Terebinth FI Macro FR Retail Hedge Fund

Minimum Disclosure Document | Fee Class: 1 | 31 March 2025

TEREBINTH CAPITAL

Fund Information

Investment Manager	Terebinth Capital (Pty) Ltd
Fund 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	2,121,865,032.37
Unit Price	3083.41
Units in Issue	1,147,768.84
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

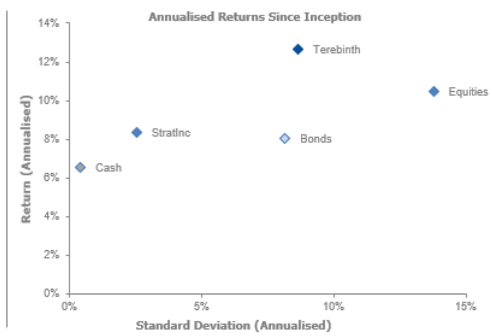
Additional Information

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 Year¹	3 Years¹	5 Years¹	Since Inception¹
Terebinth FI Macro FR Retail Hedge 1	1.52	15.69	14.10	14.63	12.67
STeFI Composite	1.89	8.28	7.54	6.21	6.55
FTSE/JSE All Bond TR	0.70	20.16	9.83	11.73	8.06
FTSE/JSE All Share TR	5.94	22.95	9.41	19.06	10.47

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%	0.69%	0.79%										**1.52%**	1.89%

*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	8.63	0.71	0.77	12.41	0.88	37.31	-7.15
STeFI Composite	0.39	—	—	-0.63	-0.59		
FTSE/JSE All Bond TR	8.13	0.18	0.25	2.70	-0.55		
FTSE/JSE All Share TR	13.82	0.35	0.55	0.95	0.14		

Value at Risk (VaR) (%)

Current VaR	2.85
Maximum VaR	3.59
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.

FUNDROCK

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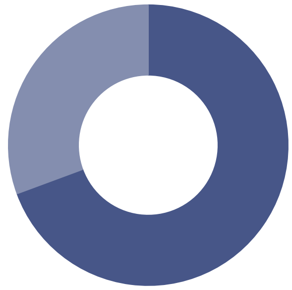
Disclaimer

Grossary Terms

■Net Asset Value (NAV): 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. ■Annualised Return: is the weighted average compound growth rate over the performance period measured. ■Highest & Lowest Return: The highest and lowest rolling twelve-month performance of the portfolio since inception. ■Total Expense Ratio (TER) 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. ■Transaction Costs (TC) 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. ■Total Investment Charge (TIC) 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. ■Total Investment Charges (TIC%) = 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). ■Sharpe Ratio: The ratio of excess return over the risk-free rate divided by the total volatility of the portfolio. ■Sortino Ratio: The ratio of excess return over the risk-free rate divided by the downside deviation of the portfolio. ■Standard Deviation/Volatility: The deviation of the return of the portfolio relative to its average. ■Frequency Distribution: How often returns occur within a specified band. ■Skew: A measure of the distribution of values around the mean. ■Kurtosis: Is a measure of the combined weight of a distribution's tails relative to the center of the distribution with 3 being a measure of normality.

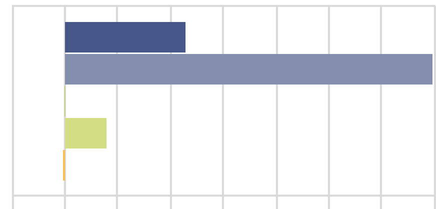
Issue date: 17 April 2025

Asset Allocation



	%
FIXED INCOME: BONDS AND DERIVATIVES	69.4
CASH / MONEY MARKET	30.6
Total	**100.0**

Counterparty Exposure



	%
ABSA BANK LIMITED	22.8
JSE DEBT MARKET	69.6
JSE CLEAR PTY LIMITED	0.1
FIRSTRAND BANK LIMITED	7.9
OTHER	-0.4
Total	**100.0**

Market and Fund Commentary

Global

Just three months ago, a high-for-long interest rate narrative dominated markets, bolstered by political shifts promising front-loaded global growth, sticky inflation, and delayed policy rate normalisation. Prospective US trade and DM immigration policies were flagged as potential negative supply shocks, likely to dampen global growth. Yet, this drag was expected to be offset by a widespread shift toward easier fiscal policies. Analysts anticipated 2025 growth to surge early, driven by global industrial activity ramping up ahead of looming US tariff hikes. The optimism was palpable - policy changes seemed poised to sustain economic momentum despite challenges.

Fast forward to less than 100 days into Trump's second term, and the landscape has shifted dramatically. While backward-looking data have shown relative resilient expansion, characterised by what some would describe strong mid-cycle fundamentals that have weathered the drags from high, late-cycle interest rates - the latter of which were beginning to normalise, forward-looking data points to slowing growth.

Markets spent March navigating a storm of policy shocks, liquidity stress, and global fiscal shifts. Trump's kitchen sink strategy to slow the US economy by front-loading tariffs, restricting immigration, and DOGE budget cuts has now impacted over $1.3T in trade, while the DOGE-driven fiscal retrenchment threatens to flip a 100bps GDP tailwind into a similarly sized headwind. Treasury Secretary Bessent reaffirmed that short-term weakness is a deliberate cost of reorienting the economy toward supply-side strength.

The threat of an escalating trade war now looms large, poised to erode business confidence and drag down the global growth outlook. Unlike past cycles, where the first 100 days of a US presidency offered a clear policy roadmap, this time the usual playbook feels irrelevant. The administration's signals are muddled yet ambitious - committing to sweeping changes that leave markets grasping for clarity. Beneath this uncertainty lies a macroeconomic tug-of-war. Tax cuts and deregulation aim to ignite growth, explicitly targeting business vitality. However, plans to curb global engagement - through immigration restrictions and tariff increases - threaten to counteract these gains, weighing heavily on economic prospects.

This policy dissonance isn't the only challenge testing entrenched assumptions. The past two years have already defied consensus: the US dodged a 2023 recession, and 2024's expected rapid normalisation of inflation and DM policy rates fizzled out. Markets reflect this unease - equity indices have suffered significant losses, and short-term interest rates have undergone sharp repricing. We remain cautious, seeing upside potential tempered by mounting downside risks. Globally, Trump's policy rhetoric has reignited uncertainty, souring sentiment toward risk assets. Fears of resurgent inflation, coupled with expectations of a cautious Fed, have somewhat limited the decline in bond yields to date, defying typical late-cycle patterns.
In the absence of negotiated settlements to ease tariff tensions, tariff wars are likely to slow economic growth more than they drive inflation. The US Treasury's efforts to reduce the deficit will probably limit increases in bond yields, suggesting the Federal Reserve will eventually resume cutting interest rates to bolster the economy. However, significant tariff retaliation from other countries could heighten the risk of a US or global recession, potentially triggering aggressive monetary easing and fiscal stimulus to counteract the downturn.

Beyond the US, reduced reliance on American demand has spurred Europe and China to tackle their own cyclical and structural growth hurdles. This could mark an inflection point for non-US growth, potentially broadening risk appetite once current uncertainties subside. A weaker US dollar would follow, lifting EM and South Africa—provided the political landscape improves.

Local

Locally, South Africa's next re-rating hinges on stronger growth and corporate earnings delivery, both tied to rising confidence and accelerated reforms. Progress is mixed: efforts to exit the FATF grey list and improve credit ratings offer tailwinds, but foreign relations strains and GNU tensions pose headwinds.

The budget standoff among the GNU partners extends beyond the initial disagreement regarding the proposed 2-ppt increase in VAT, later revised to 0.5 ppt, aimed at financing increased expenditure. The core issue lies in the urgent need for a more robust economic policy capable of addressing an economy trapped in low growth and struggling to generate jobs.

Market optimism from coalition reforms and resolved load-shedding has faded. South African asset prices will most likely continue to tread water until both global uncertainty, and a frustratingly poor local political landscape improves. Previous stellar returns suggest the easy gains from the reflation trade are behind us, yet cyclical disappointments could unlock opportunities for a longer-term structural re-rating.
South Africa's recovery is hampered by structural weaknesses, including fragile logistics and energy infrastructure, reliance on EU and Chinese demand, and sluggish labour-intensive sectors like construction. High consumer debt, particularly among lower-income households, threatens the sustainability of consumption-led growth, while import-heavy private capex limits domestic spillovers. Globally, geopolitical tensions, trade wars, and the potential loss of AGOA benefits heighten export risks.

Targeted reforms in logistics and energy, alongside fiscal support for labour-absorbing sectors, could bolster competitiveness and job creation. The SARB's cautious monetary policy reflects inflation concerns, but rate cuts may be needed to spur growth. Growth was projected at 1.6% in 2025 and 1.7% in 2026, though external headwinds, tempered by Germany's fiscal measures, pose risks to this trajectory. 30% tariff announcement exceeds expectations with a potential 0.4%pt-0.5%pt GDP hit.

Contained inflation, under normal circumstances, would enable potential further SARB easing. However, global tariff-driven inflation fears and the SARB's inclination toward a lower inflation target may cap cuts until confirmation of a severe US/global slowdown and a stronger reaction by the Fed than is currently priced.

Heading into Q2, investors must remain disciplined. Globally, without a timely QE pivot, headline-driven rallies are likely to fade until downside economic risks stop perpetuating capital outflows from US assets. While local political battles is unlikely to make SA a recipient of such US outflows, highlighting the importance of improved leadership outcomes, as often highlighted in these commentaries in past editions.