Terebinth FI Macro FR Retail Hedge Fund

Minimum Disclosure Document | Fee Class: 1 | 30 April 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	2,101,940,309.98
Unit Price	3056.61
Units in Issue	1,147,960.02
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	2.81*
Transaction Costs	0.07
Total Investment Charge	2.88

*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	0.64	14.09	13.44	11.03	12.50
STeFI Composite	2.52	8.22	7.63	6.23	6.55
FTSE/JSE All Bond TR	1.47	19.44	10.73	11.05	8.07
FTSE/JSE All Share TR	10.54	24.60	12.36	16.97	10.79

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%	-0.87%									**0.64%**	2.52%

*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	8.62	0.69	0.76	12.42	0.89	37.31	-7.15
STeFI Composite	0.39	—	—	-0.62	-0.61		
FTSE/JSE All Bond TR	8.10	0.18	0.25	2.74	-0.55		
FTSE/JSE All Share TR	13.81	0.37	0.58	0.94	0.13		

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

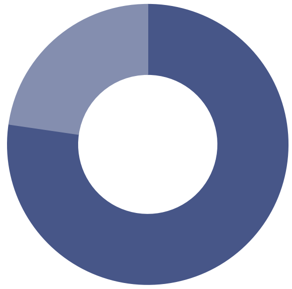
Collective Investment Schemes are generally medium- to long-term investments. The value of participatory interests (units) may go down as well as up. Past performance is not necessarily a guide to future performance. Collective investments are traded at ruling prices and can engage in scrip lending and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

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.

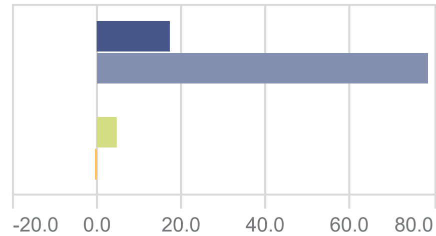
Issue date: 21 May 2025

Asset Allocation



	%
FIXED INCOME: BONDS AND DERIVATIVES	77.3
CASH / MONEY MARKET	22.7
Total	**100.0**

Counterparty Exposure



	%
ABSA BANK LIMITED	17.3
JSE DEBT MARKET	78.3
JSE CLEAR PTY LIMITED	0.0
FIRSTRAND BANK LIMITED	4.8
OTHER	-0.3
Total	**100.0**

Market and Fund Commentary

April 2025 was a month of paradox - markets closed largely unchanged, yet seismic undercurrents of uncertainty reshaped the economic landscape. As global finance leaders gathered at the IMF and World Bank Spring Meetings from April 21-26, the word "uncertainty" dominated discussions, with the IMF's World Trade Uncertainty Index soaring seven times higher than October 2024 levels, surpassing even pandemic-era peaks. Headlines fixated on President Trump's policy reversals, with Bloomberg Terminal's top stories - "Trump U-Turns on Powell, China follow dire economic warnings" and "Bessent sees China de-escalation, Trump says he'll play 'nice'" - reflecting markets rattled by White House noise. Beneath this, a fragile US economy grappled with tariffs, eroding global trust, and a new macro regime: Paradigm C, marked by fiscal largesse, deregulation, and deepening inequality, with Wall Street's influence, exemplified by Bessent's closed-door disclosures, steering fiscal direction.

April's "Liberation Day" unleashed Trump's tariff escalation - a 10% baseline on US imports, with 125% on China - sparking a market rupture akin to the Lehman crisis. Treasury and currency volatility fuelled fears of capital flight, with 30% of Treasuries held by foreign institutions and 60% by risk-sensitive investors. Gold surged to $3,500/oz as sovereigns sought dollar alternatives. A 90-day tariff pause on April 9, excluding China, and hints of softening, driven by market distress and recession threats, lifted equities, notably tech and small-caps. Yet, structural capital outflows persist, signalling waning faith in US stewardship.

The tariffs are a strategic gamble to reshape global trade, leveraging US market dominance to force nations like Vietnam into a US-centric trade zone with lower tariffs for stateside production. Successes like Toyota's US manufacturing highlight potential, but uncertainty - over tariff longevity, exemptions, and retaliation - paralyses investment, with ships idling and supply chains disrupted.

Economic data paints a grim picture: business activity hit a 16-month low, port activity collapsed as firms adopted a "wait-and-see" stance, and supply chains absorbed tariff costs. Consumer sentiment rose among Republicans, insulated by partisan media, but businesses face paralysing uncertainty. The IMF slashed its 2025 global growth forecast to 2.8% (still well above market consensus, and miles above some more bearish forecasts), citing tariffs, inflation, and trade uncertainty, while Germany cut its forecast to 0%. The US faces stagflation - 0.6% growth, 3.25% inflation - curbing Federal Reserve rate cuts, with finance leaders at the Spring Meetings warning of recession risks exceeding the IMF's 37% estimate.

Globally, nations face a Cold War-like choice between US and Chinese economic spheres. Energy importers may align with the US, commodity exporters with China, reshaping trade flows. The WTO estimates a 13% drop in North American exports, and disruptions, like NVIDIA's $5.5bn impairment from chip export curbs, underscore costs. California's threat to sue over tariffs signals domestic discord. Geopolitically, Trump's policies strain alliances, pushing Japan and South Korea toward US trade deals while the EU and Latin America explore alternatives. China capitalises, strengthening ties with Vietnam, though Europe remains wary.

Trump's attacks on Jerome Powell threaten Fed independence, vital to the dollar's reserve status, though legal protections limit immediate risks. The ECB cut rates to 2.25%, and Japan's tightening signals divergent responses. China's stimulus pledges aim to counter pressures, but US policy uncertainty keeps volatility high, with IMF MD Kristalina Georgieva noting it as "bad for business."

South Africa's economic landscape is also defined by uncertainty. The GNU's fragile cohesion and the SARB's response to global shocks dominates current discussions. Domestic political instability, debt sustainability, and slow growth recovery underscore the need for vigilance, as uncertainty weighs on markets and investment decisions.

The GNU's survival is under scrutiny, with tensions between the ANC and DA threatening reform progress. A DA exit could weaken the rand and trigger a bond sell-off, compounding the weakness experienced in the aftermath of the first failed Budget. While a stable minority government (GNU sans DA) might mitigate some market fallout, private sector participation could falter, stalling reforms in rail, energy, and regulation critical for growth. Our base case assumes the GNU persists, as the ANC shies away from minority rule and the DA retains policy influence. Yet, decision-making remains fraught, with uncertainty delaying structural reforms and dimming long-term growth prospects.

South Africa faces a trifecta of shocks: domestic political uncertainty, global market volatility from US tariffs, and international tensions from a proposed US bill targeting ANC officials. The bill's 120-day review period could spark fears of broader sanctions, pressuring assets. Despite these, South Africa's macro fundamentals - bolstered by a free-floating rand and Regulation 28's 45% offshore cap (currently 36%) - offer resilience.

We agree that the 2025 GDP growth forecast has been dealt numerous blows, with NT's 1.9% forecast seeming out of touch with current reality. Domestic and external headwinds, including US tariffs at an 11% effective rate on South Africa (potentially 16% with reciprocal tariffs), means an outcome closer to 1% currently seems more realistic. Weaker growth widens the output gap, fostering disinflation. Lower CPI forecasts are now also making headlines, with global tariff-induced rerouting of Chinese exports a potential further catalyst to depress prices, offsetting limited ZAR pass-through. The SARB, in "risk management mode" per IMF discussions, is expected to reluctantly ease interest rates further.

Meanwhile, slower growth will delay fiscal consolidation, with the debt ratio likely peaking above NT's current target. Its primary surplus target may also be at risk, strained by lower tax receipts.

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