

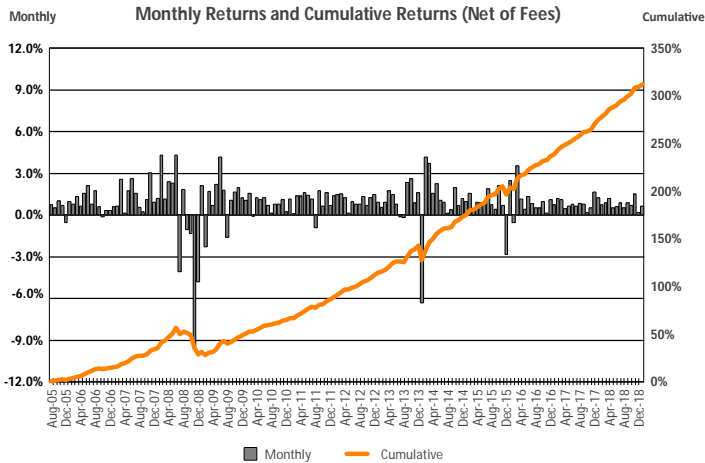
## Nautilus Fairtree Proton Retail Hedge Fund Investment Performance Summary

31 January 2019

### Portfolio Objective

The Nautilus Fairtree Proton Retail Hedge Fund aims to provide superior risk-adjusted returns over and above cash, irrespective of market conditions. The portfolio is managed by balancing fixed income relative value exposures with credit exposures, in a way that minimises market risk and allows the portfolio to achieve its targeted return over the medium term. We believe that the markets are not always efficient and therefore present mispriced assets which can be taken advantage of to generate excess returns. A disciplined approach to fundamental and quantitative analysis helps to identify these mispriced assets. We believe that a team-based fundamental approach to the valuation of assets, combined with cutting-edge quantitative techniques in portfolio construction and risk management help build a fund to achieve the objectives of superior risk-adjusted returns. The fund has a targeted return of cash plus 6% over a rolling 3-year period.

### Cumulative Performance Since Inception



### Return Analysis

	Fund	All Bond Index	StEfi
1 Month	0.66%	2.90%	0.60%
3 Months	2.41%	7.56%	1.79%
6 Months	4.61%	4.06%	3.59%
1 Year	9.89%	8.79%	7.25%
3 Years	35.45%	34.77%	23.95%
5 Years	80.78%	54.21%	39.90%
Since Inception	312.22%	191.75%	159.78%

### Risk Analysis

	Fund	All Bond Index	StEfi
Sharpe Ratio	0.64	0.14	n/a
Sortino Ratio	0.82	0.25	n/a
Standard Deviation	5.35%	7.08%	0.49%
Best Month	4.34%	7.27%	1.04%
Worst Month	-9.53%	-6.67%	0.39%
Best Rolling 12 Months	25.70%	21.23%	11.79%
Worst Rolling 12 Months	-10.50%	-5.61%	5.16%
Largest Cumulative Drawdown	-17.96%	-9.78%	n/a
% Positive Months (Since Inception)	90.12%	67.28%	100.00%
Correlation (ALBI Index) Monthly	-0.12		
Value at Risk (VaR) 99%	3.21%		

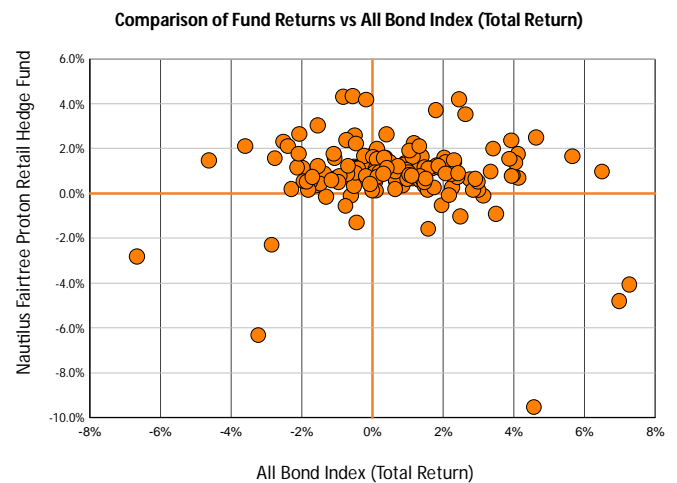
The above benchmark(s) are for comparison purposes with the fund's performance. The fund does not follow the benchmark(s).

\*Please note that performance figures include returns earned during the relevant periods prior to the portfolio being regulated under CISCA. The investment performance is for illustrative purposes only and is calculated by taking actual initial fees and all ongoing fees into account for the amount shown; and income is reinvested on the reinvestment date. The annualised total return is the average return earned by an investment each year over a given time period. Annual figures are available from the manager on request. The highest and lowest 1 year returns represent the highest and lowest returns achieved during any single calendar year since the original launch date of the portfolio.

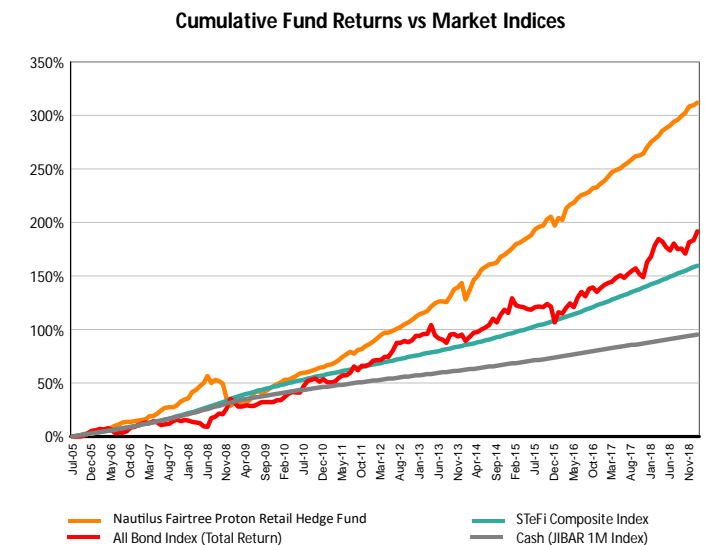
### Fund Details

Fund size (in Millions):	R 292.5
Inception Date:	31 August 2005
Fund Structure:	CISCA (Retail Hedge Fund Portfolio)
Benchmark:	N/A
Minimum Investment:	R 50 000 Lump sum
Total Expense Ratio (TER%):	2.26%
Transactions Costs Ratio (TC%):	0.05%
* Total Investment Charges (TIC%):	2.31%
Performance Fee (PF) Included in TER:	0.75%
Investment Manager contact details	Fairtree Asset Management (Pty) Ltd
Telephone Number:	+27 86 176 0760
Website:	www.fairtree.com

### Comparison of Fund returns



### Cumulative Fund returns



### Increase in NAV Attributable to Investors

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2005								0.77%	0.53%	1.02%	0.73%	-0.53%	2.54%
2006	0.99%	0.80%	1.35%	0.66%	1.57%	2.11%	0.82%	1.77%	0.60%	-0.10%	0.36%	0.35%	11.86%
2007	0.63%	0.64%	2.60%	0.16%	1.77%	2.65%	1.59%	0.57%	0.27%	1.13%	3.03%	0.92%	17.12%
2008	1.19%	4.31%	1.15%	2.38%	2.31%	4.34%	-4.06%	1.87%	-1.03%	-1.30%	-9.53%	-4.80%	-4.06%
2009	2.11%	-2.29%	1.73%	0.70%	2.22%	4.18%	1.82%	-1.58%	1.08%	1.67%	1.98%	1.24%	15.73%
2010	1.09%	1.60%	-0.07%	1.26%	1.12%	1.28%	0.70%	0.16%	0.81%	0.79%	1.14%	0.27%	10.62%
2011	1.16%	0.12%	1.39%	1.41%	1.64%	1.46%	1.17%	-0.91%	1.77%	0.64%	1.63%	0.70%	12.85%
2012	1.39%	1.50%	1.53%	1.24%	0.14%	0.98%	0.80%	0.79%	1.37%	0.70%	1.28%	1.49%	14.03%
2013	0.94%	0.59%	0.93%	1.76%	1.47%	0.82%	-0.10%	-0.14%	2.36%	2.64%	0.87%	1.63%	14.64%
2014	-6.31%	4.20%	3.72%	1.58%	2.25%	1.06%	0.96%	0.15%	0.37%	1.99%	0.72%	1.22%	12.16%
2015	0.97%	1.57%	0.34%	0.93%	0.88%	0.77%	1.91%	0.74%	0.42%	2.12%	0.69%	-2.82%	8.77%
2016	2.50%	-0.55%	3.53%	1.15%	0.44%	1.37%	0.86%	0.53%	0.52%	0.98%	0.17%	1.11%	13.32%
2017	0.76%	1.22%	1.14%	0.49%	0.65%	0.79%	0.66%	0.84%	0.79%	0.19%	0.51%	1.65%	10.12%
2018	1.24%	0.77%	0.90%	1.23%	0.54%	0.60%	0.91%	0.52%	0.88%	0.73%	1.54%	0.20%	10.53%
2019	0.66%												0.66%

- The NAV of the fund gained 0.66%, bringing the total return to investors to 312.22% and the average annualised return to 11.06%.
- The annualised standard deviation is 5.35% and compares favorably with that of the All Bond Index (Total Return) at 7.08%.
- The downside deviation of the fund is 1.22% compared to 1.16% for the All Bond Index (Total Return).
- The excess return per unit risk, as measured by the Sharpe Ratio, decreased to 0.64, whilst that of the All Bond Index (Total Return) increased to 0.14.

### Market Commentary

#### Market Dynamics

The problem with bi-polar markets is that you're never really sure which personality you are going to be dealing with on any given month and that really becomes problematic for new investors. I don't think there are many more things that can upset your morning coffee than to realise you've just lost 5% of your wealth in a month, unless it was 9% and that's essentially what the S&P 500 erased from investors' balance sheets during December 2018. But that was so 2018 wasn't it? And 2019 is going to be a bumper year for risk assets isn't it? As my daughter said to me, when I observed that her Maths workbook had very little work in it, "Stop focussing on the past Dad, that's a long time ago" she advised me. So let's all focus on the now, and the performance in January was, in true bi-polar style, almost completely opposite to that experienced the previous month. The S&P delivered 8% in USD terms - almost eradicating the 9% loss in December. Happy days indeed and a great start to the year. It was the same across all major stock markets, the Dow delivered 7.3%, the NASDAQ 9.8%, the DAX 5.8%, the CAC40 5.6% and the Hang Seng rose by 8.1%. So the pain of December is long forgotten. Let's just hope that the bi-polar nature of markets becomes even more bi-polar and continues on some sort of trend for a while.

Moving on to global credit markets, the bull market in risk markets certainly aided our preferred asset class with the credit benchmark index, the iTraxx 5 year Crossover (please don't think "dress-sense" here) returning a rather pleasing 2.39%. After the battering it took in 2018, we were rather relieved that finally some positive numbers were out on the board this early in the year. Our other more favoured 2<sup>nd</sup> Levered index showed the more risk seeking investors 4.84% which went a long way to soothe the bruises that they picked up during the last quarter of 2018. On a spread basis the index rallied hard down from 354 basis points (bps) to end the month at a more reasonable 310 bps. This reduced the implied default probability from around 25.7% to a much more respectable 22.6%.

There were 2 default auctions during the month, Sears Roebuck Acceptance Corp which resulted in a recovery of 79.875% and Parker Drilling which saw a recovery of 49%. Both above long term averages and both in USD. We will be watching defaults with keen interest in 2019 as spread movements certainly have indicated that the default cycle is expected to take a turn for the worse.

Moving to local equities, it was another mixed bag of performances across the counters making up the TOP40 with Growth Point Properties ending top of the pops for a change. The stock showed some 11.5% to rather weary investors. The stock closed the month at 2597 which, unfortunately, was originally reached back in the first half of 2016. So for basically 3 years the stock has done nothing, but I'm sure that'll change soon one way or the other. Investec took the silver with 10.25% whilst the bronze medal was awarded to Redefine Properties which posted 9.1%. Looking at the bottom of the table Shoprite was the lemon with 13.9% eradicated from the shareholders wallet. The grocer produced a set of results which may have indicated that something had gone off a tad. The next 2 rungs were also taken up by retailers - Mr Price (-9.4%) and Woolworths (-8.8%). Whatever happened to consumer staples? Weren't they supposed to be almost bullet proof?

It was all smiles in the SA bond market with the All Bond Index (ALBI) delivering the goods yet again. 2.9% was had by the more risk averse set - and who said bonds were boring? The cut and thrust of volatile yield curves had every trader diving for cover, closing out their shorts and establishing new longs to try to recoup some of the excessive losses due to the R2048/R186 spread steepening by 0.015%. Yikes get a life! But anyways it was all parallel with the R186 rallying 30 bps during the month from 8.875% to 8.575%.

#### Performance

A slow start to 2019 was experienced in the fund with a marginally better than cash performance of 0.66%. StFI delivered 0.60% so there was a marginal outperformance on an after all fees basis. The longer term numbers continue to show stability with the realised Sharpe Ratio increasing to around 2.1 on a 2 year basis. The fund last produced a negative return back in February 2016 some-3 years ago, so the fund continues to weather the various market shocks rather well.

Looking to February it will all be about the State of the Nation Address and the budget. We've pencilled in another "people's budget" this year but all will be revealed by Mr Tito Mboweni when he delivers his first budget to the nation since he took over the reins in the Ministry of Finance in October 2018. Let's hope its market friendly - or not too market unfriendly.

**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, Tygervally, 7536. **Telephone Number:** +27 86 176 0760. **Website:** www.fairtree.com.  
**Management Company:** Nautilus Managed Account Platform RF (Pty) Ltd (the "Manager"), authorised in terms of the Collective Investment Schemes Control Act (CISCA) to administer Collective Investment Schemes (CIS) in Securities. **Physical Address:** One Exchange Square, Gwen Lane, Sandown, 2196. **Telephone Number:** +27 11 520 7956. **Website:** www.nautilusmap.co.za

### Disclaimer

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 indicative of future returns. Collective investments are traded at ruling prices and may engage in scrip lending and borrowing. A schedule of fees, charges and maximum commission is available on request from Nautilus Managed Account Platform RF (Pty) Ltd (the "Manager"), as well as a detailed description of how performance fees are calculated and applied. 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. Portfolios may be closed to new investors in order to manage it more efficiently. Prices are published daily on the Manager's website and in local media. Additional information, including Key Investor Information Documents, Minimum Disclosure Documents, as well as other information relating to the portfolio is available, free of charge, on request from the Manager. The performance figures reflect the return on a net asset value basis. The return 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 dividend withholding tax. Investors should note that the value of an investment is dependent on numerous factors which may include, but are not limited to, share price fluctuations, interest and exchange rates and other economic factors. This document is confidential and issued for the information of the addressee and clients of the Manager. 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, merchantability or 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 advisors to assist the user in reaching any decision. The manager will not accept 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.