

Fairtree Mokala Macro SNN QI Hedge Fund

Minimum Disclosure Document - Class 1

31 August 2020

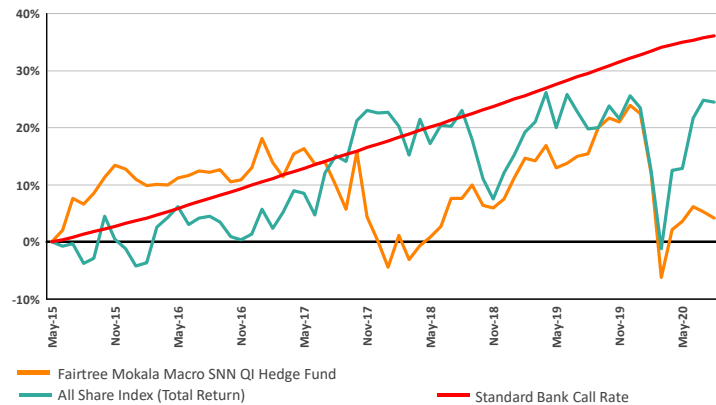
Fund Profile

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 August 2020
Index Source: Bloomberg as at August 2020

Return Analysis (annualised)

	Fund	Standard Bank	All Share Index
1 Year	-9.73%	5.07%	3.85%
3 Years	-5.16%	18.67%	8.13%
5 Years	-2.30%	34.36%	29.37%
Since Inception	4.21%	36.17%	24.48%

Risk Analysis

	Fund	Standard Bank	All Share Index
		Call Rate	
Sharpe Ratio	-0.31%	n/a	-0.05%
Sortino Ratio	-0.42%	n/a	-0.08%
Standard Deviation	13.55%	0.21%	14.36%
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%	5.07%	-18.42%
Largest Cumulative Drawdown	-24.35%	n/a	-21.72%
% Positive Months (Since Inception)	58.73%	n/a	53.97%
Correlation (Monthly)	0.62		
Value at Risk (VaR) 95%	8.81%		

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

Fund Details

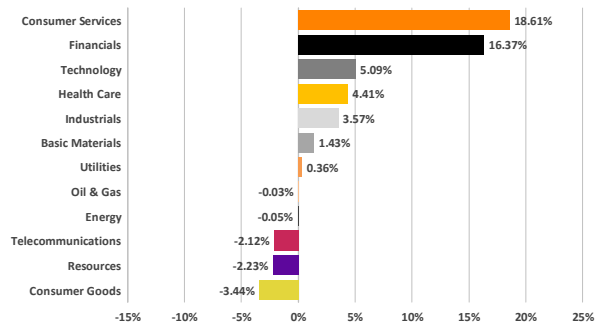
Risk Profile:	Med-High
Portfolio Manager:	Andre Malan
Fund size (in Millions):	R 58.8
NAV Price (Inception):	R 1000
NAV Price (as at month end):	R 894.73
Number of Units:	54,536.06
JSE Code:	FMOKA1
ISIN Number:	ZAE000255527
Inception Date:	June 2015
CISCA Inception Date:	1 February 2017
ASISA Classification	Qualified Investor Hedge Fund - Worldwide - Long/Short Equity - Long Bias
Hurdle:	3 month JIBAR
Minimum Investment:	R1 000 000 Lump sum
Fees	
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)
Cost Ratios (incl. VAT)	
Total Expense Ratio (TER%):	4.05%
Transactions Costs Ratio (TC%):	0.13%
* Total Investment Charges (TIC%):	4.18%
Performance Fee (PF) Included in TER:	2.12%
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 (%)

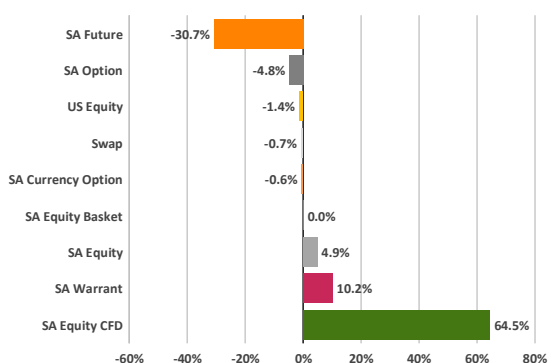
Portfolio Objective

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
2015						2.08%	5.41%	-0.87%	1.75%	2.53%	1.98%	-0.61%	12.79%
2016	-1.55%	-1.08%	0.28%	-0.15%	1.18%	0.35%	0.69%	-0.21%	0.38%	-1.88%	0.29%	1.95%	0.18%
2017	4.55%	-3.63%	-2.08%	3.57%	0.74%	-2.27%	0.31%	-3.64%	-3.76%	9.51%	-9.89%	-4.02%	-11.35%
2018	-4.54%	5.75%	-4.12%	2.54%	1.43%	1.92%	4.70%	0.00%	2.17%	-3.20%	-0.48%	1.54%	7.37%
2019	3.42%	3.13%	-0.39%	2.29%	-3.35%	0.69%	1.12%	0.36%	3.97%	1.43%	-0.60%	2.42%	15.24%
2020	-1.20%	-8.57%	-16.24%	8.97%	1.47%	2.41%	-0.83%	-1.03%					-15.92%

*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 ended the month -0.9% lower. This, despite the S&P 500 (+7.4%) making new all-time highs for 8 straight sessions. The Nasdaq 100 continued its stellar run, and is now +39.6% for the year. The Technology companies have been beneficiaries of the global lockdowns, and we've seen unprecedented monetary easing leading to lower discount rates for all equities. The rally is starting to feel stretched. One thing that gives comfort, is that there is still dramatic discrimination between which sectors and stocks are leaders and laggards.

Prosus (+3.1%) had another positive month after Tencent reported a positive quarterly result. Prosus is only 3.4% higher in US Dollar terms this year, struggling to keep up with the global technology rally. They have now qualified for Stoxx 50 inclusion. This should create more awareness under developed market investors, and will see positive passive flows from 18 September.

Impala (+3.6%) contributed positively to the fund after they issued a positive trading statement. They benefited from the higher PGM basket prices, which more than offset lower production volumes. These two long positions in the Rand-hedge space, did not manage to outperform short positions in Mondi (+7.6%) and Richemont (+5.8%).

South Africa moved to Level 2, but this was not enough to assist SA Inc share prices. The economy was already sick, and the draconian lockdown placed the patient in the ICU. The banks reported results with earnings declines >50% across the board. Lower interest rates will hurt their margins, but it will also stimulate credit demand. We have already seen some green shoots emerging in pockets of the residential property market. Absa (-2.6%) ended lower as the market focussed on lower headline earnings, despite the positive pre-provision profit growth. Absa and Netcare (-8.1%) underperformed short positions in the SA Inc space, Tiger Brands (-2.2%) and Clicks (+0.8%). In the listed property space, our position in RMH (-9.6%) also struggled against Growthpoint (-8.1%). Holding company discounts have widened globally, and RMH is another casualty of this. One exception is PSG (+27.1%), who managed to outperform Capitec (-5.6%), as they unbundled the majority of their Capitec stake.

Sentiment in and towards South Africa is very weak at the moment. "Darkest before the dawn" comes to mind. We received some very encouraging news over the last few days. Balwin announced a partnership with government, where they will build thousands of apartments for the lower-middle LSM market. This project will be fast tracked, and is the first example of the government executing on its infrastructure plan. The ANC NEC held a meeting to formulate a plan to address the culture of corruption. President Ramaphosa's feedback has been encouraging. We have also seen examples of officials stepping down voluntarily, and others being requested to do so. The patient is in the ICU, but at least the diagnosis has been made under the Cyril regime. For the first time, we have started to apply the correct treatment, and the prognosis is starting to look positive.

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

Glossary

Net Asset Value (NAV):	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.
Annualised Return:	Is the weighted average compound growth rate over the performance period measured.
Highest & Lowest Return:	The highest and lowest rolling twelve-month performance of the portfolio since inception.
Total Expense Ratio (TER) :	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.
Transaction Costs (TC) :	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.
Total Investment Charges (TIC):	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.
Total Investment Charges (TIC%):	= 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).
Standard Deviation:	The deviation of the return of the portfolio relative to its average.
Drawdown:	The greatest peak to trough loss until a new peak is reached.
Sharpe Ratio:	The ratio of excess return over the risk-free rate divided by the total volatility of the portfolio.
Sortino Ratio:	The ratio of excess return over the risk-free rate divided by the downside deviation of the portfolio.
Correlation:	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.
Value at Risk (VaR):	Value at risk is the minimum loss percentage that can be expected over a specified time period at a predetermined confidence level.

Fund Risk

Leverage Risk:	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.
Derivative Risk:	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.
Counterparty Credit Risk:	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.
Volatility Risk:	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.
Concentration and Sector Risk:	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.
Correlation Risk:	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.
Equity Risk:	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.
Currency/Exchange Rate Risk :	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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