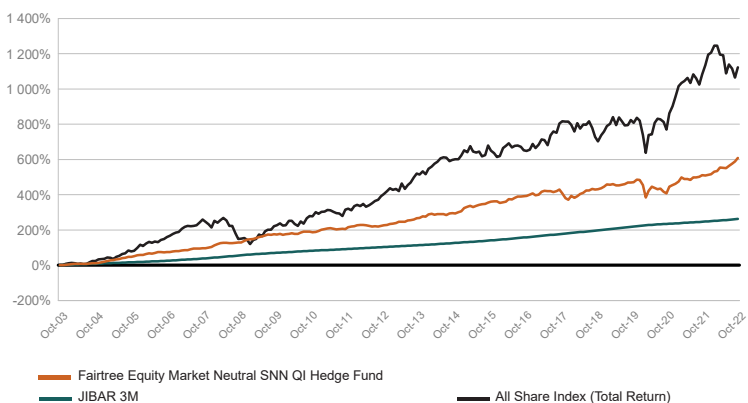


**Fund Profile**

The Fairtree Market Neutral SNN QI Hedge Fund was launched in 2003. The fund's portfolio typically spans all South African equity sectors, including financials, industrial, retailers and resources. The majority of exposure will be in the top 100 listed equities on the JSE, by market capitalisation. Our portfolio construction approach assigns exposures into different risk buckets; namely low risk intra-sector pairs, cross-sector pairs, themes and absolute value. Intra-sector pairs typically dominate the portfolio and position sizes rarely exceed 10%. Leverage rarely exceeds 2.5 times and net exposure, once beta adjusted is generally close to zero. The fund aims to return Cash plus 5 - 7% annually, on a rolling 3 year basis.

**Investment Strategy**

The portfolio is focused on extracting alpha returns from South African equity markets. These returns are accessed through a fundamental understanding of South African stock vis-à-vis economic growth and broad economic themes as well as medium and long term relative valuation opportunities.

**CUMULATIVE PERFORMANCE SINCE INCEPTION**


**Fund Source:** Sanne Fund Services SA (Pty) Ltd as at October 2022  
**Index Source:** Bloomberg as at October 2022

The investment performance is for illustrative purposes only; the investment performance is calculated by taking the actual initial fees and all ongoing fees into account for the amount shown; assuming income is reinvested on the reinvestment date.

**RETURN ANALYSIS (ANNUALISED)**

	Fund	All Share Index	JIBAR 3M
1 Year	16.18%	3.29%	4.89%
3 Years	7.61%	9.79%	4.58%
5 Years	6.01%	6.21%	5.64%
10 Years	8.21%	9.54%	6.05%
Since Inception	10.86%	14.08%	7.02%

**RISK ANALYSIS**

	Fund	All Share Index	JIBAR 3M
Sharpe Ratio	0.57	0.50	0.00
Sortino Ratio	0.88	0.90	0.00
Standard Deviation	6.64%	15.12%	0.56%
Best Month	8.17%	13.98%	1.03%
Worst Month	-12.85%	-13.24%	0.00%
Highest Rolling 12 Months	34.02%	73.00%	12.55%
Lowest Rolling 12 Months	-13.22%	-37.59%	3.63%
Largest Cumulative Drawdown	-17.41%	-40.44%	n/a
% Positive Months (Since Incept.)	75.00%	61.84%	n/a
Correlation (Monthly)	0.42		
Value at Risk (VaR) 95%	3.60%		

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:	Medium
Portfolio Manager:	Andre Malan
Fund size:	R 319.56 m
NAV Price (Inception):	1000
NAV Price (as at month end):	7,430.55
Number of Units:	266,002.51
JSE Code:	FTEQMN
ISIN Number:	ZAEO00259081
Inception Date:	November 2003
CISCA Inception Date:	November 2016
ASISA Classification	Qualified Investor Hedge Fund - South African - Long/Short Equity - Market Neutral
Hurdle/Benchmark:	3 month JIBAR
Minimum Investment:	R1 000 000 Lump sum

**Fee Breakdown**

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%):	6.05%
Transactions Costs Ratio (TC%):	0.13%
* Total Investment Charges (TIC%):	6.18%
Performance Fee (PF) Included in TER:	4.43%

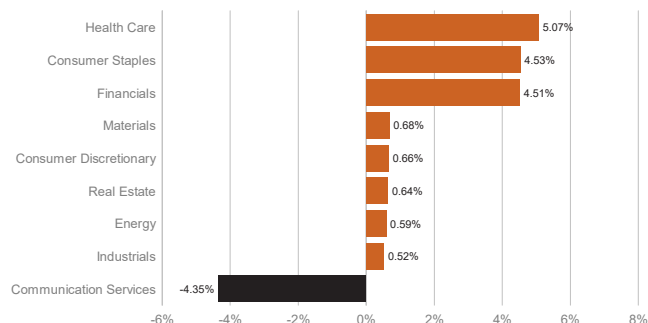
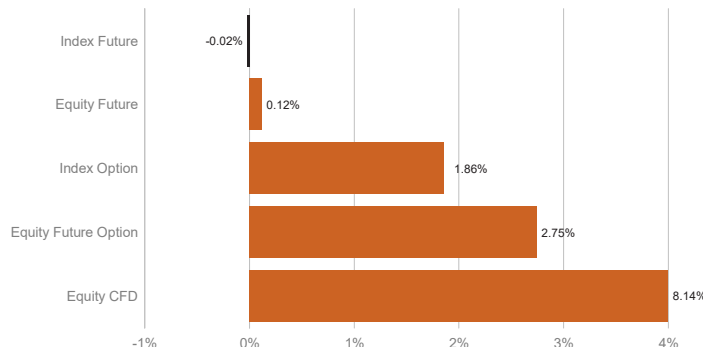
<b>Income Distribution (Declaration):</b>	Last day of December
Distribution Total for the past 12 months:	0.00 cents per unit (cpu) for December 2021

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

Investment Manager Contact Details +27 86 176 0706

**Portfolio Objective**

The long-term objective of the portfolio is to achieve consistent absolute returns through investment in long/short equities based strategies.

**SECTOR ALLOCATION**

**ASSET ALLOCATION**




	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
2003											0.05%	2.25%	2.30%
2004	1.00%	1.44%	2.03%	0.28%	0.21%	0.39%	0.23%	0.80%	1.33%	0.46%	1.86%	3.29%	14.11%
2005	2.52%	3.00%	3.78%	0.65%	3.08%	0.75%	4.19%	2.00%	3.26%	0.60%	2.60%	3.28%	34.01%
2006	1.48%	-0.19%	2.95%	2.46%	-1.30%	2.60%	2.91%	0.01%	-0.98%	1.41%	-0.07%	1.80%	13.76%
2007	1.25%	-0.27%	2.38%	0.75%	0.02%	2.41%	2.15%	0.42%	-0.54%	1.15%	0.22%	1.37%	11.86%
2008	1.97%	4.98%	2.85%	2.32%	1.29%	-0.21%	-0.65%	-0.19%	0.85%	0.72%	0.27%	4.01%	19.60%
2009	2.71%	1.23%	0.46%	1.77%	2.56%	1.53%	2.13%	1.76%	-0.44%	1.11%	-0.45%	1.21%	16.66%
2010	-2.29%	1.66%	0.70%	1.00%	-0.83%	0.00%	2.20%	1.84%	0.45%	-0.27%	-1.01%	0.60%	4.03%
2011	1.94%	2.23%	1.26%	1.18%	0.44%	-1.10%	-0.95%	0.66%	0.07%	-0.14%	3.10%	1.42%	10.49%
2012	0.46%	1.78%	0.54%	0.03%	-0.52%	-1.37%	-1.15%	0.57%	-0.11%	0.70%	1.57%	0.31%	2.79%
2013	1.61%	0.60%	1.08%	1.86%	0.18%	0.14%	2.15%	0.55%	0.97%	2.06%	0.48%	2.30%	14.88%
2014	-0.63%	3.55%	0.80%	-1.11%	0.93%	-0.23%	0.22%	-1.30%	2.06%	0.50%	-0.51%	1.73%	6.06%
2015	1.56%	4.42%	1.90%	1.12%	-1.73%	1.60%	1.34%	0.80%	0.26%	1.95%	0.89%	0.68%	15.73%
2016	-0.16%	-1.80%	0.67%	0.92%	3.12%	-0.32%	1.57%	1.66%	-0.09%	0.32%	0.59%	1.28%	7.95%
2017	1.62%	-2.26%	0.90%	3.12%	1.25%	-0.66%	0.24%	-0.96%	0.83%	1.87%	-4.26%	-5.40%	-4.00%
2018	-1.68%	4.61%	-2.22%	1.67%	2.57%	1.44%	2.52%	0.25%	1.68%	-0.87%	0.56%	0.95%	11.88%
2019	1.74%	2.08%	-0.11%	0.73%	-1.32%	-0.04%	0.63%	0.57%	1.79%	-0.14%	0.27%	2.52%	9.01%
2020	-0.15%	-5.08%	-12.85%	8.17%	4.33%	-1.39%	-1.08%	0.54%	-3.28%	-2.01%	7.64%	1.57%	-5.26%
2021	1.36%	2.33%	4.10%	-1.43%	-0.16%	-1.00%	2.48%	0.15%	0.70%	1.32%	-0.22%	0.69%	10.67%
2022	0.46%	2.22%	0.58%	3.24%	-0.24%	-0.33%	1.97%	1.85%	1.94%	3.01%			15.63%

\*The inception date for the portfolio is 1 November 2003. The historical performance figures until the end of 31 October 2016 reflect performance achieved prior to CISCA regulation. The portfolio has been transitioned under CISCA regulations on 1 November 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	<b>Medium</b>	Medium-High	High
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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 business day of the month prior to enable processing for investment on the first business day of the next month. Redemptions are subject to one calendar months' notice.

### 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

Global equities rallied in October, with the MSCI World index rising 7.1%, the best monthly gain since November 2020. Investors are sensing a central bank pivot on the horizon, as economic data weakens and early signs, if not hope, of peak inflation, started to emerge. On the other hand, the US consumer has proven to be resilient. Opposing forces meant volatility continue to be very high. Tech bellwether companies that missed earnings were punished, Meta (-31.3%) and Amazon (-9.3%) to name a few. Only time will tell if this is just another bear market rally or if recent strength can persist into a longer-term trend reversal. With admittedly low conviction, we remain of the view that markets are likely to stay range bound in the shorter term.

The strong US consumer and the Fed's resolve to bring down inflation, while other major economies are starting to show cracks, resulted in the Dollar powering on during the month. In this setting, the margin of error in policymaking is very low, which the UK found out the hard way. Towards the latter part of October, the new UK prime minister, Mr. Sunak, regained some of the lost market confidence. The fund benefitted from long exposures to beaten-up quality UK names Quilter (+10.9%), Reinet (+10.6%), and Capco (+6.1%).

A more China and resource dependant JSE (+4.9%) underperformed global markets, as Chinese markets sold down after the conclusion of the 20th National congress, as illustrated by the Hang Seng (-16.5%). Xi Jinping emerged with another term, possibly for life, and surrounded himself with close allies. The outcome is viewed as market unfriendly, with Xi in recent years cracking down on private businesses and championing draconian lockdowns at the expense of economic growth. The fund saw limited losses in Naspers/ Prosus (-15.8%), as we exited the long position in the weeks leading up to the conference, as the probability of a market unfriendly outcome increased.

Concerns on China's economic outlook continued to weigh on bulk metals, with a continuing property sector slowdown, and no indication from Xi's government to abandon their draconian lockdowns. During the period, the fund saw mixed results in our long positions in energy via Glencore (+11.4%) and Thungela (-13.4%). The fund benefitted from its cautious positioning in iron ore, with short positioning in Kumba (-10.8%). While we continue to believe that the shift to green energy investment at the expense of base-load investment means higher prices for traditional energy sources, we have moderated our positive positioning as risk-reward deteriorated. We continue to monitor for another entry point. During the month of October, the fund also saw an opportunity when the PGM Rand-basket price was ignored by the market, benefitting from long exposure in Impala (+10.9%). While net-long PGMs benefitted the fund, short positioning in Anglo American Platinum (+13.4%) gave back some of the gains.

In South Africa, we had a largely in-line mid-term budget. Unfortunately, we continue to lack execution on reforms, and revenue overruns which are temporary in nature, are funding structural increases in social welfare. The commodity tailwind and strong terms of trade are also fading. Loadshedding continues to erode industry competitiveness and weigh on confidence. We remain cautious on SA Inc. and specifically on discretionary spend. The fund benefitted from defensive food retail positioning in Spar (+8.6%) but was hurt by short positioning in Food Producers and Pharma Retailers. The fund was also net-long positioned in defensive hospital groups. The fund benefitted in long positioning in Growthpoint (+15.6%) that outperformed a less diversified and higher-levered Hyprop (+7.7%).

The fund found value in defensive offshore earners, with Aspen (+12.6%) and British American Tobacco (+11.5%) benefitting the fund, as well as Ab-Inbev (+11.6%) where we found the market ignoring long-term fundamentals. The above names outperformed a more discretionary-focussed premium-priced Richemont (+5.1%) short position.

Macro uncertainty and volatility remain high, as markets grapple with the current inflationary cycle, a potential Fed pivot, and increased odds of a recession. Rate expectations potentially already peaked, while earnings expectations still need to fully price in a slowing economic backdrop and a stronger dollar, which will hurt margins. The outlook remains volatile, creating opportunities for the fund.

*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.
<b>Leverage/Gearing :</b>	The use of securities, including derivative instruments, short positions or borrowed capital to increase the exposure beyond the capital employed to an investment.

### 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.

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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, (acting through its RMB Custody and Trustee Services Division) 3 Merchant Place, Ground Floor Corner Fredman and Gwen Streets, Sandton, 2146 Telephone +27 87 736 1732.

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