

## Fairtree Woodland Multi Strategy SNN QI Hedge Fund

Minimum Disclosure Document - Class 1

30 September 2020

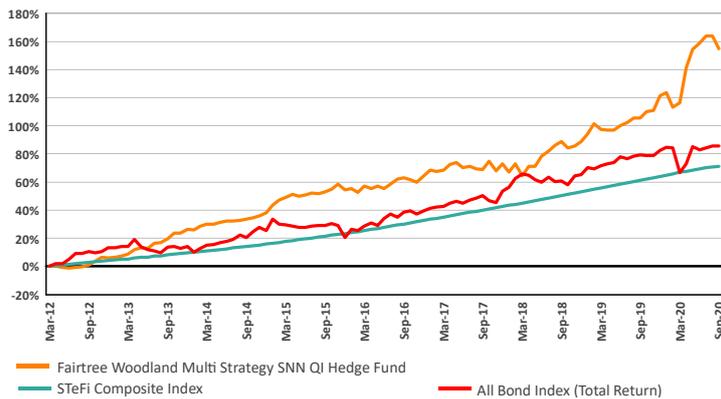
### Fund Profile

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



Fund Source: Sanne Fund Services SA (Pty) Ltd as at September 2020  
Index Source: Bloomberg as at September 2020

### Return Analysis (annualised)

	Woodland	All Bond Index	STeFi
1 Year	23.92%	3.58%	6.20%
3 Years	14.65%	7.33%	6.93%
5 Years	10.70%	7.57%	7.11%
Since Inception	11.63%	7.56%	6.54%

### Risk Analysis

	Woodland	All Bond Index	STeFi
Sharpe Ratio	0.67	0.17	0.71
Sortino Ratio	1.28	0.26	1.56
Standard Deviation	7.50%	8.24%	0.26%
Best Month	11.55%	7.06%	0.66%
Worst Month	-4.80%	-9.75%	0.00%
Highest Rolling 12 Months	30.44%	21.23%	7.71%
Lowest Rolling 12 Months	-2.20%	-5.61%	5.16%
Largest Cumulative Drawdown	-5.72%	-9.79%	n/a
% Positive Months (Since Inception)	73.53%	63.73%	n/a
Correlation (Monthly)	0.53		
Value at Risk 95%	4.84%		

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 138.7
NAV Price (Inception):	R 1000
NAV Price (as at month end):	R 2,613.49
Number of Units:	53,583.14
JSE Code:	FWOOD1
ISIN Number:	ZAE000255584
Inception Date:	1 April 2012
CISCA Inception Date:	1 December 2016
ASISA Classification:	Qualified Investor Hedge Fund - South African - Multi-Strategy
Hurdle/Benchmark:	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)

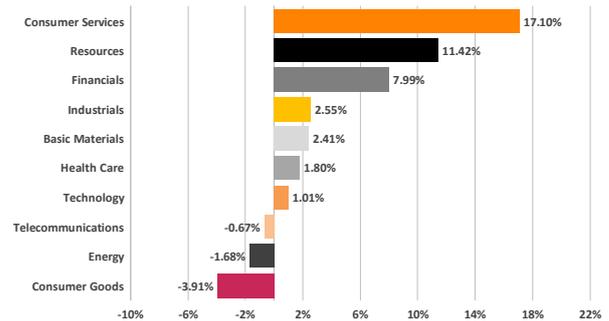
Total Expense Ratio (TER%):	9.21%
Transactions Costs Ratio (TC%):	1.03%
* Total Investment Charges (TIC%):	10.24%
Performance Fee (PF) Included in TER:	6.18%
Income Distribution (Declaration):	Last day of December
Distribution Total for the past 12 months:	0.00 cents per unit (cpu) for December 2019
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 (%)

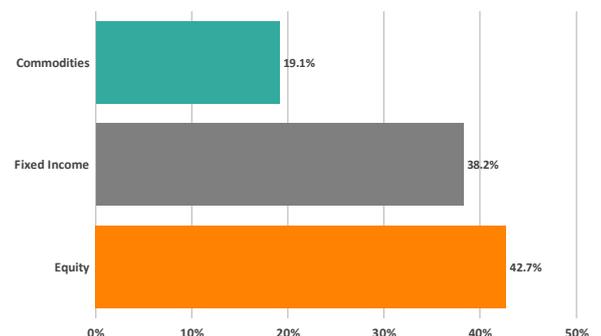
### Portfolio Objective

The long-term objective of the portfolio is to achieve superior risk adjusted returns through investment in risk controlled strategies, 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%	2.10%	0.46%	4.94%	17.15%
2020	1.05%	-4.68%	1.53%	11.55%	5.38%	1.80%	1.98%	0.00%	-3.53%				15.14%

\*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

The global recovery has broadened with emerging markets catching up. Activity levels and the job market has improved but remains below pre-crisis levels. Ongoing waves on Covid-19 across different parts of the world continue to dampen confidence. However, expectations of a successful vaccine in production by end 2020 are rising. The broader policy backdrop remains accommodative despite a delay in any additional new fiscal or monetary policy announcements. We expect a new round of global fiscal and monetary policy injections to emerge later this year into Q1-2021.

Rising Covid-19 cases in Europe and a delay in reaching a fiscal package agreement between the US Democratic and Republican party dented investor sentiment over the month. The US dollar strengthened 1.6%, the first monthly rise in 6 months. Global equity markets dropped -3.6% predominantly dragged down by technology, consumer discretionary and energy stocks. Emerging markets outperformed developed markets and were down -1.8%, with South Africa -1.6%. There was clear dispersion amongst local sectors with Banks and Retailers up around 10% while Property lost -3%. The Miners and Resource stocks dropped between -3% and -10% over the month. Commodities lost some ground with oil down -9.6% and metals down -3.1%. Gold was down -4.2% as real rates rose and the US dollar strengthened. Global credit spreads widened.

Global political and policy uncertainty remains elevated and supportive of safe haven assets. US treasury yields remained anchored around 0.7%. The Fed signalled that it would keep policy rates close to zero until 2024 and would want to see inflation expectation rise towards 2% before they would act. No new or extended asset purchase programs were announced by the Fed or ECB. However, we expect both Central Banks to relax policy further toward year-end. Over the short term the US Elections may add to market volatility. Current polls suggest Biden may win the election, but mail-in ballots and concerns around voter fraud may energise Trump to dispute a Democratic Part win. A Biden win and Democratic clean sweep will be most positive for global markets, but less positive for US assets over the medium to long term. US jobs continued to improve although the pace has decreased and risk stalling if a fiscal package agreement cannot be reached. Forward looking manufacturing and services indicators suggested that economic activity has recovered but that the services sectors are under pressure from a new wave of Covid cases. We are most positive China where Covid cases remain low, credit & infrastructure stimulus continue to drive activity and the growth has become self-sustained as employed is recovering.

The Rand appreciated 1.1% despite US dollar strengthening and front-end South African bond yields dropped while back-end bond yields increased as credit concerns continued to mount. Inflation remain well below the 4.5% mid-point target but are rising. GDP growth for Q2 has come in at -51% while more than 2 million jobs were lost over the same period. The SARB has indicated that it would pause to assess the impact of their 2.75% rate cuts during the crisis. Activity continue to normalise and it appears that business and consumer confidence may have bottomed. There may be a surprise recovery over Q3 and recent news flow around corruption related arrests by the Hawks, state land being released to communities and private-public sectors infrastructure projects has raised sentiment. The Medium-Term Budget this month would be another key catalyst for the economic outlook.

September turned out to be a difficult month for the Fairtree Multi Strategy QI Funds, with both funds posting negative returns after a very strong 5-month run. Directional Equities followed the market lower with some sector reversals contributing to this detraction, while Market Neutral equity and Fixed Income all gave back some performance during the month. Commodities provided some diversification benefit to the portfolios with another solid positive contribution. Even though this was a tough month, both fund's performance for the year and over the last 12-months remain strong relative to major indices. We remain confident in the current asset allocation and buildings blocks utilised in the portfolios, which provide a great opportunity for investors over the medium to long-term.

**Equities:** Expectation for future global earnings growth has recovered. Valuation for some US sectors have reached elevated levels and provide little margin of safety. However aggressive central bank and fiscal policies will continue to provide support to global equities. Further normalisation of activity and US dollar weakness may lead to global value and cyclical sector outperformance. Valuations of domestic equities are attractive and we are starting to see signs of improving growth and investor confidence. The domestic economy could soon start to benefit from lower rates, fuel prices, rising manufacturing and strong global demand for metal exports. Large scale political and economic reform will be required for a sustained multi-year recovery. We like selected local sectors that could benefit from a medium-term growth and confidence. We like global exposed cyclical assets with strong balance sheets and global earnings growth potential. We like resources given tight supply and relative attractiveness of China vs other markets.

**Fixed Income:** South Africa's inflation remain low while inflation expectations are falling. Ongoing weak economic activity and low inflation may see the SARB cut rates again over the medium term, however we expect the SARB to pause for now. We expect foreigners to return to the market as the backdrop for emerging markets will improve over the next 12 months.

**Currency:** We believe the US dollar has peaked. Fundamentals for the ZAR remain strong and we believe the currency is undervalued at current levels. Improving current account and term of trade should provide support to the currency along with the attractive real yield it offers.

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>Concentration and Maturity Segment Risk:</b>	A large proportion of total assets invested in specific assets and/or maturity segments on the yield curve. Concentrated positions in a portfolio will material impact the returns of the portfolio more so than diversified portfolios.
<b>Interest Rate Risk:</b>	The values of bonds and other debt securities are inversely proportional to the change in interest rates. Interest rate risk is generally greater for investments with longer maturities as well as when the market does not expect a change in the interest rates.
<b>Credit Default Risk:</b>	The risk that the government entity or company that issued the bond will run into financial difficulties and won't be able to pay the interest or repay the principal at maturity. Credit risk applies to debt investments such as bonds. The higher credit rating the less likely the possibility of the issuing company defaulting.
<b>Commodity Price Risk:</b>	Commodity price risk is the possibility that commodity price changes will cause financial losses for the buyers or producers of a commodity. Primary factors influencing commodity prices include politics, seasons, weather, technology and market conditions.

### Mandatory Disclosures

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**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, Johannesburg, **Telephone:** +27 87 736 1732.

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