

## Fairtree Mokala Macro SNN QI Hedge Fund

Minimum Disclosure Document - Class 1

30 June 2020

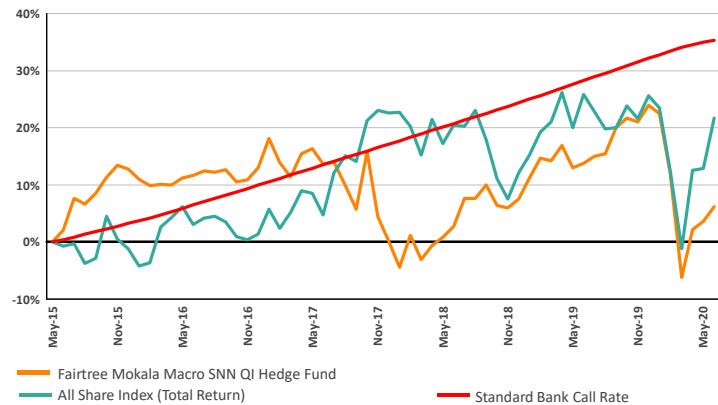
### Fund Profile

The Fairtree Mokala Macro SNN QI Hedge Fund is a global macro multi-asset class portfolio. The long-term objective of the portfolio is to achieve superior risk adjusted returns through investment across a diverse set of investment strategies and asset classes. Although the portfolio aims to take advantage of macro economic themes, trends and investment opportunities globally, the majority of the risk is expressed in the South African equity market through an equity relative value strategy. A tactical risk allocation is expressed, from-time to-time, to the most attractive non-South African, macro economic opportunities on an ad-hoc basis. This tactical allocation is expressed across asset classes in developed markets. The portfolio combines the strategic, South African relative value risk with a tactical, ad-hoc risk allocation to provide optimal diversification benefits.

### Investment Strategy

The portfolio will combine a strategic risk allocation framework which provides the optimal diversification benefit across the various strategies, with tactical risk allocation to the most attractive opportunities as identified on a bottom up basis.

### Cumulative Performance Since Inception



Fund Source: Sanne Fund Services SA (Pty) Ltd as at June 2020

Index Source: Bloomberg as at June 2020

### Return Analysis (annualised)

	Fund	Standard Bank	All Share Index
1 Year	-6.66%	5.53%	-3.30%
3 Years	-6.60%	19.24%	16.14%
5 Years	4.01%	34.81%	22.62%
Since Inception	6.17%	35.40%	21.69%

### Risk Analysis

	Fund	Standard Bank Call Rate	All Share Index
Sharpe Ratio	-0.28%	n/a	-0.07%
Sortino Ratio	-0.38%	n/a	-0.12%
Standard Deviation	13.75%	0.17%	14.56%
Best Month	9.51%	0.54%	13.98%
Worst Month	-16.24%	n/a	-12.13%
Highest Rolling 12 Months	17.87%	6.64%	22.54%
Lowest Rolling 12 Months	-19.06%	5.53%	-18.42%
Largest Cumulative Drawdown	-24.35%	n/a	-21.72%
% Positive Months (Since Inception)	60.66%	n/a	54.10%
Correlation (Monthly)	0.62		
Value at Risk (VaR) 95%	3.09%		

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

### Fund Details

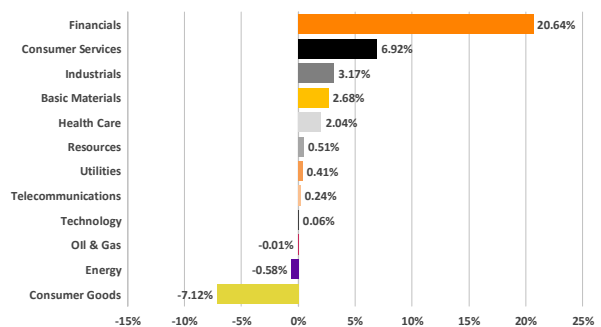
Risk Profile:	Med-High
Portfolio Manager:	Andre Malan
Fund size (in Millions):	R 59.8
NAV Price (Inception):	R 1000
NAV Price (as at month end):	R 911.58
Number of Units:	54,536.06
JSE Code:	FMOKA1
ISIN Number:	ZAE000255527
Inception Date:	June 2015
CISCA Inception Date:	1 February 2017
ASISA Classification	Qualified Investor Hedge Fund - Worldwide - Long/Short Equity - Long Bias
Hurdle:	3 month JIBAR
Minimum Investment:	R1 000 000 Lump sum
<b>Fees</b>	
Management Fee:	1% 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)
<b>Cost Ratios (incl. VAT)</b>	
Total Expense Ratio (TER%):	4.03%
Transactions Costs Ratio (TC%):	0.12%
* Total Investment Charges (TIC%):	4.15%
Performance Fee (PF) Included in TER:	2.11%
Income Distribution (Declaration):	Last day of December
Distribution Total for the past 12 months:	0.00 cents per unit (cpu) for December 2019
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 (%)

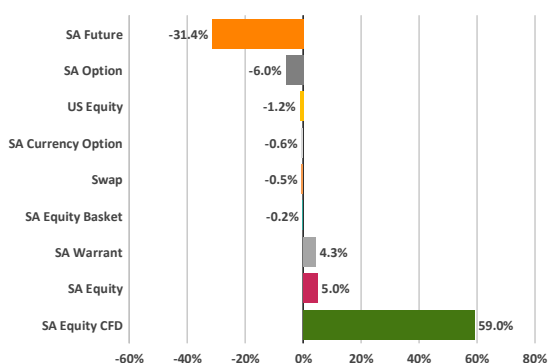
### Portfolio Objective

The long-term objective of the portfolio is to achieve superior risk adjusted returns through investment in risk controlled strategies.

### Sector Allocation



### Asset Allocation



### Increase in NAV Attributable to Investors

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b>2015</b>						2.08%	5.41%	-0.87%	1.75%	2.53%	1.98%	-0.61%	<b>12.79%</b>
<b>2016</b>	-1.55%	-1.08%	0.28%	-0.15%	1.18%	0.35%	0.69%	-0.21%	0.38%	-1.88%	0.29%	1.95%	<b>0.18%</b>
<b>2017</b>	4.55%	-3.63%	-2.08%	3.57%	0.74%	-2.27%	0.31%	-3.64%	-3.76%	9.51%	-9.89%	-4.02%	<b>-11.35%</b>
<b>2018</b>	-4.54%	5.75%	-4.12%	2.54%	1.43%	1.92%	4.70%	0.00%	2.17%	-3.20%	-0.48%	1.54%	<b>7.37%</b>
<b>2019</b>	3.42%	3.13%	-0.39%	2.29%	-3.35%	0.69%	1.12%	0.36%	3.97%	1.43%	-0.60%	2.42%	<b>15.24%</b>
<b>2020</b>	-1.20%	-8.57%	-16.24%	8.97%	1.47%	2.41%							<b>-14.34%</b>

\*The inception date for the portfolio is 1 June 2015. The historical performance figures until the end of 31 January 2017 reflect performance achieved prior to CISCA regulation. The portfolio has been transitioned under CISCA regulations on 1 February 2017 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

The Capped Swix (+7.0%) continued to follow global markets higher, to post its best quarter since 2001. The local index is now only down -10.7% for year. This however, does not tell the full story. There has been a massive divergence in fortunes for the various stocks and sectors. The big winners for the first 6 months include Gold Index (+75.8%) and Naspers (+38.1%). The SA Inc stocks have suffered, with the Banking Index (-38.4%) and Retail Index (-36.3%) showing how dire the SA macro is.

Tito Mboweni, Finance minister, delivered a supplementary budget. It was scarce in details, but it showed that the government will focus on the expenditure side. This is very encouraging, because the last few years have shown that the tax base have been milked dry. Historically our government has been successful in keeping actual expenditure below budget, so it might be a credible solution. The productivity of this spend has been the problem, with lots of corruption taking place. Furthermore, to stimulate the economy, they want to involve the private sector in the infrastructure programme. Time will tell whether these plans will be properly implemented, and whether the private sector still has the willingness to buy-in after so many years of disappointment.

Naspers (+13.4%) reported a good set of results with revenues accelerating. Naspers lagged Tencent in Rands by 5.8% this month, which was the biggest detractor from the fund's performance. Sasol (+46.1%) was also a drag on the fund, as retail investors became excited about their asset disposal programme, possibly discounting the fact that they are also selling an earnings stream. Strangely we have picked up a big spike in Robin Hood users holding the stock, and the US ADR line is now trading the same volumes as the primary JSE one. We remain convinced that Sasol requires a rights issue to navigate through the medium term, where we expect chemical prices to remain low.

The fund benefited from the positive moves in Exxaro (+5.3%) and Goldfields (+18.3%) as iron ore and gold prices moved higher. We do not share the consensus bearish view on iron ore, as we expect China to continue stimulating their economy through infrastructure. This is bullish for iron ore demand, while supply has been volatile due to the spread of Covid. Quantitative easing across the world will make gold more attractive as a store of value, so we remain bullish.

It has been a rollercoaster environment, and will most likely continue. The markets feel vulnerable at these levels given the looming US elections. Trump is trailing in the polls, which makes him unpredictable. If he wins the election, the trade war will become topical again. If the Democrats win, they will bring back regulation, increase taxes and lift wages. All of these are negative for corporate earnings, and it feels like markets are ignoring these risks, due to the liquidity being pumped into the market by the Fed. On top of that, we are seeing a rising daily Covid-case count. We have seen some US states returning to stricter lockdown measures after a renewed surge in cases, as restrictions were relaxed. All of this makes for an interesting future packed with risks and opportunities.

**Please Note:** The above commentary is based on reasonable assumptions and is not guaranteed to occur.

### Glossary

<b>Net Asset Value (NAV):</b>	Means net asset value, which is the total market value of all assets in a portfolio including any income accruals and less and deductible expenses such as audit fees, brokerage and service fees.
<b>Annualised Return:</b>	Is the weighted average compound growth rate over the performance period measured.
<b>Highest &amp; Lowest Return:</b>	The highest and lowest rolling twelve-month performance of the portfolio since inception.
<b>Total Expense Ratio (TER) :</b>	Reflects the percentage of the average Net Asset Value (NAV) of the portfolio that was incurred as charges, levies and fees related to the management of the portfolio. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TER's.
<b>Transaction Costs (TC) :</b>	Is the percentage of the value of the Fund incurred as costs relating to the buying and selling of the Fund's underlying assets. Transaction costs are a necessary cost in administering the Fund and impacts Fund returns.
<b>Total Investment Charges (TIC):</b>	Should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of Fund, investment decisions of the investment manager.
<b>Total Investment Charges (TIC%):</b>	= TER (%) + TC (%): The Total Investment Charges (TIC), the TER + the TC, is the percentage of the net asset value of the class of the Financial Product incurred as costs relating to the investment of the Financial Product. It should be noted that a TIC is the sum of two calculated ratios (TER+TC).
<b>Standard Deviation:</b>	The deviation of the return of the portfolio relative to its average.
<b>Drawdown:</b>	The greatest peak to trough loss until a new peak is reached.
<b>Sharpe Ratio:</b>	The ratio of excess return over the risk-free rate divided by the total volatility of the portfolio.
<b>Sortino Ratio:</b>	The ratio of excess return over the risk-free rate divided by the downside deviation of the portfolio.
<b>Correlation:</b>	A number between -1 and 1 indicating the similarity of the dispersion of returns between the portfolio and another asset or index with 1 being highly correlated, -1 highly negatively correlated and 0 uncorrelated.
<b>Value at Risk (VaR):</b>	Value at risk is the minimum loss percentage that can be expected over a specified time period at a predetermined confidence level.

### Fund Risk

<b>Leverage Risk:</b>	The Fund borrows additional funds, trades on margin or performs short sale trades to amplify investment decisions. This means that the volatility of a hedge fund portfolio can be many times that of the underlying investments due to leverage on a fund.
<b>Derivative Risk:</b>	Derivative positions are financial instruments that derive their value from an underlying asset. Derivatives are exposed to implicit leverage which could result in magnified gains and/or losses on the portfolio.
<b>Counterparty Credit Risk:</b>	Counterparty risk is a type of credit risk and is the risk of default by the counterparty associated with trading derivative contracts. An example of counterparty credit risk is margin or collateral held with a prime broker.
<b>Volatility Risk:</b>	Volatility refers to uncertainty and risk related to size of change of an instrument or portfolio. It is a statistical measure of the dispersion of returns for a given security or market index. Volatility is proportional to the directional exposure of a portfolio and is measured by Value at risk (VaR) which is a statistical technique used to measure and quantify the level of volatility.
<b>Concentration and Sector Risk:</b>	A large proportion of total assets invested in specific assets, sectors or regions. Concentrated positions or concentrated sectors in a portfolio will material impact the returns of the portfolio more so than diversified portfolios.
<b>Correlation Risk:</b>	A measure that determines how assets move in relation to each other. Correlation risk arises when the correlation between asset-classes change. Correlation risk also arises when the correlation within an asset-class changes. Examples of correlation within asset classes include equity pairs trading, fixed income curve trading and commodities pairs trading.
<b>Equity Risk:</b>	Applies to investment in shares or derivatives based on shares. The market price of shares varies depending on supply and demand of the shares. Equity risk is the risk of loss due to the drop in the market price of shares. Equity risk can either be systematic risk which is risk to the entire market based on political and economic indicators or unsystematic risk which is company specific and includes risk relating to company profits, future prospects and general consensus on the company or sector.
<b>Currency/Exchange Rate Risk :</b>	Assets of a fund may be denominated in a currency other than the Base Currency of the fund and changes in the exchange rate between the Base Currency and the currency of the asset may lead to a depreciation of the value of the fund's assets as expressed in the Base Currency.

### 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, (acting through its RMB Custody and Trustee Services Division). **Physical Address:** 3 Merchant Place, Ground Floor, Corner Fredman and Gwen Streets, Sandton, 2146, **Telephone:** +27 87 736 1732.

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