

## Fairtree Woodland Multi Strategy SNN QI Hedge Fund

Minimum Disclosure Document - Class 1

30 June 2019

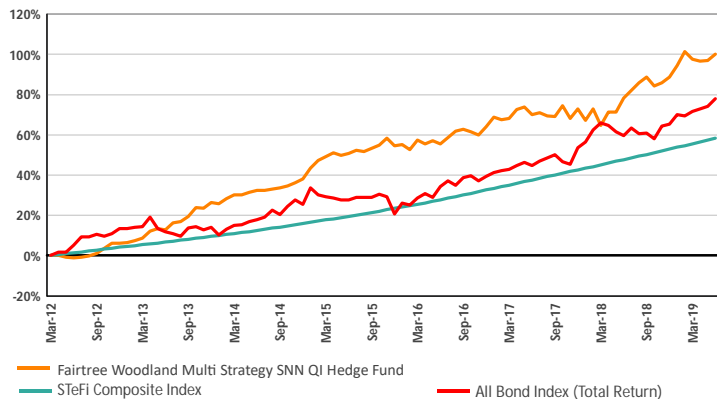
### Fund Profile

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 June 2019  
 Index Source: Bloomberg as at June 2019

### Return Analysis

	Woodland	All Bond Index	STeFi
1 Month	1.52%	2.27%	0.59%
3 Months	1.27%	3.70%	1.80%
6 Months	5.94%	7.65%	3.60%
1 Year	12.23%	11.50%	7.31%
3 Years	28.75%	32.60%	24.03%
5 Years	51.05%	51.00%	40.83%
Since Inception	100.06%	78.01%	58.47%

### Risk Analysis

	Woodland	All Bond Index	STeFi
Sharpe Ratio	0.55	0.25	-0.13
Sortino Ratio	0.93	0.43	-0.19
Standard Deviation	6.11%	7.50%	0.26%
Best Month	4.10%	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)	71.26%	64.37%	n/a
Correlation (Monthly)	0.46		
Value at Risk 95%	5.18%		

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 173.9
NAV Price (Inception):	R 1000
NAV Price (as at month end):	R 2,052.54
Number of Units:	90,382.17
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)

### Cost Ratios (incl. VAT)

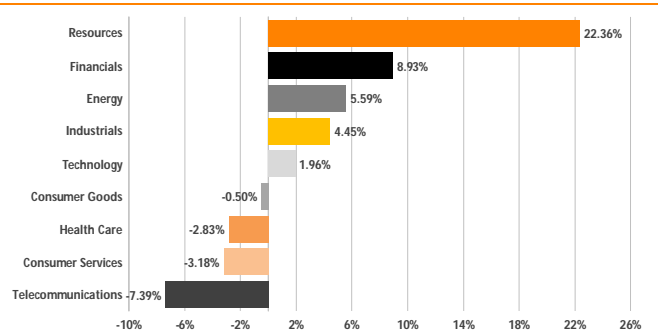
Total Expense Ratio (TER%):	4.66%
Transactions Costs Ratio (TC%):	1.30%
* Total Investment Charges (TIC%):	5.96%
Performance Fee (PF) Included in TER:	1.77%
Income Distribution (Declaration):	Last day of December
Distribution Total for the past 12 months:	0.00 cpu for December 2018
Investment Manager contact details	Fairtree Asset Management (Pty) Ltd
Telephone Number:	+27 86 176 0760
Website:	www.fairtree.com

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

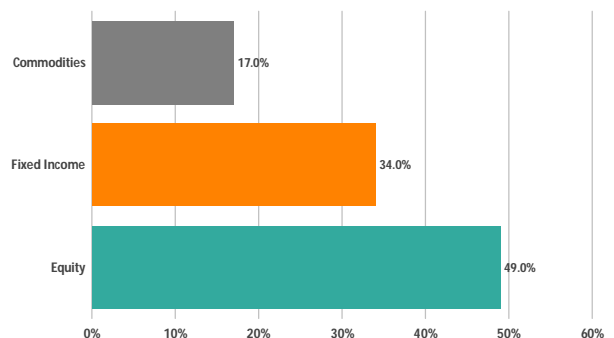
### Portfolio Objective

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%							5.94%

\*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

The second quarter ended on a positive note following a rebound in markets globally. The JSE All Share reversed the -4.8% in May with a +4.8% during June, led by the resources stocks where the RESI index added 10% in the month, putting the YTD on 19%. The All Bond Index returned +2.3% over the month to bring the year to date return to 7.7%. The Rand gained around 3.5% against the US dollar. The Fairtree Multi Strategy QI Hedge Funds continued to add some value to investors during June, contributing 2.5% and 1.5% respectively during the month. The equity directional strategies contributed the bulk of the performance during the month, while they were assisted with positive returns from the Fixed Income strategies. Equity and Commodity Relative Value strategies were marginally negative during the month, detracting slightly from performance. Even though the portfolios are slightly behind the JSE All Share on a year to date basis, they have managed to return 5 and 3 times the market returns over the past 12-months.

Global equities and bonds also rallied as global economic activity continued to slow, forcing central bankers to take a more dovish turn. Risk assets also benefited from a trade truce struck between Donald Trump and Xi Jinping. Trump agreed to hold off on any further increases in trade tariffs as trade negotiations resumed. This is welcome development, but we don't believe that it reduces the uncertainty surrounding the trade conflict between China and the US. Geo-political tension increased further as the US increased sanctions on Iran. Iran has since threatened to disrupt oil transportation through the Strait of Hormuz which caused the oil price to rally.

With increasing political and global growth uncertainty on the horizon, both the Fed and ECB has committed to ease monetary policy further. We expect the Fed to cut rates at least twice this year, with the first cut expected in July. The market continues to see 4 cuts of 25bps each over the next 12 months. Given that the labour market dynamics remain strong we don't see the Fed easing as much. Recent weak economic data has been driven by a contraction in manufacturing activity surveys while service sectors continue to expand at decent pace. Economic data from China suggests that the economy may have bottomed and is improving although at a slower pace than expected. European data has also shown some signs of potential stabilisation but still remains weak on aggregate.

Locally, hard economic data remained very weak, although some data points have improved. Early indications from manufacturing and retail sales suggest that the economy may have grown around 2% during the second quarter. Activity on aggregate remain weak due to lack of confidence and economic reforms. 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.

**Equities:** The outlook for global earnings growth remains positive but has come under pressure from ongoing trade tension and softer global growth. Global equities is supported by an accommodative policy stance, but may experience a moderation 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. While it may be too early to be constructive on local equities, we do believe that the domestic economy will start to benefit from interest rate cuts and more economic reforms. 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 later in July. 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 ongoing 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, 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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