Terebinth FI Macro FR Retail Hedge Fund

Minimum Disclosure Document | Fee Class: 1 | As of 30/04/2024

TEREBINTH CAPITAL

Key Facts

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	1,430,486,249.29
Unit Price	2,726.92
Units in Issue	727,872.58
Ticker	DRR900

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.

Risk Profile

Medium

Fees (%) - Including VAT

Initial Advice Fee (Max)	3.45
Annual Advice Fee (Max)	1.15
Initial Management Fee	1.22
Management Fee	1.15
Performance Fee	0.15
Total Expense Ratio	1.26
Transaction Costs	0.08
Total Investment Charge	1.34

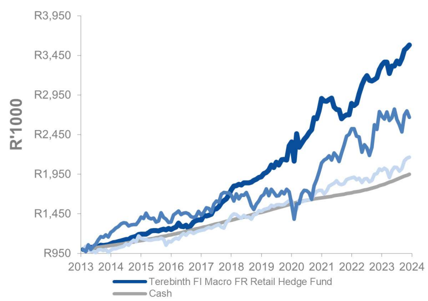
Annual Distributions

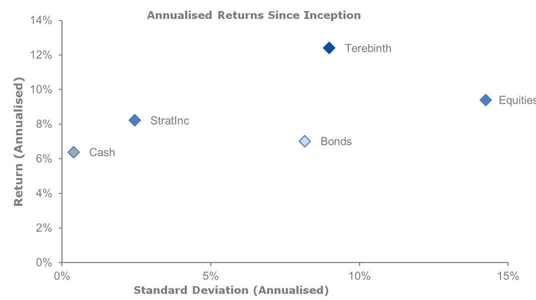
Dec 2023: 11,933.31 cents

Additional Information

Minimum Investment: R1 000 000
Notice Period: One Calendar Month
Portfolio Valuation Frequency: Monthly
Transaction Cut-Off: 10:00am of last business day of month prior
Annual Distribution Declaration Date: December
Performance Fee: Uncapped
Partication 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	2.57	7.58	7.98	13.08	12.40
STeFI Composite	2.75	8.32	6.08	6.00	6.39
FTSE/JSE All Bond TR	-0.45	4.19	7.41	7.05	7.03
FTSE/JSE All Share TR	0.55	1.55	8.11	9.68	8.40

[1]Annualised Return: An annualised rate of return is the average rate of return per year, measured over a period either longer or shorter than one year, such as a month, or two years, annualised for comparison with a one-year return.

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%									**2.57%**	1.40%

*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 (Rolling Maximum)	Lowest rolling 12 month return (Rolling Minimum)
Terebinth FI Macro FR Retail Hedge 1	8.98	0.67	0.72	11.54	0.86	37.31	-7.15
STeFI Composite	0.38	—	—	-0.68	-0.47		
FTSE/JSE All Bond TR	8.15	0.11	0.40	2.88	-0.59		
FTSE/JSE All Share TR	14.28	0.26	0.31	0.80	0.21		

Value at Risk (VaR) (%) - Since Inception

Current VaR	7.04
Maximum VaR	7.48
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 holdings 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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TEREBINTH CAPITAL

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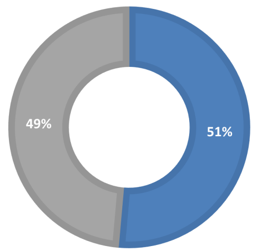
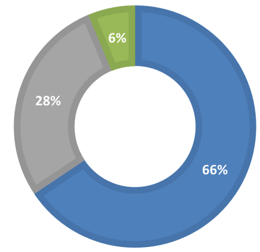
Disclaimer

Issue date: 16 May 2024

Asset Allocation



Counterparty Exposure



Market and Fund Commentary

After a strong start to the year, April was a much tougher month in financial markets, with losses across several asset classes. The S&P 500 fell back after a run of five consecutive monthly gains, while US Treasuries had their worst month of 2024, so far. That was partly thanks to growing evidence of sticky US inflation, which led to questions about whether the Fed would be able to cut rates at all this year.

Over the course of April, incoming data pointed to renewed US growth resilience with rebounding manufacturing indicators, still solid services growth, and reaccelerating headline and core inflation measures. While Q1 GDP growth fell short of expectations, this was still in line with solid nominal income and spending growth, albeit with stronger price pressures. The Fed fund futures curve has moved from pricing in seven rate cuts in 2024 mid-January, to now only fully pricing in a single cut by December. As the market priced out Fed easing, US yields sold off by around 50bp, with only a marginal steepening in the curve as the 2-year yield breached 5.00%. Hawkish monetary policy expectations and strong growth boosted the US dollar index to a six-month high. While equities took strong growth as good news during Q1, April saw some cracks emerge as the high-for-long narrative dented risk appetite. Beyond US monetary policy, geopolitical tensions and fears of an oil price spike contributed to stagflationary fears. In addition, currency tensions in the far east also drew market attention with fears of a CNY devaluation and the lack of support for the Yen. That said, the BoJ stepped in late-April to support the currency via intervention – or "Yentervention" – as the currency broke through 160 versus the dollar. While global growth has been broadening amid a manufacturing upswing, the theme is still very much one of US exceptionalism. The Eurozone is set to exit stagnation, but this is partly dependent on the ECB easing policy notwithstanding a more hawkish Fed. Stimulus has supported near-term growth in China, but secular pressures are mounting and there is limited scope for sustained acceleration. Growth divergence is set to lead to policy divergence with a resultant increase in market volatility. For now, the US election brings elevated uncertainty around fiscal policy - both candidates are proposing fiscal expansion, leaving the Fed to deal with an additional source of uncertainty that other central banks do not have to contend with. South Africa will hold national and provincial elections on 29 May, with this year's vote set to be the most closely contested since the transition to democracy in 1994. Many opinion polls have pointed to the ANC losing its parliamentary majority, raising the prospect of a shift towards a coalition or minority government at a national level after decades of single-party dominance. Election uncertainty is a further headwind to the economy, which narrowly avoided a technical recession in 2H23. The weak growth outlook remains sensitive to local energy constraints, logistics disruptions, and consumer headwinds, which alongside election concerns continue to weigh on business and consumer sentiment and are likely to cap the growth recovery. The Q2 data in hand point to a recovery in the supply side of the economy, with manufacturing and mining indicators rebounding. This reflects the nascent improvement in electricity provision and could also have been aided by the recovery in the global industrial production cycle. In contrast, consumer metrics generally remained subdued with negative real credit growth and negative consumer confidence readings. While select consumption items recovered, rising fuel and transport costs and elevated borrowing costs are still putting strain on consumers' pockets. The wealth effect has been absent given falling house price momentum and notable equity market volatility. While there is much debate about how tight SA's monetary policy stance is, there is little scope for early or significant easing going by the explicit hawkish MPC rhetoric, as well as the repricing in Fed expectations. The concern around inflation dynamics in SA stems from the rebound in local fuel prices, exchange rate risks, as well as potential food price pressures from the lagged impact of El Nino. In addition, regulated prices and the normalisation in medical aid premiums have sustained upward pressure on core inflation. In contrast, the depressed housing market and consumer strain have dampened rental inflation, which in turn has anchored core CPI. Policymakers have already kept monetary policy in a moderately tight stance to cap inflation expectations in a bid to bring headline CPI back to 4.5% on a sustained basis. The MPC has indicated a strong preference for a lower inflation target, even if this is at the expense of cyclical growth. The growing consensus at the SARB is that the longer-term target should be lowered from 3% - 6% (or the implicit target of 4.5% ±1.5%) to a 3% ±1 % band. The discussion is shifting to how to get there – should the SARB make this transition in one move or should it be implemented in a staggered manner. While the current level of the rand is not inflationary in itself, the vulnerability to shocks is a risk the SARB is trying to manage via its orthodox policy implementation. That the undervaluation has been persistent is a function of weak productivity growth, depressed SA/US growth differentials, as well as tight global financing conditions – notable high US yields and the strong dollar. Fiscal risks may also be contributing to the rand's vulnerability. On this front, the better-than-expected outcome for FY23/24, as well as the partial drawdown of the GFECRA balances have given some breathing room. This should lower the risk premia in the rand and rates, depending on a market-friendly election outcome.

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