

# Terebinth FI Macro FR Retail Hedge Fund

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



## 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

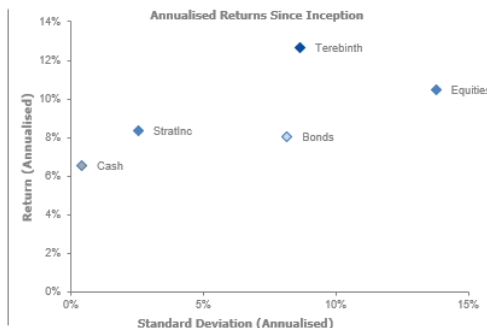
Minimum Investment: R1 000 000  
Notice Period: One calendar month  
Portfolio Valuation Frequency: Monthly  
Transaction Cut-Off: 10:00 of last business day of month  
Annual distribution declaration date: December  
Performance Fee: Uncapped  
Participation Rate: 15%

## 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 Year <sup>1</sup>	3 Years <sup>1</sup>	5 Years <sup>1</sup>	Since Inception <sup>1</sup>
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.

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## Contact Details

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## Disclaimer

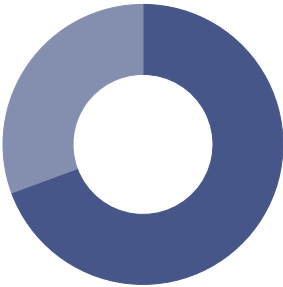
Collective Investment Schemes are generally medium- to long-term investments. The value of participatory interests (units) may go down as well as up. Past performance is not necessarily a guide to future performance. Collective investments are traded at ruling prices and can engage in scrip lending and 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. 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, but they also 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:** Measures 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 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.

## 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. ■ **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 Funds 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.

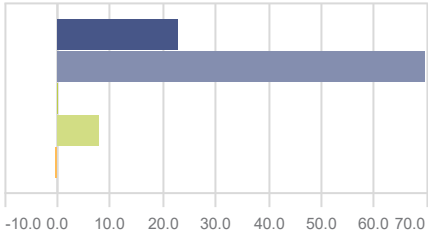
Issue date: 17 April 2025

## Asset Allocation



•FIXED INCOME: BONDS AND DERIVATIVES	69.4	%
•CASH / MONEY MARKET	30.6	%
<b>Total</b>	<b>100.0</b>	

## 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	%
<b>Total</b>	<b>100.0</b>	

## 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.