Fairtree Woodland Multi Strategy SNN QI Hedge Fund

Minimum Disclosure Document - Class 1

30 September 2019

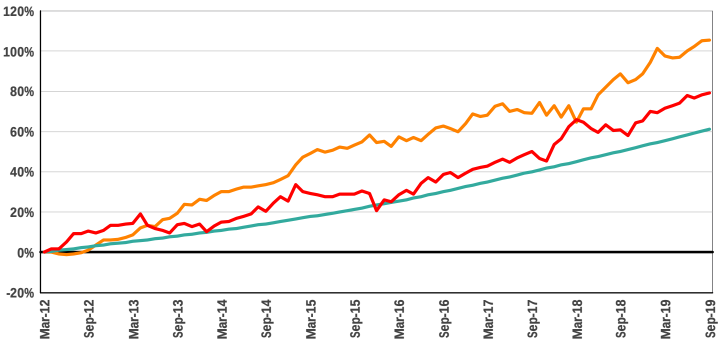
Fund Profile

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



Fairtree Woodland Multi Strategy SNN QI Hedge Fund
STeFi Composite Index
All Bond Index (Total Return)

Fund Source: Sanne Fund Services SA (Pty) Ltd as at September 2019
Index Source: Bloomberg as at September 2019

Return Analysis

	Woodland	All Bond Index	STeFi
1 Month	0.11%	0.51%	0.57%
3 Months	2.75%	0.74%	1.79%
6 Months	4.05%	4.46%	3.62%
1 Year	8.85%	11.42%	7.34%
3 Years	26.22%	29.16%	23.91%
5 Years	53.82%	48.82%	41.23%
Since Inception	105.56%	79.31%	61.30%

Risk Analysis

	Woodland	All Bond Index	STeFi
Sharpe Ratio	0.57	0.23	-0.03
Sortino Ratio	0.95	0.39	-0.04
Standard Deviation	6.02%	7.39%	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)	72.22%	64.44%	n/a
Correlation (Monthly)	0.44		
Value at Risk 95%	5.41%		

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

Fund Details

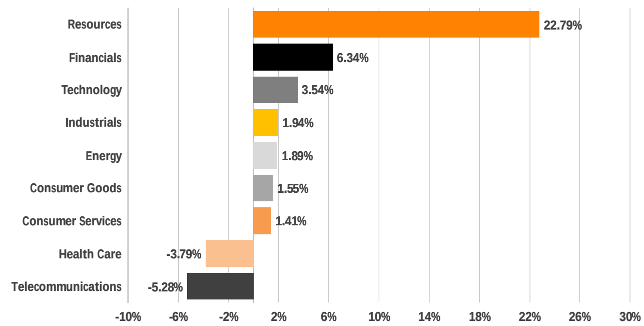
Risk Profile:	Med-High
Portfolio Manager:	Bradley Anthony and Kurt van der Walt
Fund size (in Millions):	R 152.9
NAV Price (Inception):	R 1000
NAV Price (as at month end):	R 2,108.95
Number of Units:	76,403.44
JSE Code:	FWOOD1
ISIN Number:	ZAE000255584
Inception Date:	30 April 2012
CISCA Inception Date:	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%):	4.96%
Transactions Costs Ratio (TC%):	1.27%
* Total Investment Charges (TIC%):	6.23%
Performance Fee (PF) Included in TER:	2.07%
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 (%)**

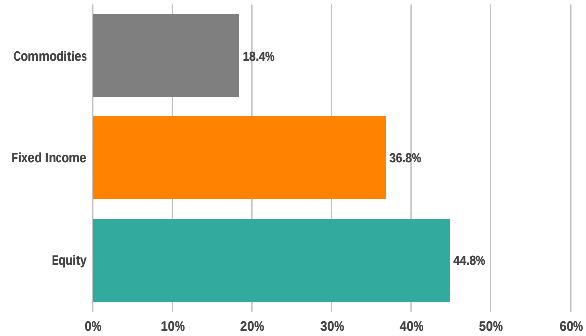
Portfolio Objective

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%				**8.85%**

*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

South Africa government bonds posted positive returns over September as the All Bond Index returned 0.5% over the month to bring the year to date return to 8.4%, while the All Share Index rose 0.2% to bring the year to date return to 7.1%. The Rand lost around 0.4% against the US dollar. Foreigners continued to sell local assets. Global equities recovered almost 2% over the month after the -5% drop the previous month. The year to date global equities return increased to 15.7% and 3.7% for emerging market equities.

The Fairtree Multi Strategy QI Hedge Funds continued to add value to investors during September '19, with positive returns, albeit marginally outperforming the JSE All Share Index. While the JSE has returned +1.86% to investors over the last 12 months, the Fairtree Multi Strategy Funds have returns 12% and 8.7% respectively over the same period. The uncorrelated nature of the building blocks utilised in the portfolios reflect in their respective contributions to the overall portfolio performances as well as the timings of those contributions. On a year to date basis, Equity Relative Value strategies lead the way in terms of contribution, followed by Equity Directional Strategies and Fixed Income, while commodities have marginally detracted.

Market participants remained concerned about mounting recession risk as global manufacturing data points to contracting economic activity. Non-manufacturing data has been resilient in the face of the ongoing trade war, but has also started to show signs of weakening along with softer labour data. Despite the softening, the aggregate level of employment and consumption remain consistent with continued expansion and central banks globally have turned more dovish to support the current economic cycle. Global economic and policy uncertainty continue to increase; as tension in the Middle East saw the oil price briefly spike more than 0% during the month, Trump faces impeachment and the China/US trade war continued to escalate.

We view the more recent contraction in manufacturing as a result of deteriorating business confidence and weak business investment. Political uncertainty will continue to weigh on industrial production and trade. US growth may slow to well below trend, but given the strength of the US consumer and services side of the global economy we don't expect a US recession soon. We expect global central banks to cut rates and ease policy further. The Fed, ECB and PBOC is likely to cut rate again before year end and authorities are weighing up the need for more fiscal support in Europe and China.

In South Africa the data releases for Q3 suggest that growth may come in below 1% annualised for the quarter as business and consumer confidence continue to weigh on activity. We expect around 0.5-0.7% growth for 2019. Inflation data remains soft and may continue to surprise to the downside. However, despite low growth and inflation, we expect the SARB to remain cautious in cutting rates further. The SARB has expressed concern about the country's fiscal situation and would first want to have more clarity around the Eskom restructuring plan, the medium-term budget outcomes and credit ratings downgrade risk before embarking on further policy easing.

Equities: The outlook for global earnings growth has weakened and has come under pressure from ongoing trade tension and softer global growth. However, accommodative central bank policies and very low yields will continue to provide some support for equities. Global equities may struggle rally over medium term as growth expectations reset. We do not expect a US recession soon and expect global inflation to move closer to target supported by higher input costs, including wages. 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 again over the next 6 months but fiscal risk have increased meaningfully and may lead to a pause.

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 and uncertainty as dollar negative given the scope for lower real rates.

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 (N0.37 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* , K de Bruin. **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.

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.

*Non-Executive

Disclaimer