Terebinth FI Macro FR Retail Hedge Fund

Minimum Disclosure Document | Fee Class: 1 | As of 31/12/2024

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	Rand
Fund Size	2,126,070,045.07
Unit Price	3091.487117
Units in Issue	1142436.948368
Ticker	DRR900

Risk Profile

Medium

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.

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.

Fees (%) - Including VAT

Service Fee	1.41
Performance Fee	17.25
Total Expense Ratio	2.88*
Transaction Costs	0.09
Total Investment Charge	2.97

*Includes a performance fee of 1.51%

Annual Distributions

Dec 2023: 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 Year¹	3 Years¹	5 Years¹	Since Inception¹
Terebinth FI Macro FR Retail Hedge 1	16.28	16.28	15.19	14.14	12.81
STeFI Composite	8.51	8.51	7.23	6.17	6.52
FTSE/JSE All Bond TR	17.18	17.18	10.25	9.56	8.18
FTSE/JSE All Share TR	13.44	13.44	8.68	12.16	10.17

Monthly Performance*

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	STEFI
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%	1.41%	1.45%	0.60%	**16.28%**	8.51%

*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	8.72	0.72	0.77	12.13	0.85	37.31	-7.15
STeFI Composite	0.39	—	—	-0.66	-0.57		
FTSE/JSE All Bond TR	8.21	0.19	0.27	2.60	-0.55		
FTSE/JSE All Share TR	13.94	0.33	0.52	0.90	0.16		

Value at Risk (VaR) (%)

Current VaR	3.10
Maximum VaR	4.72
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 31/12/2024

TEREBINTH CAPITAL

Contact Details

Investment Manager
Terebinth Capital (Pty) Ltd
Willowbridge Place, Carl Cronje Drive, Tygervalley, Bellville, 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 8282
Website: www.fundrock.com

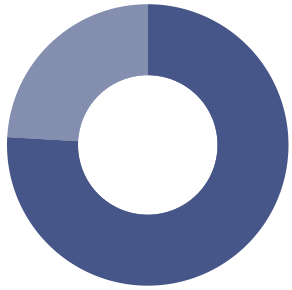
Trustee Information
FirstRand Bank Limited
RMB Custody and Trustee Services Division
3 Merchant Place, Ground Floor, Friedman Drive, Sandton, 2146
Tel: +27 87 736 1732

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 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.■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.

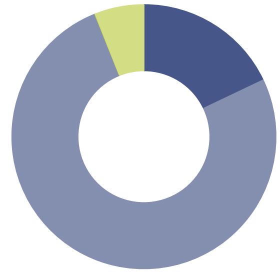
Issue date: 15 January 2025

Asset Allocation



	%
FIXED INCOME: BONDS AND DERIVATIVES	75.9
CASH / MONEY MARKET	24.1
Total	**100.0**

Counterparty Exposure



	%
ABSA BANK LIMITED	17.9
JSE DEBT MARKET	76.0
JSE CLEAR PTY LIMITED	0.1
FIRSTRAND BANK LIMITED	6.0
Total	**100.0**

Market and Fund Commentary

As we venture into 2025, we are greeted by a world that remains in a state of flux, with economic policies, geopolitical dynamics, and market sentiment all poised to evolve. At the heart of this uncertainty is a theme that cuts across political ideologies, central bank actions, and economic strategies: balance. We are faced with a delicate balancing act, where the key to success lies in moderation — too much of any one thing can disrupt the delicate equilibrium, while a lack of action can leave us stagnant.

This concept of moderation is neatly encapsulated by three powerful literary works, which illustrate the nuanced impacts of desires, ambition, and policy actions in the real world. Drawing on these novels — The Great Gatsby, Middlemarch, and Brave New World — we explore three key macroeconomic themes for the first quarter of 2025.

In The Great Gatsby, F. Scott Fitzgerald presents the cautionary tale of a man consumed by his ambition, wealth, and obsession with the past. Gatsby's excesses, driven by his desire to reclaim Daisy's love and cement his place in high society, ultimately lead to his demise. This mirrors the macroeconomic situation today — we are caught in a cycle of wanting more, whether through fiscal stimulus, low interest rates, or market exuberance.

2025 may mirror Gatsby's rise and fall: as we approach an era of increased fiscal spending and deregulation under the incoming Trump administration, the temptation to push growth through aggressive policies will be high. However, excessive policies, especially tariffs and immigration restrictions, could result in inflationary pressures and disrupt global trade, ultimately causing economic imbalances. As much as the desire to reignite growth is understandable, too much push for growth without considering consequences could lead to rising risks across markets.

George Eliot's Middlemarch explores the virtues of tempering ambition with practicality. Characters like Dorothea Brooke learn that moderation in one's ideals leads to a more harmonious existence, benefiting both personal and social spheres. In an economic context, moderation often serves as a stabilizing force amidst uncertain waters.

In 2025, moderation could be the key to global stability. The coming year will likely be marked by subdued but stable growth, especially in advanced economies, though there are variances between regions. Europe and the US are expected to grow modestly, weighed down by slowing demand, high debt levels, and tighter financial conditions. However, as central banks like the ECB and the Fed face constraints in stimulating growth through further rate cuts, a more moderate approach to policy could yield better long-term results.

For emerging markets, a balanced outlook may foster more sustainable growth as well, with Asia and Latin America benefiting from stronger regional policies and improving global trade. Yet, geopolitical risks remain, and any rush to engage in extreme policies could derail these prospects.

Aldous Huxley's Brave New World depicts a society where excess, in the form of unrestrained consumption, technological control, and instant gratification, has stripped individuals of their humanity. The absence of moderation leads to a sterile world devoid of meaning and purpose. This serves as a stark reminder of the dangers of indulging in extremes, which in the context of 2025 could manifest as runaway inflation, escalating geopolitical tensions, and extreme political decisions.

The economic parallels here are clear. The US, under potential new tariffs and immigration reforms, could create a fragmented global trade system that stifles global growth. Meanwhile, the push for deregulation could benefit certain industries in the short term, but at the cost of long-term stability. Overindulgence in policies designed to accelerate growth without a focus on broader consequences risks unleashing a cascade of inflationary pressures, widening trade imbalances, and deepening political divisions.

In this scenario, the world economy may experience a return to high inflation, particularly driven by energy prices and food costs, as well as persistent supply-side shocks due to protectionist policies. While central banks may be forced to hold interest rates higher for longer, this could prevent the global economy from reaching its full potential.

As the new administration takes office, expect bold moves on taxes, trade, and immigration. With full extension of the TCJA, modest tax cuts, and a significant deregulation push, the US economy could see a burst of growth. However, the higher tariffs on China and stricter immigration policies will likely create a drag on growth. The net effect could be a mild slowdown in growth for the US in 2025 and potentially a slower growth trajectory for the global economy in 2026.

As global growth remains modest in 2025, advanced economies like the US, euro area, and UK face challenges from policy uncertainty, high debt, and high inflation. Emerging markets, particularly China and India, offer potential growth drivers, but risks from global trade disruptions and geopolitical instability are heightened. Global growth could remain around 3%, but the balance of risks is tilting toward slower growth, especially as central banks remain cautious.

Inflation remains a critical issue, particularly in the US, where a combination of higher tariffs, tight labour markets, and rising wages could keep core inflation persistently above 2%. Central banks, particularly the Fed, will need to tread carefully, as aggressive rate cuts may fuel further inflationary pressures. The Eurozone and UK may see more dovish stances due to slower growth prospects, but in Japan, the BoJ could shift toward tightening.

Geopolitical tensions are likely to remain a source of uncertainty, particularly in US-China relations, trade disruptions, and the shifting global balance of power. The rise of regional blocs such as BRICS could challenge the US-dominated global order, potentially creating new investment opportunities but also risks from economic fragmentation. Furthermore, the energy market is fraught with uncertainty, especially as US oil policy shifts under the new administration, potentially impacting global supply and demand dynamics.

2025 is shaping up to be a year defined by moderation — a year of growth that may fall short of the highs of 2024 but remains solid. Investors will need to strike a delicate balance, weighing the impacts of geopolitical risks, policy changes, and inflationary pressures. While the US appears poised for a minor slowdown, emerging markets may offer more dynamism, though they remain vulnerable to external risks.

The cyclical dynamics will remain volatile, and key policy shifts could alter the economic outlook at any moment. As always, the challenge for investors will be to navigate this moderation carefully, appreciating both the risks and opportunities that emerge from a year where the balance between growth, risk, and moderation may be more fragile than ever before.

Locally, 2025 will define SA's importance, and relevance, on the global stage. As National Treasury continues the struggle to get us removed from the greylist – a function of particularly poor leadership for a prolonged period - G20 eyes will be cast firmly on the local economy. Rating agencies will monitor Budget outcomes closely, while the SARB's governor will remain relentless in his pursuit of a lower inflation target. Administered prices, infrastructure demands, global warming, supply-side bottlenecks and fragmented policy battles will all play their respective parts in what is likely to prove an important year for investors to manoeuvre.

FUNDROCK