

Fairtree Woodland Multi Strategy SNN QI Hedge Fund

Minimum Disclosure Document - Class 1

31 March 2019

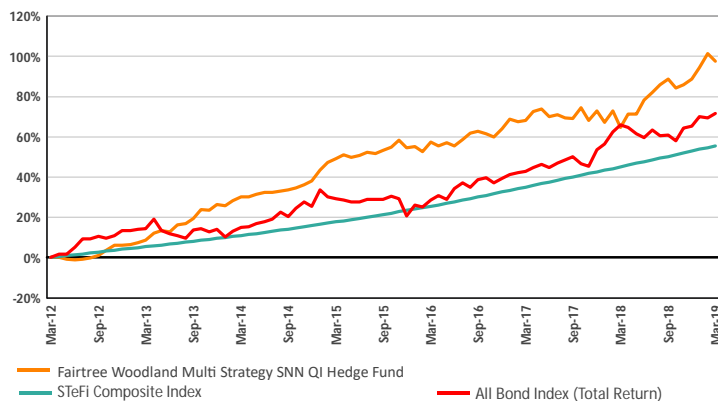
Fund Profile

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 March 2019
 Index Source: Bloomberg as at March 2019

Return Analysis

	Woodland	All Bond Index	STeFi
1 Month	-1.91%	1.33%	0.61%
3 Months	4.61%	3.81%	1.77%
6 Months	4.61%	6.66%	3.59%
1 Year	20.03%	3.46%	7.26%
3 Years	25.58%	33.50%	24.01%
5 Years	51.84%	49.20%	40.30%
Since Inception	97.56%	71.66%	55.67%

Risk Analysis

	Woodland	All Bond Index	STeFi
Sharpe Ratio	0.58	0.22	-0.15
Sortino Ratio	0.97	0.38	-0.22
Standard Deviation	6.20%	7.61%	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)	71.43%	63.10%	n/a
Correlation (Monthly)	0.47		
Value at Risk 95%	4.91%		

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 182.7
NAV Price (Inception):	R 1000
NAV Price (as at month end):	R 2,026.86
Number of Units:	96,179.59
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
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)

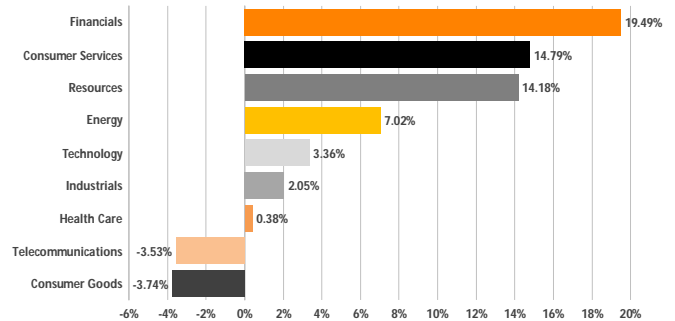
Total Expense Ratio (TER%):	5.82%
Transactions Costs Ratio (TC%):	1.34%
* Total Investment Charges (TIC%):	7.16%
Performance Fee (PF) Included in TER:	2.93%
Income Distribution (Declaration):	Last day of December
Distribution Total for the past 12 months:	0.00 cpu for December 2018
Investment Manager contact details	Fairtree Asset Management (Pty) Ltd
Telephone Number:	+27 86 176 0760
Website:	www.fairtree.com

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

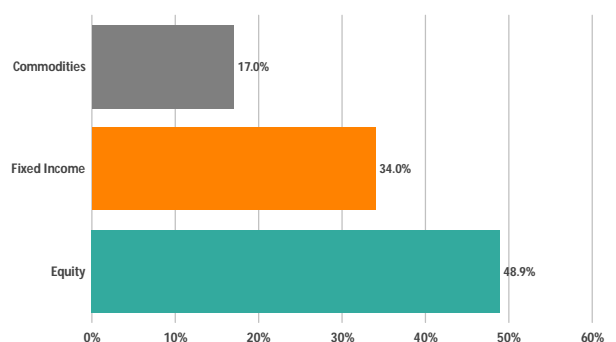
Portfolio Objective

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%										4.61%

*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. 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 continued to perform well. Year to date the All Bond Index rose 3.8% while the All Share Index rose 8.0%. The Rand has lost around 1% against the US dollar over the first 3 months.

After a strong start to the year for the Multi Strategy Portfolios, March saw the first negative print of 2019 for both funds. Even though the equity market rallied during the month, there were some intra-sector volatility and a continuation of the Financials and Property sectors' decline combined with strong Resources and Industrials sector performances. Fairtree Equity Relative Value strategies ended the month flat, while the directional equity strategies detracted from returns. Fixed Income strategies performed well while commodities reversed some of the earlier profits made in January and February during March, due to volatility within intra-commodity pairs.

Global equities also posted another solid month, up 1.1% as risk assets benefitted from a more dovish tone by global central banks and signs that a trade deal between the US and China may be reached soon. The US Fed dropped their outlook for the policy rate as it signals only one more rate hike over the next 3 years, down from three previously. The market on the other hand has moved to price in more than 2 rate cuts over the next 3 years. We believe that economic activity will recover and labour market will remain strong enough to allow the Fed to remain on pause with a higher risk of a rate hike than a rate cut over the next year.

More evidence from leading indicators that China's reflationary policies are starting to work also boosted sentiment.

China's credit growth continue to strengthen while infrastructure investment is recovering. In the first month of the year along with an increase in infrastructure projects. We believe the Chinese economy will continue to recover over the next few quarters. This should support emerging markets, commodity demand and manufacturing activity in Europe.

We believe the recent soft patch in global manufacturing will fade and that Europe will improve on the back of more fiscal spending and a dovish stance by the ECB. Uncertainty around Brexit and politics in Europe has weighed on confidence and threats by the Trump Administration to put tariffs on EU goods remains a risk to the EU.

Locally economic data remains weak on aggregate with leading and confidence indicators falling. The impact of stage 4 load shedding, higher than expected electricity tariffs, higher fuel prices and taxes, will weigh on growth over the first half of the year. With elections next month, political uncertainty may soon start to fade as polls indicate the ANC led by Ramaphosa may achieve around 60% of the vote, allowing for the president to be bold on reforms. Moody's credit review was due late last month and chose to not downgrade South Africa's rating and kept the outlook at Stable. S&P also confirmed its Stable outlook on the country and sounded more positive about the potential for reforms. Eskom remains a key risk to the fiscal health of the economy and along with growth will be closely monitored by ratings agencies. The SARB acknowledged the weak growth outlook and decided to keep rates on hold. Inflation continue to surprise to the downside but the outlook for inflation has deteriorated.

Equities: The outlook for global earnings growth has moderated but remains positive as growth in key markets has softened but remains close to trend. We do not expect a US recession during 2019 and 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. 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 selected 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 but rise towards year-end as higher electricity, food and fuel prices kicks in. Given current weak economic activity and moderate upside risk to 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: 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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