

Fairtree Woodland Multi Strategy SNN QI Hedge Fund Minimum Disclosure Document - Class 1

31 May 2018

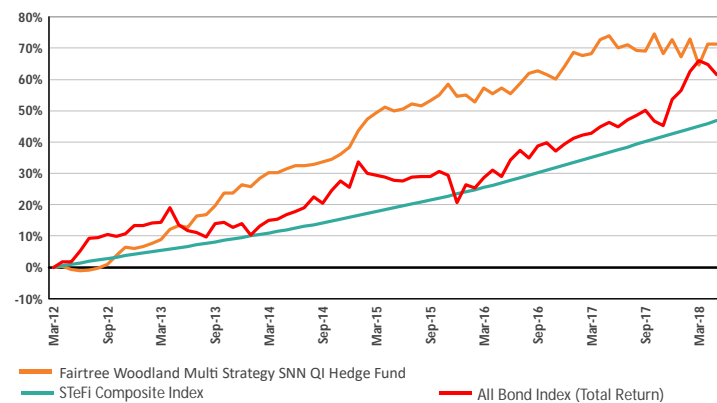
Fund Profile

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

Return Analysis

	Woodland	All Bond Index	STeFi
1 Month	0.01%	-1.95%	0.59%
3 Months	-0.89%	-0.63%	1.79%
6 Months	1.89%	11.15%	3.58%
1 Year	-1.54%	10.44%	7.39%
3 Years	14.27%	26.39%	23.42%
5 Years	51.18%	42.29%	38.13%
Since Inception	71.35%	61.53%	46.83%

Risk Analysis

	Woodland	All Bond Index	STeFi
Sharpe Ratio	0.44	0.24	-0.12
Sortino Ratio	0.73	0.41	-0.18
Standard Deviation	6.02%	7.74%	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)	70.27%	63.51%	n/a
Correlation (Monthly)	0.47		
Value at Risk 95%	4.40%		

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 338.5
NAV Price (Inception):	R 1000
NAV Price (as at month end):	R 1,713.51
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%):	2.84%
Transactions Costs Ratio (TC%):	1.51%
* Total Investment Charges (TIC%):	4.35%

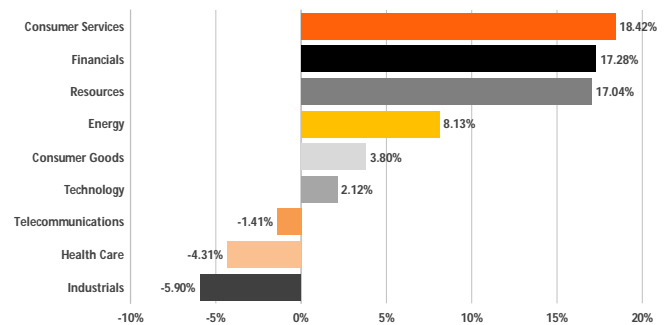
Income Distribution (Declaration):	Last day of December
Distribution Total for the past 12 months:	0.00 cpu for December 2017
Investment Manager contact details	Fairtree Capital (Pty) Limited
Telephone Number:	+27 86 176 0760
Website:	www.fairtree.com

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

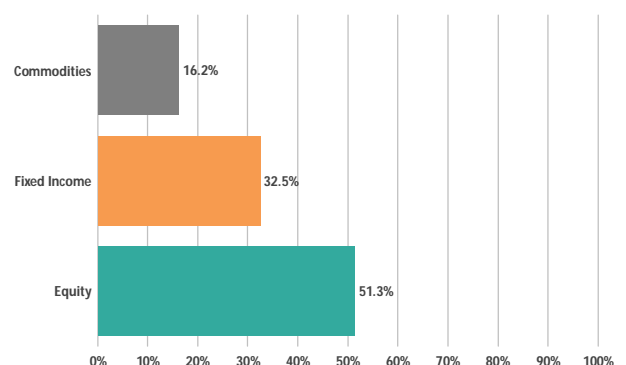
Portfolio Objective

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%								-0.86%

*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

Market volatility has increased along with inflationary forces and gradual tightening of financial conditions. The synchronised uptrend in global growth since 2016 has peaked in the first quarter and has moderated and diverged since then as emerging markets and Europe struggled to stabilise in the current environment of heightened policy and geo-political uncertainty. Emerging market assets remained under pressure from a stronger US dollar, rising US bond yields, higher oil price and fears around global trade. The outlook for global growth received a further blow as the newly elected coalition party in Italy threatened the market with anti-European and fiscal expansion narratives.

Local assets sold off for a second consecutive month as the emerging market backdrop continued to deteriorate and local economic data disappointed. The All Bond Index returned -1.95% over the month bringing the year to date return to 5.2%, while the JSE All Share Index returned -3.5% for the month and -4.4% year to date. The Rand lost about 2% over the month as offshore investors sold more than R30bn local bonds, reversing the inflow seen since Ramaphosa took over leadership of the ANC and the country.

Central banks continue on a course to normalise monetary policy. The Fed will continue to gradually raise interest rates to counter inflationary pressures and tight labour market dynamics. We expect the Fed to hike rates 2-3 times this year and 4 times next year as core inflation moves above the Fed's 2% target and the economy continues to grow above trend at around 2.5-3% supported by the tax cuts, fiscal spending, increased investment and healthy household consumption. Recent economic data confirm that the labour market remains strong and that economic activity has improved to around 3% growth over Q2.

Above trend growth in Europe will also allow the ECB to further taper asset purchases. We expect the ECB to announce an end to their QE program during their next meeting. Given that core inflation in Europe remains around 1%, far below their "close to 2%" target, we only expect the first rate hike late in 2019. We believe the recent growth slowdown in Europe will fade and that manufacturing activity will improve although political events in Italy may weigh on confidence. With growth above 2% and the unemployment rate close to full employment at 8.5%, Eurozone demand should continue to support emerging markets once near term risk dissipate.

The growth outlook for South Africa remains healthy but the current economic data suggest that a high level of uncertainty still weigh on activity. The -2.2% Q1 growth number disappointed after the market expected -0.5%. The weak number can in part be attributed to seasonality and a negative contribution from the agriculture sector. However, the soft household consumption and negative fixed investment numbers were disappointing and points towards lower growth estimates for the year. Early indications for Q2 do not look promising as manufacturing activity remains weak and business confidence softened. As long as the emerging market backdrop remains under pressure South Africa will struggle to benefit from the economic reforms it has embarked on. The recent wage and labour bills passed contained vital ingredients to labour market reform and together with a new mining charter and stronger SOE boards will help to put longer term growth on stronger footing. Land reform remains a key uncertainty that needs to be dealt with by the ruling party.

Like most other emerging market central banks, the SARB has delivered a hawkish message at its MPC meeting last month. The seven member board voted to keep rates on hold at 6.5% but emphasised that risks to inflation are on the upside. The SARB remained focused at driving inflation expectations down towards 4.5%. The impact of the VAT hike in April was less than expected, but we anticipated the full effect to only come through over the next two to three months. Along with higher oil prices and a weaker Rand the risk of higher inflation remains a concern for the SARB.

We believe that global growth uptrend remains intact and that the US will continue to lead the cycle and Europe and emerging markets will follow although a healthy degree of differentiation is warranted. Commodity prices are holding up well despite the stronger US dollar, which affirms our positive view on the cycle.

Equities: The outlook for global earnings growth remains positive supported by the economic expansion and below target inflation. We expect global inflation to pick up over the medium term supported by easy financial conditions and looser fiscal policies. The global inflationary 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 remain optimistic on domestic equities as we believe economic activity will improve over the next 12 months. 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 remain low over the next few months but the risk to inflation sits to the upside. The SARB has cut interest rates twice during this cycle but will be hard pressed to cut again as they aim to drive inflation expectations down. Yields have risen and are at attractive levels given the positive outlook on the local and global economy and economic reform agenda.

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 unattractive given the pressure on emerging market assets. Over the medium term the currency may appreciate.

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, 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.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 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, 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.

*Non-Executive

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.