

Fairtree Protea Global Equity LS SNN Retail Hedge Fund

Minimum Disclosure Document - Class A1

28 February 2018

Fund Profile

The fund is a Global long/short equity hedge fund, domiciled in South Africa, with the objective of generating above-average returns by following a 'quantamental' investment approach, combining traditional fundamental analysis with quantitative investment techniques. The investment manager systematically identifies individual mispriced securities whilst ensuring sufficient diversification to guard against inappropriate risk concentration. The fund focuses on listed securities in developed markets outside of South Africa and has a net equity exposure of 35-70% at most times, with a maximum gross exposure of 200% (i.e. maximum 2x leverage).

Investment Strategy

The fund's core strategy is to be long undervalued equities and short overvalued equities, whilst ensuring that there is sufficient diversification to guard against inappropriate risk concentration. The equities are selected by following a 'quantamental' investment approach, combining traditional fundamental analysis with quantitative investment techniques, which assists the portfolio manager in avoiding behavioural biases as it relates to investment decision-making.

Investment Performance Summary

Performance of this fund will not be disclosed due to the fact that the fund is in existence for less than six months. The annualised and rolling 12-month investment returns will be reflected from 12 months after the launch date of the fund.

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. The TER is reported excluding performance fees for the first six months of the portfolio. The Manager has applied its mind hereto and is of the view that any reporting of TER with performance fee at this stage may be inaccurate and potentially misleading to investors.

Fund Details

Risk Profile:	High
Portfolio Manager:	Jean Pierre Verster
Fund size (in Millions):	R 70.8
NAV Price (Inception):	R 1000 (Class A1)
NAV Price (as at month end):	R 988.84
JSE Code:	
Inception Date:	30 September 2017
CISCA Inception Date:	11 September 2017
Fund Structure:	CIS Trust
Fund Category:	Equity Long-Short
Benchmark:	This portfolio does not follow a benchmark
Minimum Investment:	R50 000 Lump sum
Fees	
Management Fee:	1% p.a (excl. VAT)
Performance fee:	20 % of excess above the high water mark, subject to a hurdle rate of 3 month JIBAR (excl.VAT) uncapped.
Cost Ratios (incl. VAT)	
Total Expense Ratio (TER%):	Both the TER and performance are not
Transactions Costs Ratio (TC%):	included or disclosed due to the fact that
* Total Investment Charges (TIC%):	the fund is in existence for less than 6 months

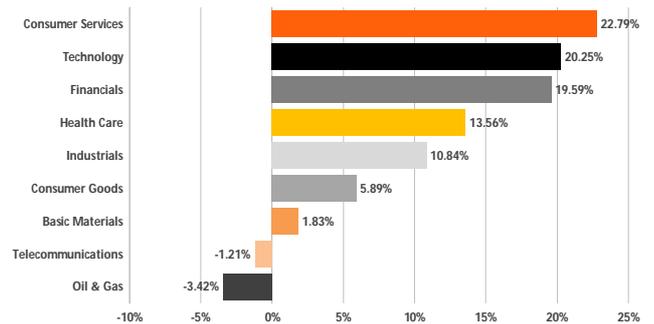
Income Distribution (Declaration):	Last day of February & December
Distribution Total for the past 12 months:	0.00 cpu for December 2017
Investment Manager contact details	
Telephone Number:	+27 21 943 3760
Website:	www.fairtree.com

*Total Investment Charges (TIC%) = TER (%) + TC (%)

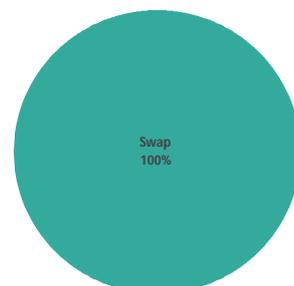
Portfolio Objective

The long-term objective of the fund is to compound investment returns, after all fees, at an above-average rate when compared to other equity funds (both active and passive), while avoiding deeply negative returns over any 12-month rolling period.

Sector Allocation



Asset Allocation



Market Commentary

February was a tumultuous month for global equity markets, with the MSCI World Index dropping by over 4% in both ZAR and USD terms. Our fund also ended the month lower, but by less than half that, which is admirable given that our current net exposure is around 70%. Broadly speaking, most of our Longs and Shorts (across almost all currencies) ended lower, benefitting us on the Short side but detracting from performance on the Long side.

Our USD Long positions were responsible for the majority of our negative return, especially in the Technology sector. Longs in CAD, GBP, EUR, CHF, AUD, SGD, HKD, KRW and TWD also ended lower. Pleasingly, our Longs in NZD and NOK ended the month higher. This was driven by a jump in the share price of a specialist dairy producer based in New Zealand and a strong result announced by a bank operating out of Norway.

Our Shorts generated gains across all their listed currency exposure buckets - USD, GBP, EUR, CHF, AUD, NZD, SGD, KRW, TWD and JPY. One short position, a cyber-security company listed in the US, generated a loss for the fund of 20bps as the shares moved sharply higher on the back of strong results. We continue to be prudent in the weighting of any single security, in order to avoid significant losses when we are wrong.

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

Mandatory Disclosures

Investment Manager: Fairtree Capital (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 21 943 3760. **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). **Directors:** J F Louw (Chairman)*, L Fourie, G P Rate (Managing Director), I Burke*, H J Pienaar*. **Physical Address:** Pier Place, Heerengracht Street, Foreshore, Cape Town, South Africa. **Telephone Number:** +27 21 202 8282. **Website:** www.sannegroup.co.za.

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*Non-Executive

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