Terebinth FI Macro FR Retail Hedge Fund

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

TEREBINTH CAPITAL

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%

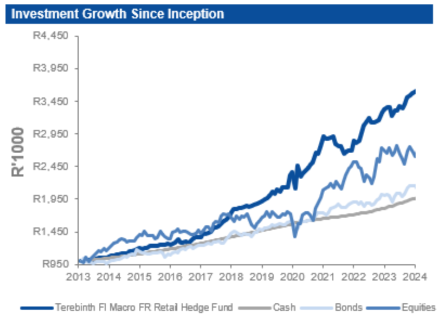
Annual Distributions

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



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[1]	3 Years[1]	5 Years[1]	Since Inception[1]
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.

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Contact Details

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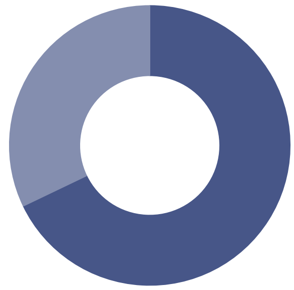
Disclaimer

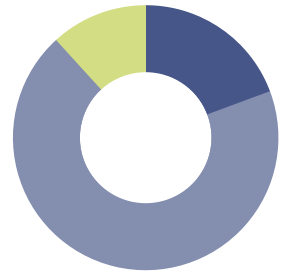
Issue date: 30 October 2024

Asset Allocation



	%
FIXED INCOME: BONDS AND DERIVATIVES	67.9
CASH / MONEY MARKET	32.1
Total	**100.0**

Counterparty Exposure



	%
ABSA BANK LIMITED	19.3
JSE DEBT MARKET	68.9
JSE CLEAR PTY LIMITED	0.0
FIRSTRAND BANK LIMITED	11.7
Total	**100.0**

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.