

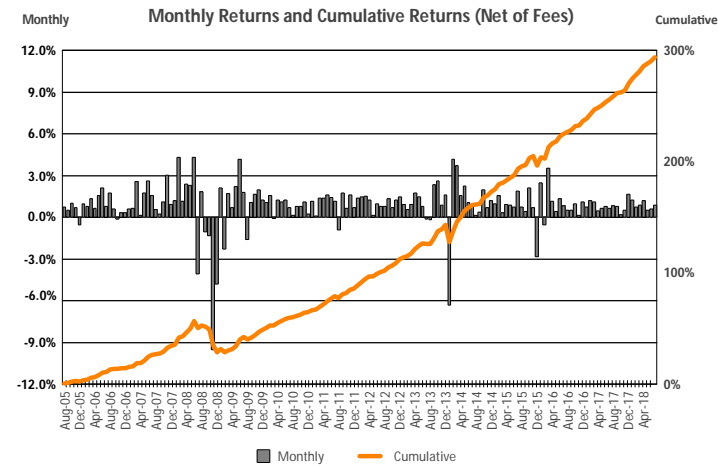
Nautilus Fairtree Proton Retail Hedge Fund Investment Performance Summary

31 July 2018

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	0.91%	2.42%	0.59%
3 Months	2.07%	-0.76%	1.77%
6 Months	5.05%	4.54%	3.53%
1 Year	10.65%	11.18%	7.32%
3 Years	34.17%	26.86%	23.56%
5 Years	74.14%	47.22%	38.57%
Since Inception	294.06%	180.36%	150.77%

Risk Analysis

	Fund	All Bond Index	STeFi
Sharpe Ratio	0.63	0.14	n/a
Sortino Ratio	0.82	0.24	n/a
Standard Deviation	5.45%	7.07%	0.50%
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)	89.74%	67.31%	100.00%
Correlation (ALBI Index) Monthly	-0.13		
Value at Risk (VaR) 99%	0.77%		

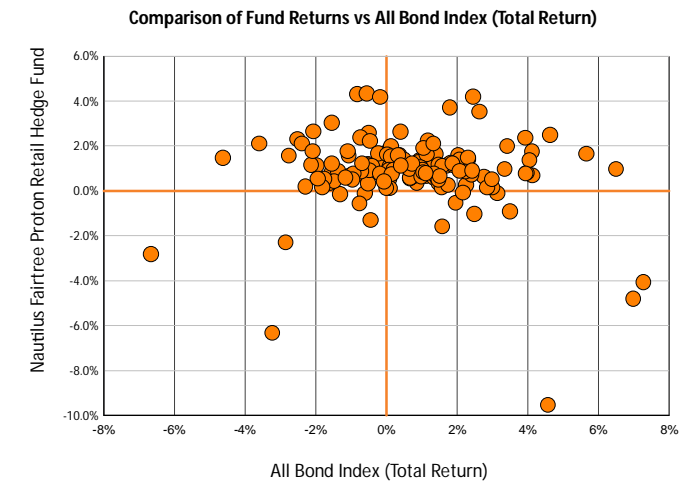
The above benchmark(s) are for comparison purposes with the fund's performance. The fund does not follow the benchmark(s).

*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.

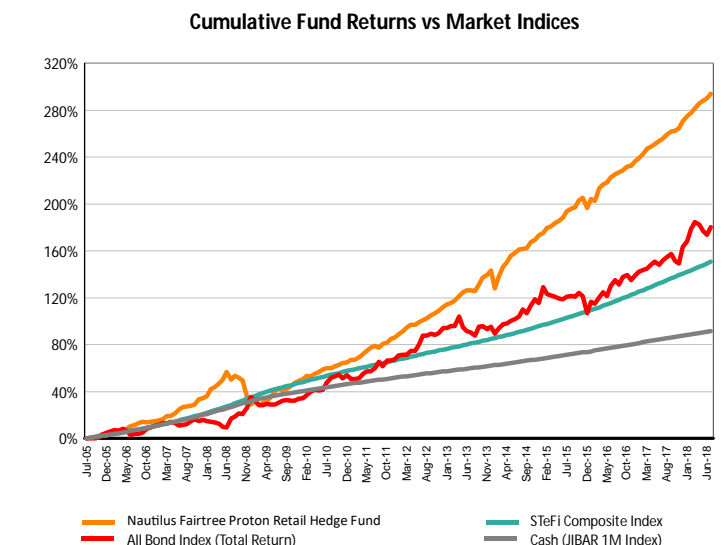
Fund Details

Fund size (in Millions):	R 335.6
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%):	2.29%
Transactions Costs Ratio (TC%):	0.05%
* Total Investment Charges (TIC%):	2.34%
Performance Fee (PF) Included in TER:	0.78%
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%						6.35%

- The NAV of the fund gained 0.91%, bringing the total return to investors to 294.06% and the average annualised return to 11.13%.
- The annualised standard deviation is 5.45% and compares favorably with that of the All Bond Index (Total Return) at 7.07%.
- The downside deviation of the fund is 1.24% compared to 1.16% for the All Bond Index (Total Return).
- The excess return per unit risk, as measured by the Sharpe Ratio, increased to 0.63, whilst that of the All Bond Index (Total Return) increased to 0.14.

Market Commentary

Market Dynamics

In an attempt to keep it short this month I won't have much to say about global risk markets apart from the fact that the iTraxx Crossover Index returned 2.01% whilst the 2 times levered index showed investors 4.09%. I really don't need to say anything else, especially when one considers the plight of local equity investors who, if they had invested in the TOP40 index, lost some 0.33% during July. They definitely got a "Can of Whoopass" fed to them. Very, very messy indeed.

Local bond index investors had some respite during the month with the All Bond Index (ALBI) showing the old faithful some 2.42%. Welcome tidings indeed. That showing brings the total return for calendar 2018 to 6.48% which cannot be sneezed at. It has been a bit of a rollercoaster ride for investors, although at 8.32% annualised volatility of monthly returns over the past 12 months, it's not exactly blowing up in our faces. I suppose it's not volatility that we feel, it's the change in volatility that makes us feel uneasy. No-one feels absolute height or absolute speed, humans have no appreciation for velocity although they do fear a sudden change in velocity, or height. Perhaps it's the same for volatility. We "feel" the change in volatility and that, in bond space at least, has been ticking up of late. That could be why market players seem exhausted - present company excluded of course.

Getting into the nitty-gritty, the benchmark R186 rallied 26 bps during the month, ending the severe bruising it had experienced over the previous two months. It ended the month at a yield of 8.575% which brings its sell off from the yield low of 7.88% at the end of March to about 80 bps. It is some 60 bps lower than the closing high on the 19th of June - which basically puts it, frankly, in the middle of nowhere. Bulls will take some solace in its discount to intrinsic fair value, whilst the sceptic will point to short rates being too low on a relative basis. Arbitrageurs will see it as a fantastic opportunity to execute a sneaky curve trade. One of the rewarding characteristics of the financial markets is that there is always something available to everyone, always something to do, always some inept concocted position which can baffle even the most lateral thinking of minds. Unfortunately it also gives latitude to wolves, the good news is that wolves end up feeding the market machine and get minced. Remember the arrogant ones - the good news is that they eventually get found out.

In a galaxy far, far away the Monetary Policy Committee met and decided, after a long speech, to leave interest rates as is. But warned us again that we'd better behave ourselves insofar as paying up for things was concerned, otherwise some severe punishment in the form of higher rates would be dished out. I was beginning to wonder if that sort of behaviour is even legal these days.

Performance

I am very happy to report that the performance for July was markedly different to what was shown in May and June this year. The "pass the parcel" of 5 basis points relative to StEfi was getting a bit boring so it is with great relief that we can announce that the performance number is different and it's more positive. The fund delivered a rather pleasing 0.91% which amounts to an outperformance to StEfi of some 0.30%, which we will definitely take at this stage. Attributing the numbers to strategy makes for good reading with the majority of our strategies adding incremental value - small in number yes, but at least with the correct sign. After the dust had settled, directional risk trumped other strategies in the fund, which essentially reinforces our belief that a well-diversified set of strategies does result in the rotation of the source of such alpha production. Given the heightened volatility we have witnessed over the last couple of months, however, we will gladly take any alpha on offer. Our outright short volatility position has cost the fund, but we remain comfortable with the size of the position as well as the current risk in the fund. Looking at the longer dates, year-to-date the fund is up 6.35% net whilst StEfi has shown investors 4.20%. Funnily enough the total return for the year looks remarkably similar to that which has been delivered by the All Bond Index which showed investors 6.48%. The headline number, however, is where the similarity ends, the experience in getting there is where it's at; All Bond Index investors have been pulled from pillar to post, having ended each month in either total jubilation or in the pits of despair. That's not exactly my bag, baby, but then again, some guys like that sort of thing.

The end of July marks another milestone for Proton - it now has a proud 13 year history. Over that period, Proton has delivered an average of 3.43% annual excess return, on an after all fees basis, over StEfi Composite. If you had invested R100 back on the 1st of August 2005 if would now be worth R388.83 whilst the equivalent in StEfi would be worth R250.77. Adjusting for inflation, StEfi has produced 1.28% per annum whilst Proton has produced 4.76% per annum in real return. Can we sit back in our high wingback chairs, wearing our smoking jackets, and confidently declare victory? I think not. Investing isn't a sequence of battles, it's not even a war; it's a continual process more akin to evolution and I believe that Proton today, although broadly speaking similar, is quite different to Proton at the beginning of August 2005.

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

Mandatory Disclosures

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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

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