

# Terebinth FI Macro FR Retail Hedge Fund

Minimum Disclosure Document | Fee Class: 1 |

As of 30/09/2024



## Fund Information

|                    |  |
|--------------------|--|
| Investment Manager | Terebinth Capital (Pty) Ltd                      |
| Portfolio Manager  | Erik Nel & Nomathibana Okello                    |
| Inception Date     | 01/04/2013                                       |
| CISCA Transition   | 01/08/2017                                       |
| Benchmark          | STeFI Composite Index                            |
| ASISA Category     | Retail Hedge Fund – South African – Fixed Income |
| Currency           | South African Rand                               |
| Fund Size          | 2,014,577,087.00                                 |
| Unit Price         | 2987.045659                                      |
| Units in Issue     | 1111495.39                                       |
| Ticker             | DRR900   |

## Risk Profile

Medium

## Investment Strategy

The fund is a South African domiciled, rand-denominated fixed income hedge fund, focusing on macro strategies. Through the use of qualitative and quantitative methodologies opportunities are exploited across three disciplines: Structural/Strategic; Technical; Tactical. The fund is actively managed, with a focus on risk management and to provide investors with a high degree of confidence regarding liquidity.

## Portfolio Objective

Provide returns in excess of 5% over benchmark on an average annual basis over rolling 36-month periods with a low degree of volatility. The strategy is primarily focused in the most liquid areas of the broader income spectrum, with a strong focus on risk management.

## Fees (%) - Including VAT

|                         |       |
|-------------------------|-------|
| Service Fee             | 1.41  |
| Performance Fee         | 17.25 |
| Total Expense Ratio     | 2.81* |
| Transaction Costs       | 0.10  |
| Total Investment Charge | 2.91  |

\*Includes a performance fee of 1.43%

## Annual Distributions

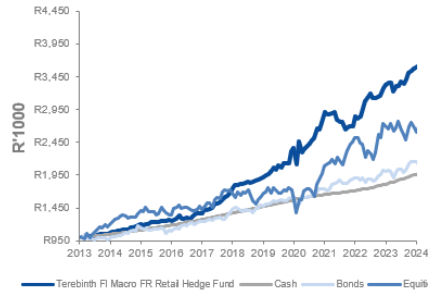
Dec 2 23: 11,933.31 cents

## Additional Information

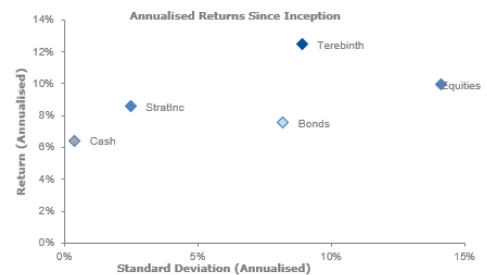
Minimum Investment: R1 000 000  
 Notice Period: One calendar month  
 Portfolio Valuation Frequency: Monthly  
 Transaction Cut-Off: 10:00 of last business day of month  
 Annual distribution declaration date: December  
 Performance Fee: Uncapped  
 Participation Rate: 15%

## Investment Growth & Risk-Reward - Since Inception

Investment Growth Since Inception



Risk/Return Plot



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

## Period Returns (%)

|                                      | YTD   | 1 Year <sup>1</sup> | 3 Years <sup>1</sup> | 5 Years <sup>1</sup> | Since Inception <sup>1</sup> |
|--------------------------------------|-------|---------------------|----------------------|----------------------|------------------------------|
| Terebinth FI Macro FR Retail Hedge 1 | 12.36 | 19.27               | 12.97                | 14.05                | 12.77                        |
| STeFI Composite                      | 6.37  | 8.57                | 6.87                 | 6.12                 | 6.49                         |
| FTSE/JSE All Bond TR                 | 16.68 | 26.17               | 11.14                | 9.84                 | 8.32                         |
| FTSE/JSE All Share TR                | 15.91 | 23.93               | 14.73                | 13.67                | 10.60                        |

## Monthly Performance\*

|      | Jan    | Feb    | Mar     | Apr    | May    | Jun    | Jul    | Aug    | Sep    | Oct    | Nov    | Dec    | YTD    | STeFI |
|------|--------|--------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|
| 2013 |        |        |         | -0.05% | -0.03% | 2.61%  | -0.06% | 0.04%  | 0.81%  | 1.73%  | -0.39% | 0.58%  | 5.32%  | 3.93% |
| 2014 | 0.40%  | 1.48%  | 1.15%   | 0.30%  | 0.82%  | 0.80%  | 1.05%  | 0.44%  | 0.21%  | 1.91%  | 0.90%  | 0.64%  | 10.58% | 5.90% |
| 2015 | 1.95%  | 0.56%  | -0.27%  | 0.21%  | 1.29%  | 1.99%  | 0.32%  | 0.12%  | -0.28% | 1.11%  | 0.71%  | -0.98% | 6.89%  | 6.48% |
| 2016 | 1.76%  | -1.09% | 1.26%   | 0.96%  | 4.12%  | -3.19% | -0.14% | 1.35%  | -3.15% | 3.30%  | 2.93%  | 1.18%  | 9.36%  | 7.37% |
| 2017 | 0.81%  | 0.02%  | 4.15%   | -0.50% | 0.57%  | 1.03%  | 4.37%  | 0.30%  | 1.83%  | 3.14%  | 1.61%  | 1.58%  | 20.46% | 7.52% |
| 2018 | 2.99%  | 3.96%  | 2.43%   | 0.39%  | 0.89%  | -0.38% | 1.33%  | 0.16%  | -0.20% | 0.54%  | 1.36%  | 0.59%  | 14.91% | 7.29% |
| 2019 | 1.15%  | 0.60%  | 2.03%   | 0.64%  | 1.76%  | 3.16%  | -1.61% | 3.33%  | -1.75% | 3.34%  | 0.13%  | -0.38% | 12.95% | 7.29% |
| 2020 | 8.51%  | 2.15%  | -10.34% | 16.26% | -6.91% | 2.22%  | 2.01%  | 1.49%  | 2.09%  | 1.45%  | 6.09%  | -0.48% | 24.47% | 5.39% |
| 2021 | 3.86%  | 5.56%  | -1.05%  | -0.09% | 0.70%  | 0.71%  | -3.96% | -1.04% | -0.17% | -4.05% | 1.05%  | 0.70%  | 1.83%  | 3.81% |
| 2022 | -0.03% | 5.45%  | -0.92%  | 0.87%  | 4.31%  | 3.84%  | 2.27%  | 1.39%  | -1.83% | -0.22% | 0.53%  | 0.72%  | 17.36% | 5.19% |
| 2023 | 3.28%  | 1.73%  | 1.10%   | -0.02% | -4.24% | 3.00%  | -0.10% | 1.98%  | -1.15% | 2.01%  | 3.17%  | 0.86%  | 11.99% | 8.03% |
| 2024 | 0.98%  | 0.42%  | 0.62%   | 0.52%  | 3.89%  | 2.95%  | 0.92%  | 1.26%  | 0.22%  |        |        |        | 12.36% | 6.37% |

Performance is quoted net of all fees. The performance figures until the end of July 2017 (shaded) reflect performance achieved prior to CISCA regulation.

## Risk Statistics (%) - Since Inception

|                                      | Std Dev | Sharpe Ratio | Sortino Ratio | Kurtosis | Skewness | Highest Rolling 12 Month Return | Lowest Rolling 12 Month Return |
|--------------------------------------|---------|--------------|---------------|----------|----------|---------------------------------|--------------------------------|
| Terebinth FI Macro FR Retail Hedge 1 | 0.81    | 0.71         | 0.76          | 11.83    | 0.85     | 37.31                           | -7.15                          |
| STeFI Composite                      | 0.39    | —            | —             | -0.64    | -0.43    |                                 |                                |
| FTSE/JSE All Bond TR                 | 8.24    | 0.22         | 0.46          | 2.58     | -0.57    |                                 |                                |
| FTSE/JSE All Share TR                | 14.00   | 0.29         | 0.37          | 0.84     | 0.14     |                                 |                                |

## Value at Risk (VaR) (%)

|             |       |
|-------------|-------|
| Current VaR | 4.72  |
| Maximum VaR | 5.04  |
| Mandate VaR | 20.00 |

Total exposure and leverage is calculated using the VaR approach. VaR represents the statistical loss that the Fund can experience given its current holding over a one month period with a 1% probability. Portfolio stress testing is performed by subjecting a portfolio through extreme market situations, and noting the portfolio profit and loss, value at risk and exposure movements. Risk Monitoring Specialist: Risk Café.

# Terebinth FI Macro FR Retail Hedge Fund

Minimum Disclosure Document | Fee Class: 1 | As of 30/09/2024



## Contact Details

**Investment Manager**  
Terebinth Capital (Pty) Ltd  
Willowbridge Place, Carl Cronje Drive, Tygervalley, Belville, 7530  
Tel: +27 21 943 4819  
E-mail: operations@terebinthcapital.com  
Website: www.terebinthcapital.com

**Manager Information**  
Fundrock – An Apex Group Company  
Tel: +27 21 202 9292  
Website: www.fundrock.com

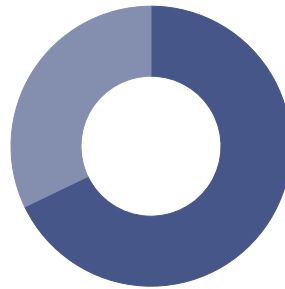
**Trustee Information**  
FirstRand Bank Limited  
RMB Custody and Trustee Services Division  
3 Merchant Place, Ground Floor, Friedman Drive, Sandton, 2146  
Tel: +27 87 736 1732

## Disclaimer

Collective Investment Schemes are generally medium- to long-term investments. The value of participatory interests (units) may go down as well as up. Past performance is not necessarily a guide to future performance. Collective investments are traded at ruling prices and can engage in scrip lending and borrowing. A schedule of fees, charges, minimum fees and maximum commissions, as well as a detailed description of how performance fees are calculated and applied, is available on request from the Manager. The Manager does not provide any guarantee in respect to the capital or the return of the portfolio. Excessive withdrawals from the portfolio may place the portfolio under liquidity pressure and in such circumstances, a process of ring-fencing of withdrawal instructions and managed pay-outs over time may be followed. Commission and incentives may be paid, and if so, are included in the overall costs. The Manager may close the portfolio to new investors in order to manage it more efficiently in accordance with its mandate. Additional information, including key investor information documents, minimum disclosure documents, as well as other information relating to the basis on which the manager undertakes to repurchase participatory interests offered to it, and the basis on which selling and repurchase prices will be calculated, is available, free of charge, on request from the Manager. The Manager ensures fair treatment of investors by not offering preferential fee or liquidity terms to any investor within the same strategy. The value of an investment is dependent on numerous factors which may include, but not limited to, share price fluctuations, interest and exchange rates and other economic factors. Where foreign investments are included in the portfolio, performance is further affected by uncertainties such as changes in government policy, political risks, tax risks, settlement risks, foreign exchange risks, and other legal or regulatory developments. Prices are published monthly on the manager's website. The Manager is registered and approved by the Financial Sector Conduct Authority under CISCA. The Manager retains full legal responsibility for the portfolio. FirstRand Bank Limited is the appointed trustee. Terebinth Capital (Pty) Ltd., FSP No. 47909, is authorized under the Financial Advisory and Intermediary Services Act 37 of 2002 to render investment management services. A higher Total Expense Ratio (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 factors over time including market return, the type of financial product, the investment decisions of the investment manager and the TER. 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 annualised total 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 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. The Financial Services Board in South Africa published Hedge Fund regulations that seek to regulate investment products in this category of investment. All information provided is historic. We believe that Hedge Funds may carry additional risks for investors. They can provide enhanced investment returns on a risk-adjusted basis and therefore have a role to play in a diversified investment portfolio. **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 Maturity Segment Risk:** A large proportion of total assets invested in specific assets and/or maturity segments on the yield curve. Concentrated positions in a portfolio will materially 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 changes. 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. **Interest Rate Risk:** 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. **Credit Default Risk:** 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. **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. Data sources: Morningstar Direct, INET BFA and Bloomberg.

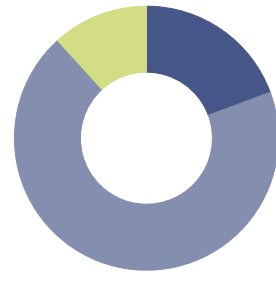
Issue date: 30 October 2024

## Asset Allocation



| Category                            | %            |
|-------------------------------------|--------------|
| FIXED INCOME: BONDS AND DERIVATIVES | 67.9         |
| CASH / MONEY MARKET                 | 32.1         |
| <b>Total</b>                        | <b>100.0</b> |

## Counterparty Exposure



| Category                 | %            |
|--------------------------|--------------|
| ABSA BANK LIMITED        | 19.3         |
| JSE DEBT MARKET          | 68.9         |
| JSE CLEAR PTY LIMITED    | 0.0          |
| FIRSTSTRAND BANK LIMITED | 11.7         |
| <b>Total</b>             | <b>100.0</b> |

## Market and Fund Commentary

The current global economic landscape reveals a complex interplay of growth dynamics. While the US economy showed yet another quarter of resiliency, signs of deceleration loom. However, the broader global expansion is still intact, albeit imbalanced. While real household income and a recovery in manufacturing activity should keep growth around trend, we expect markets to be focused on consumer and employment data this quarter to gauge the risk of a sharper slowdown.

On the inflation front, the outlook appears to be more favourable thanks to a reduction in core goods inflation and easing pressures in the housing market. Even so, risks from potential trade and fiscal policy shifts remain two-sided. A victory for Trump could lead to elevated tariffs, creating upward pressure on prices. Thus, while current trends indicate a softening of inflationary pressures, vigilance is warranted.

Central banks are increasingly shifting their focus from inflation control to fostering economic growth and employment, as illustrated by the Fed's recent decision to cut rates by 50bp. After months of speculation around how the Fed could negotiate the instrument panel to ensure a highly debated "soft landing", it remains to be seen how markets will react as the easing cycle continues. The pace of interest rate reductions will be determined by regional circumstances. Geopolitical dynamics are still top of mind. Escalating tensions in the Middle East and on the eastern borders of Europe have the potential to disrupt. The US presidential election, just weeks away, could also make a mark on the global outlook.

China's government has started the process of resetting expectations. The combination of easier monetary policy, liberalisation of the property market, pre-emptive bank recapitalisation, more discretionary fiscal stimulus and bigger automatic stabilisers would represent a coherent and coordinated package to support aggregate demand. While recent measures offer some relief by easing debt burdens and improving affordability, they may not be sufficient to address the issue of excess inventory and resolve the challenges faced by troubled developers. A genuine turnaround in the property market, a key driver of China's economic engine, will be essential for a durable recovery.

While the economic horizon presents a mix of growth at potential and moderating inflation, it is marred by notable risks. The labour market is clearly slowing, an uncertain US election is on the horizon, and markets are trading at punchy valuations. While odds of the long-awaited "soft landing" have increased substantially, it is important to remember the many unknowns that remain. As we navigate this complex landscape, maintaining a robust risk management strategy will be paramount. The interplay of monetary policy, liquidity conditions, and geopolitical developments will shape our investment outlook, urging caution and adaptability as we progress towards 2025.

The domestic economic outlook has brightened since the general election.

Optimism has abounded both externally and domestically since the formation of the GNU. The single most impressive development since before the election has been the ongoing improvement in electricity supply, with no loadshedding since March this year. There have also been positive developments in foreign appetite for local debt and recently announced investment projects. Key challenges remain when it comes to a durable improvement in the performance of SOEs, debt sustainability, labour market reform and business confidence. The good news is that, with the right policies, the bar is extremely low for improvements in SA's growth rate.

The crucial question is over implementation.

The GNU faces significant challenges, including declining real per capita growth, high unemployment, poverty, and inequality, and a rising level of public debt. The new administration has committed to address these challenges by continuing ongoing structural reforms aimed at addressing supply constraints and bolstering inclusive growth, while maintaining fiscal discipline.

Growth is expected to reach at least 1% in 2024, on the back of improved investor sentiment and electricity generation, while the medium-term outlook should continue to improve, as structural bottlenecks ease gradually, leading to rising business confidence and investment.

An ambitious fiscal consolidation is essential to restore the sustainability of public finances. Any additional spending initiatives to lower inequality and improve health should be financed in a deficit-neutral way. Improving the institutional fiscal framework by adopting a debt rule, bolstering the procurement framework, and improving public-investment management can support the adjustment and mitigate fiscal risks.

With robust disinflation due to a still-negative output gap and falling inflation expectations, inflation is now slipping below the central bank's 4.5% midpoint target, prompting a steady policy recalibration with 25bp rate cuts between September 2024 and May 2025.

The key test from a market perspective will be the MTBPS. February's Budget was greeted relatively positively by markets but largely because of the one-off transfers from the SARB's contingency reserve – GFECRA - which NT used to draw down R150bn worth of debt. Budget out-turns year to date have slightly undershot forecasts so far, so one question will be where any substantial adjustments on the expenditure side are needed.

Risks to the outlook are broadly balanced, with faster reform implementation under the GNU being an upside risk to growth, while downside risks largely relate to the uncertain external environment and an inability of the new government to agree on needed fiscal and structural reforms.

Securing SA's removal from the FATF's greylist, improving liquidity in the domestic equity market, and bettering foreign perceptions of safety to boost tourism revenues are among several other priorities.