

Terebinth FI Macro FR Retail Hedge Fund

Minimum Disclosure Document | Fee Class: 1 |

As of 31/01/2025



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	2,098,764,044.00
Unit Price	3039.294835
Units in Issue	1149085.284035
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	2.82*
Transaction Costs	0.09
Total Investment Charge	2.91

*Includes a performance fee of 1.45%

Annual Distributions

Dec 2024: 5,323.12 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 ¹	3 Years ¹	5 Years ¹	Since Inception ¹
Terebinth FI Macro FR Retail Hedge 1	0.03	15.19	15.21	12.30	12.71
STeFI Composite	0.66	8.42	7.35	6.19	6.53
FTSE/JSE All Bond TR	0.44	16.86	10.10	9.40	8.16
FTSE/JSE All Share TR	2.32	19.58	9.20	13.06	10.30

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%
2025	0.03%												0.03%	0.66%

*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	8.69	0.71	0.77	12.21	0.86	37.31	-7.15
STeFI Composite	0.39	—	—	-0.66	-0.57		
FTSE/JSE All Bond TR	8.18	0.19	0.27	2.63	-0.55		
FTSE/JSE All Share TR	13.89	0.34	0.53	0.92	0.15		

Value at Risk (VaR) (%)

Current VaR	3.49
Maximum VaR	3.54
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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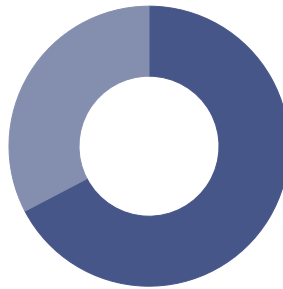
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Disclaimer

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, Terebith 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.

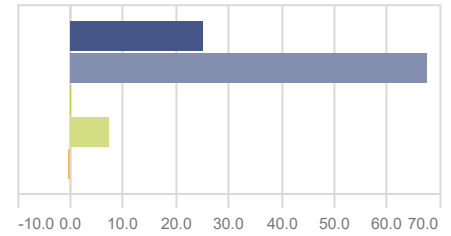
Issue date: 17 February 2025

Asset Allocation



Counterparty	%
ABSA BANK LIMITED	25.2
JSE DEBT MARKET	67.5
JSE CLEAR PTY LIMITED	0.1
FIRSTRAND BANK LIMITED	7.4
OTHER	-0.2
Total	100.0

Counterparty Exposure



Market and Fund Commentary

Global

While all eyes were on the US and Trump to kick off the year, it was Asia that occupied most of the headlines. The Bank of Japan raised interest rates to a 17-year high, while China managed 5% growth in 2024. The most striking event, however, was the dramatic 16% one-day sell-off of Nvidia (largest single-day stock drop in financial market history as measured by market cap loss), triggered by the launch of DeepSeek. The ECB warned of inflation risks falling below target, while the Fed's Waller suggested more rate cuts could follow if disinflationary trends persist. Meanwhile, political noise continued globally, with Trump making numerous headlines and the South African DA expressing growing dissatisfaction with the ANC. As widely promised, and therefore mostly expected, Trump followed through on his threats by announcing large tariffs on Canada and Mexico, while also implementing slightly lower tariffs on China. Early indications suggest retaliation will be the first response for now. Furthermore, Trump also commented on issues in other countries that required his attention, one of which includes South Africa.

The latest IMF global economic forecast signals subdued global growth, remaining below the pre-pandemic average of 3.7%. Although global growth is stable, risks remain tilted to the downside, with diverging prospects across regions. The US is expected to grow by 2.7% in 2025, well above current market expectations of 2.2%, driven by strong consumer demand, favourable financial conditions, and a robust labour market. In contrast, growth in the Eurozone is projected at just 1.0%, impacted by political instability, trade tensions, and geopolitical risks. EM is expected to deliver mixed performance; China's growth forecast is slightly revised upwards to 4.6% (but below 2024's 5.0%), while India maintains strong growth at 6.5% for 2025-2026.

Global inflation is expected to decline to 4.2% in 2025, gradually converging towards target levels in DM before EM. However, inflationary pressures persist in some regions, particularly in services, where central banks must balance tightening policies to curb inflation with supporting economic activity. Notably, while services are moderating somewhat, manufacturing inflation is once again rising. In the US, inflation is expected to remain above target, whereas the euro area's inflation remains more subdued.

Financial conditions are expected to remain accommodative but with significant disparities between DM and EM. In the US, equity markets have surged, supported by pro-business policies, while EM markets struggle with tighter financial conditions, exacerbated by a stronger dollar and trade uncertainties – with the 1 February announcements, little relief in the short-term should be expected in this regard.

Despite growth stability, global economic risks remain, including the potential intensification of protectionist trade policies, geopolitical tensions, and fiscal and monetary policy adjustments. In particular, disruptions in global trade, combined with fiscal expansion in the US, could destabilise global markets. Fiscal consolidation will be essential in advanced economies to ensure public debt sustainability and rebuilding of financial buffers. Multilateral cooperation and adherence to a rules-based international system are critical to addressing challenges like climate change and geopolitical instability.

Market dynamics remain volatile. Growing concerns about tighter financial conditions with tariff impositions now in play could dampen US policy optimism. Fiscal imbalances and a potential slowdown in disinflation due to trade tariffs and rising commodity prices may lead to increased volatility. As such, the outlook for the US dollar remains uncertain, influenced by fiscal policy shifts and potential changes in global trade dynamics.

Local

In South Africa, all attention this month is on the National Budget, where the government will be scrutinised on its efforts to improve the fiscal position, particularly in sustainably achieving a primary surplus and bringing in the debt ceiling. Significant spending pressures - especially related to debt servicing and supporting SOEs - remain challenges. A widening gap between senior partners in the governing coalition, especially over matters like NHI and land reform, further complicates fiscal policy.

A recent sell-side report accurately described South Africa's outlook, noting that countries with strong political stability, positive idiosyncrasies, and less exposure to US economic policies are likely to fare better. While South Africa is not directly exposed to US risks, it faces indirect challenges as a price taker. As Trump's antics over the first weekend in February shows, social media posts may be enough to bring much harm to local markets. A risk-off sentiment could weaken the rand and raise bond yields, particularly if global risk premiums adjust. Additionally, political instability, including tensions within the coalition government, creates further uncertainty.

South Africa's authorities must prioritise domestic challenges. Load shedding, exacerbated by Eskom's financial difficulties, continues to be a major hindrance, with municipal debt to Eskom now clearly out of control at R109bn, and growing fast. Furthermore, reforms in sectors such as rail and ports could present opportunities to offset some of the global headwinds. Other ongoing challenges - especially crime and general lawlessness - must be addressed for a more meaningful economic recovery. Holding local governments accountable for service delivery and recovering revenue owed is a necessary first step in restoring public confidence.

Markets will be nervous with the onset of tariffs, and the State of the Nation presents an opportunity for government to allay any local fears.