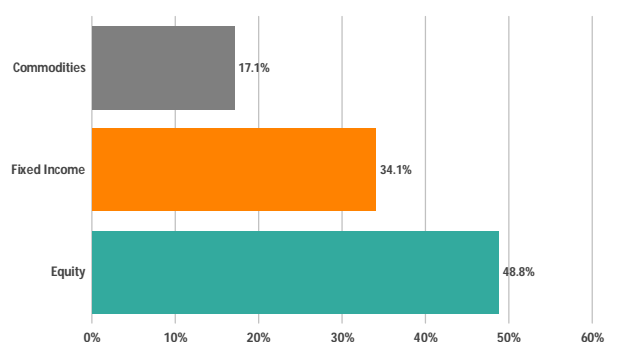
#### Portfolio Objective

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%												2.96%

\*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. 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

South African assets improved over the month. The All Bond Index rose 2.9% over the month while the All Share Index rose 2.8% to bring the year to date performance to -8.5%. The Rand gained around 8.5% against the US dollar.

Global equities recorded their best month in more than 3 years, up 7.7%, led by emerging markets. Risk assets benefited as the US Fed removed their tightening bias on monetary policy towards neutral and acknowledged that balance sheet reduction may end earlier. The Fed clearly signalled that policy normalisation has moved from autopilot to data dependency. With the recent weakness in the US and global economy coupled with softer inflation, the market now expects the Fed to be on hold for the rest of the year. Not only the US Fed, but also the Bank of Japan, Reserve Bank of Australia, Bank of England and European Central Bank have sounded more dovish recently. Expectations of a trade deal between the US and China have also increased. More accommodative central banks and reduced risk of trade conflict have pushed market volatility down. Risk and yield appetite seemed to have returned to the market. Commodity prices and emerging markets have also benefitted from a weaker US dollar and expectations that China will continue to perform targeted monetary and fiscal easing to stabilise their economy.

We believe the soft patch in global manufacturing may continue for a while and it may start to weigh on the services side of the global economies. We expect US activity to rebound later this year as the labour market remains strong and the consumer remains in a healthy space. The slowdown in Europe has been more severe than expected and even core European countries like Germany, Italy and France have showed sign of a severe slowdown. We expect the ECB to turn even more dovish and announce a package to stimulate lending. We also believe that there is scope for Germany to boost fiscal spending. Improved demand from China and Asia will help boost European production which is largely dependent on exports. China is likely to provide more stimulus to stabilise economy, but it may take some time to impact the local and global economy.

Locally economic data has improved on aggregate but remains mixed. Consumer and business confidence have stabilised and activity surveys continue to show a general improvement. Retail sales have improved but credit growth and vehicle sales have weakened. The inflation outlook have improved and the SARB have backed-off from their hawkish stance. We believe investor confidence will return once results from the local election prove that economic reforms will be implemented. The SOE's continue to weigh on the economy and credit quality. Eskom is likely to be restructured but question marks around their debt overhang will continue.

The multi strategy hedge fund portfolios benefited from the strong performance in the local equity market, with the JSE adding 2.81% to December's 4.25% rebound, in conjunction with positive returns from global equities and commodities alike. Even though the USD/ZAR strengthened 7.42%, our relative value global equity strategies performed well due to their low dependency on currency movements. Commodity relative value contributed to positive performance for the month. Within the South African equity space, relative value and directional strategies contributed equally to the overall fund return while the fixed income strategies were the only detractor on performance during January 2019.

**Equities:** The outlook for global earnings growth has moderated but remains positive as growth in key markets remains close to trend. We do not expect a US recession during 2019. We expect global inflation to moderate but remain close to target supported by higher input costs, including wages. The positive global growth outlook favours cyclical stocks. As yields rise and volatility increase valuations and earnings potential will be questioned more frequently. We believe the overall South Africa equity index will benefit from an improving domestic economy and outlook of more political stability after the national election. Local equities may also be supported by improving global valuations. We like local and global cyclical assets with 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 due to falling fuel and still low food prices. The risks to inflation remain to the upside on the back of potential electricity tariff hikes and higher food prices. Given current weak economic activity and upside risk of inflation the SARB will remain on hold for a while. The SARB remains focussed on anchoring inflation expectations closer to 4.5%. Yield will remain volatile driven by local political and SOE risks and improving emerging markets backdrop.

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

**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 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.snnmanco.com. **Trustee:** FirstRand Bank Limited, Johannesburg, **Telephone:** +27 87 736 1732.

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\*Non-Executive

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