

Fairtree Woodland Multi Strategy SNN QI Hedge Fund

Minimum Disclosure Document - Class 1

31 January 2020

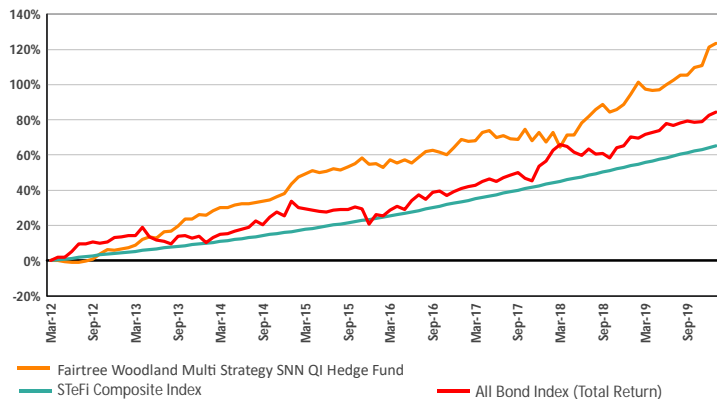
Fund Profile

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 2020
 Index Source: Bloomberg as at January 2020

Return Analysis

	Woodland	All Bond Index	STeFi
1 Month	1.05%	1.19%	0.58%
3 Months	6.52%	3.30%	1.74%
6 Months	10.44%	4.47%	3.54%
1 Year	14.98%	8.48%	7.27%
3 Years	32.54%	30.74%	23.69%
5 Years	55.73%	37.99%	41.61%
Since Inception	123.56%	84.58%	65.07%

Risk Analysis

	Woodland	All Bond Index	STeFi
Sharpe Ratio	0.67	0.24	0.07
Sortino Ratio	1.15	0.40	0.10
Standard Deviation	6.09%	7.26%	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)	73.40%	64.89%	n/a
Correlation (Monthly)	0.45		
Value at Risk 95%	4.78%		

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 130.5
NAV Price (Inception):	R 1000
NAV Price (as at month end):	R 2,293.60
Number of Units:	57,099.52
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)

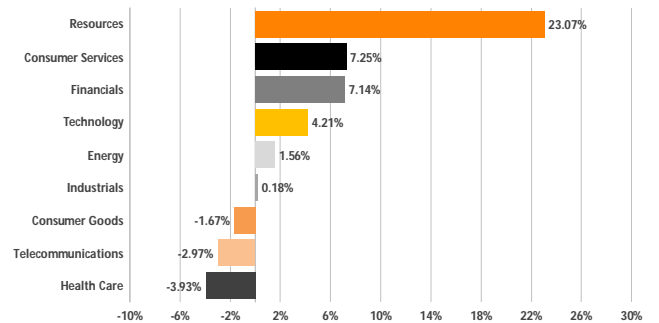
Total Expense Ratio (TER%):	5.64%
Transactions Costs Ratio (TC%):	0.54%
* Total Investment Charges (TIC%):	6.18%
Performance Fee (PF) Included in TER:	2.66%
Income Distribution (Declaration):	Last day of December
Distribution Total for the past 12 months:	0.00 cpu for December 2018
Investment Manager contact details	Fairtree Asset Management (Pty) Ltd
Telephone Number:	+27 86 176 0760
Website:	www.fairtree.com

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

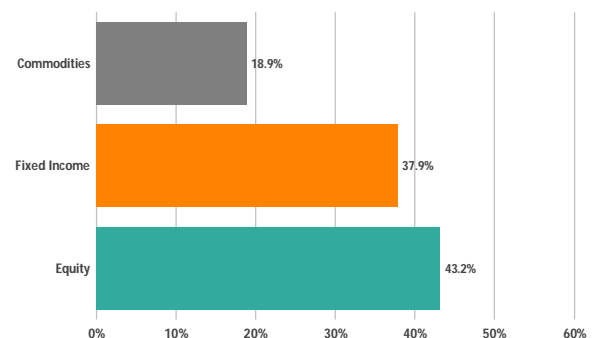
Portfolio Objective

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%
2020	1.05%												1.05%

*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**

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

Global markets performed well over the first two weeks but ended the month mixed as investors shifted towards safe havens. The 10-year government bond (R2030) yield closed -5bps lower at 8.97%. The All Bond Index returned 1.2% over the month to bring the 12 months return to 8.5%, while the All Share Index declined -1.7% to bring the 12 months return to 7.1%. The Rand lost around 6.8% against the US dollar. Foreigners bought more than R7bn local bonds during the month. Global equities dropped -0.7%, emerging market equities dropped -4.7% and the oil price was down -15%. Safe haven assets rallied as the US 10year yield dropped -41bps and gold price rose almost 5%. The Fairtree Multi Strategy QI Hedge Funds performed well considering the volatile first month of the year. Allocations to Fixed Income strategies contributed the majority of the performance, while relative value equity and commodity strategies managed the turmoil well in producing flat returns for the month.

The global recovery that started towards the end of last year continued into 2020 as the US and China signed a phase one trade deal, global central banks affirmed its bias towards an accommodative policy stance and global manufacturing continued to show signs of improvement. The positive sentiment gave way to concerns around the impact of the corona virus outbreak on global growth. The outbreak that started in China's Hubei province has been met with pro-active and aggressive measures. As a result economic activity across manufacturing and service sectors have stalled for a prolonged period. Only when the Corona virus has been contained will activity pick up meaningfully. We are already seeing signs that the outbreak maybe peaking soon and expect a meaningful recovery in activity over the second quarter. The Chinese authorities will use all means possible to ensure social stability and strong economic growth.

We believe the global recovery remains intact but restrained by the corona virus outbreak. Economic data from the US point towards a strong labour market and healthy consumer as financial conditions remain easy. Housing data has improved further and consumer confidence are rising. Manufacturing activity has also picked up again after a few soft months. Economic data from China and Europe have also showed signs of stabilisation and improvement.

In South Africa, the political and economic reforms are progressing at a slow pace. Operational and financial challenges at Eskom pose the biggest downside risk to the economy. We expect 2019 growth to be weak along with a weak Q4-19 due to load shedding. Growth estimates for 2020 have been cut to around 0.5 to 1% and inflation continue to fall. The SARB decided to cut rates by 0.25% at its January meeting and more cuts are likely over the rest of the year. Over the short term the main risk events are the February Budget and Moody's ratings review in March. We expect a budget that points towards fiscal austerity and more pragmatic approach to solve financial woes at SOE's including Eskom and SAA given new management.

Equities: The outlook for global earnings growth has moderated but remain 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 like resources given tight supply and good demand outlook and continue to find protection in gold stocks and ZAR hedged assets.

Fixed Income: South Africa's inflation remain low while inflation expectation decreases further. Given current weak economic activity and balanced risk to inflation the SARB may continue with its rate cut cycle but fiscal risk has increased meaningfully which warrants a gradual approach.

Currency: We believe the US dollar strength has stabilised although recent risk-off sentiment has supported the currency. Given the potential for the global growth outlook to improve again 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.

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). **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.

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 monthly 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 ensures fair treatment of investors by not offering preferential fee or liquidity terms to any investor within the same strategy. The Manager is registered and approved by the Financial Sector Conduct Authority under CISCA. The Manager retains full legal responsibility for the portfolio. Firstrand Bank Limited, is the appointed trustee. Fairtree Asset Management (Pty) Ltd, 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.