# Fairtree Wild Fig Multi Strategy FR QI Hedge Fund

## Minimum Disclosure Document - Class 1

31 March 2024

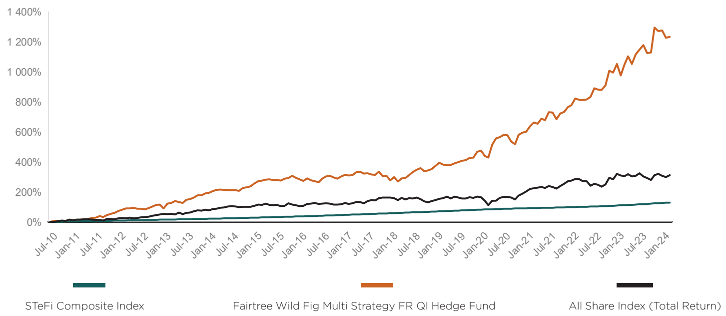
### Investment Objective

The objective of the fund is to create long-term wealth for investors by investing across three asset classes; equities, fixed income and commodities.

### Fund Profile

The portfolio is diversified across three asset classes, equities; fixed income and commodities, with the strategic long term allocation framework seeking maximum asset class diversification in its portfolio construction technique. Tactical asset allocation decisions are taken to ensure the fund is appropriately exposed to the most attractive opportunity sets, without foregoing the benefit of a degree of asset class diversification. The portfolio is rebalanced at least monthly. Capital is allocated across the various strategy teams within the asset classes, with additional risk allocation introducing a further degree of gearing.

### Cumulative Performance Since Inception




The investment performance is for illustrative purposes only; the investment performance is calculated by taking the actual initial fees and all ongoing fees into account for the amount shown; assuming income is reinvested on the reinvestment date.

*The above benchmark(s) are for comparison purposes with the fund's performance. The fund does not follow the benchmark(s).*

### Return Analysis (Annualised)

| | Fund | All Share Index (Total Return) | STeFi Composite Index |
|---|---|---|---|
| 1 Year | 15.82% | 1.55% | 8.39% |
| 3 Years | 20.40% | 8.11% | 6.08% |
| 5 Years | 22.55% | 9.68% | 6.00% |
| 10 Years | 15.56% | 8.08% | 6.50% |
| Since Inception | 20.86% | 10.89% | 6.26% |

### Risk Analysis

| | Fund | All Share Index (Total Return) | STeFi Composite Index |
|---|---|---|---|
| Sharpe Ratio | 0.97 | 0.38 | 0.27 |
| Sortino Ratio | 2.04 | 0.73 | 0.53 |
| Standard Deviation | 14.42% | 13.72% | 0.36% |
| Best Month | 16.67% | 13.98% | 0.70% |
| Worst Month | -11.90% | -12.13% | n/a |
| Highest Rolling 12 Months | 67.31% | 53.98% | 8.39% |
| Lowest Rolling 12 Months | -10.38% | -18.42% | 3.78% |
| Largest Cumulative Drawdown | -15.09% | -21.72% | n/a |
| % Positive Months(Since Incept.) | 67.07% | 57.93% | n/a |
| Correlation (Monthly) | 0.44 | | |
| Value at Risk (VaR) 95% | 7.50% | | |

### Fund Details

| | |
|---|---|
| Risk Profile: | Medium - High |
| Portfolio Manager: | Bradley Anthony and Kurt van der Walt |
| Fund size: | R 1.69 bn |
| NAV Price (as at month end): | 16,145.21 |
| Number of Units: | 262,388.92 |
| JSE Code: | FTWFIG |
| ISIN Number: | ZAE000259107 |
| Inception Date: | August 2010 |
| CISCA Inception Date: | 1 April 2017 |
| ASISA Classification: | Qualified Investor Hedge Fund - South African - Multi - Strategy |
| Hurdle/Benchmark: | N/A |
| Minimum Investment: | R 1 000 000 Lump sum |
| Service Fee: | 2.39% (excl. VAT)<br>*Includes Base fee/Investment Management Fee of 2.00% |
| Performance fee (uncapped): | 20% of the total performance above the high water mark (excl. VAT). |

### Cost Ratios (incl. VAT)

| | |
|---|---|
| Total Expense Ratio (TER%): | 9.05% |
| Performance Fee (PF) Included in TER: | 6.10% |
| Transactions Costs Ratio (TC%): | 0.40% |
| ** Total Investment Charges (TIC%): | 9.45% |

* Total Investment Charges (TIC%) = TER (%) + TC (%)
** TIC Fees are calculated in respect of the 12 months up to and including September 2023

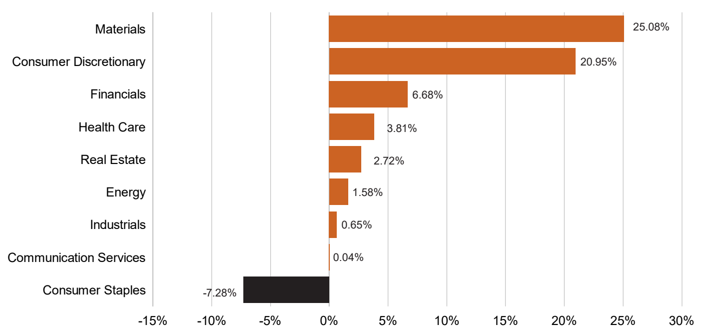
### Income Distribution

| | |
|---|---|
| 31 December 2023 | 0.00 cents per unit (cpu) |

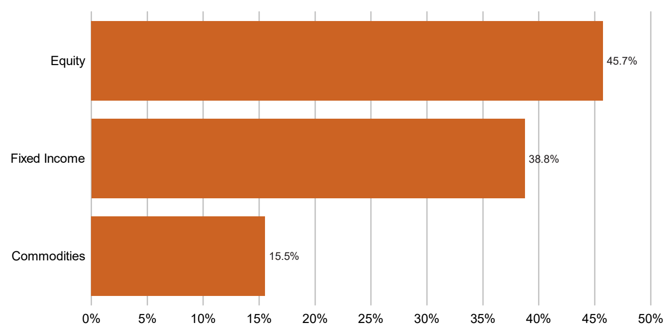
### Investment Manager contact details

+27 86 176 0760

### Sector Allocation




### Asset Allocation



| | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2010 | | | | | | | | 6.82% | 1.02% | -3.82% | -0.26% | -1.28% | **2.21%** |
| 2011 | 1.74% | 3.97% | 7.26% | 0.79% | 3.35% | 4.50% | 1.13% | 8.45% | -3.55% | 8.92% | 6.52% | 4.03% | **57.67%** |
| 2012 | 7.19% | 4.72% | 5.45% | -0.26% | 2.00% | -2.95% | 0.11% | -2.05% | 4.09% | 5.87% | 4.56% | 1.20% | **33.65%** |
| 2013 | -11.90% | 16.67% | 2.48% | 5.65% | -2.79% | -2.68% | 9.54% | 1.55% | 3.99% | 5.95% | 0.10% | 4.39% | **34.83%** |
| 2014 | 1.20% | 3.59% | 3.00% | 0.60% | -0.64% | -0.52% | 0.05% | -0.26% | -1.17% | 5.91% | 1.77% | 1.71% | **16.09%** |
| 2015 | 5.81% | 3.86% | 1.07% | 1.77% | 0.91% | -1.36% | -0.12% | -0.74% | 3.38% | 0.89% | 3.79% | -3.29% | **16.79%** |
| 2016 | -2.41% | -2.93% | 4.44% | -3.02% | -2.03% | -1.53% | 6.31% | 4.25% | 0.59% | -2.34% | -1.99% | 3.60% | **2.31%** |
| 2017 | 2.74% | -0.93% | 0.26% | 4.90% | 0.79% | -3.01% | 0.86% | -2.16% | -0.63% | 4.97% | -6.62% | 0.69% | **1.27%** |
| 2018 | -7.45% | 5.46% | -7.47% | 5.80% | 0.36% | 5.01% | 5.17% | 3.51% | 2.36% | -4.54% | 1.42% | 2.01% | **10.82%** |
| 2019 | 4.68% | 4.54% | -2.57% | -0.88% | 0.22% | 2.52% | 1.43% | 1.69% | 0.83% | 3.23% | 0.29% | 7.40% | **25.56%** |
| 2020 | 1.25% | -6.22% | -1.97% | 16.26% | 6.72% | 1.32% | 2.26% | -0.22% | -6.30% | -2.80% | 9.96% | 2.27% | **22.28%** |
| 2021 | 0.84% | 5.17% | 3.70% | -1.29% | 4.48% | -1.11% | 6.64% | -0.28% | -5.21% | 4.68% | 1.50% | 3.79% | **24.67%** |
| 2022 | 1.36% | 5.15% | -0.95% | -0.11% | 0.34% | 1.97% | 5.99% | -0.73% | -0.22% | 3.04% | 9.66% | -1.11% | **26.55%** |
| 2023 | 5.20% | -6.57% | 6.88% | 4.49% | -4.14% | 5.54% | 2.59% | 2.41% | -4.26% | 0.41% | 13.58% | -1.69% | **25.25%** |
| 2024 | 0.24% | -3.52% | 0.44% | | | | | | | | | | **-2.86%** |

*The inception date for the portfolio is 31 August 2010. The historical performance figures until the end of 31 March 2017 reflect performance achieved prior to CISCA regulation. The portfolio has been transitioned under CISCA regulations on 1 April 2017 and has since been managed as a regulated product. The annualized total return is the average 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 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 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 iscalculated for a lump sum investment on a Net Asset Value basis. The performance figures are reported net of fees with income reinvested

## Risk Profile

| Risk Level | Low | Low-Medium | Medium | Medium-High | High |
|---|---|---|---|---|---|

The risk category shown is not guaranteed and may change over time. The lowest category does not mean the investment is risk free. There may be other special areas of risk relating to the investment including liquidity risk, credit risk, market risk, and settlement risk. FundRock Management Company (RF) (Pty) Ltd, ("the manager"), and the investment manager do not render financial advice. Our risk indicator does not imply that the portfolio is suitable for all types of investors. You are advised to consult your financial adviser.

## Market Commentary

Over the last month, global stock markets have continued their upward trend, marking a strong end to the quarter. Economic indicators overall have remained robust despite some hints of a slowdown. Inflation levels suggest that price pressures might stick around longer, possibly due to increased oil prices, better manufacturing conditions, and fragile supply chains. Consequently, the Federal Reserve has pushed back against expectations of earlier interest rate cuts, advising patience in assessing incoming data. It's now anticipated that the first rate cut in the US may occur around June or July. US government bonds have faced pressure, with yields on 10-year bonds increasing by more than 40 basis points since the year began. Meanwhile, European and Chinese economies seem to be stabilising, with forecasts for US growth being revised upward, bolstering the US dollar.

Despite a stronger performance, emerging market equities continue to lag behind those of the US, while bonds and currencies from emerging markets remain under strain. Signs indicate that the Chinese economy is stabilising, with various indicators such as manufacturing and services activity surveys, retail sales, industrial production, and exports pointing towards an uptick in activity. The recent National People's Congress (NPC) meeting suggests authorities are increasingly inclined to relax policies to achieve their ambitious 5% growth target, fostering growing consumer confidence.

Europe recently experienced a mild recession, but there have been signs of improvement lately, with overall economic confidence on the rise. Real wages are showing positive growth, and energy costs have decreased. The European Central Bank (ECB) might be in a position to cut rates earlier than the Federal Reserve due to ongoing declines in inflation.

In South Africa, consumer and investor confidence remains low. Economic activity is sluggish as households and investors await clarity from upcoming elections. Political uncertainty has heightened, raising concerns that the political landscape may shift towards a more left-leaning populist stance post-election. However, despite these uncertainties, there's anticipation that policies promoting electricity and logistics reforms will continue. Expectations persist for the first rate cuts to occur in the latter half of the year despite recent signs of inflationary pressures.

After a difficult start to the year, local equity markets finally experienced a bounce and ended the quarter on a strong note, while the All Bond Index ended the quarter on a weak note, with a -2% return for March. The Wild Fig Multi-Strategy QI Hedge Fund had a relatively weak, although positive, end to the quarter compared to the JSE All Share Index. The equity strategies contributed the most to the fund's performance, as both the market-neutral and long-directional strategies contributed similar strong returns. However, the fixed income and commodities asset classes detracted significantly from the strong equity performance. The fixed income fundamental strategy detracted the most from the Fund's underlying strategies. Conversely, the fixed income quantitative strategy had a decent quarter, posting positive returns in each month. The commodities strategy ended the quarter on a negative note as well. The first quarter of the year has been a difficult one for emerging market assets, however, the Fund is well-positioned and diversified to navigate through the challenging market environment.

Equities: US financial conditions remain tight, with increasing signs of slowing growth. Corporates find it harder to pass on higher prices to consumers, adding pressure to profit margins. Valuations and earnings expectations remain elevated. Outside the US, valuations seems fairer with emerging markets trading at attractive valuations. We prefer South Africa and emerging market equities with better valuations, less exposure to inflation risks and more exposure to a China recovery and the potential to cut rates. We favour exposure to global defensive sectors and securities. We like resources and non-resource rand hedge exposures.

Fixed income: Local bond yields are attractive. Local core inflation remains contained, but upside risks are high. Headline inflation has peaked and we expect the SARB to cut rates this year. The sovereign credit premium remains elevated. Global developed market bonds remain attractive, given the outlook for softer growth.

Currency: We expect the US dollar's upside to be limited and should see a weakening bias over coming quarters, given its over-valuation status, weak twin deficit fundamentals and expected rate cuts by the Fed.

*Please Note: The above commentary is based on reasonable assumptions and is not guaranteed to occur.*

## Glossary

**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 Charges (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).

**Standard Deviation :** The deviation of the return of the portfolio relative to its average.

**Drawdown :** The greatest peak to trough loss until a new peak is reached.

**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.

**Correlation :** A number between -1 and 1 indicating the similarity of the dispersion of returns between the portfolio and another asset or index with 1 being highly correlated, -1 highly negatively correlated and 0 uncorrelated.

**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.

**Leverage/Gearing :** The use of securities, including derivative instruments, short positions or borrowed capital to increase the exposure beyond the capital employed to an investment.

## 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 Sector Risk :** A large proportion of total assets invested in specific assets, sectors or regions. Concentrated positions or concentrated sectors in a portfolio will material 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.

**Equity Risk :** Applies to investment in shares or derivatives based on shares. The market price of shares varies depending on supply and demand of the shares. Equity risk is the risk of loss due to the drop in the market price of shares. Equity risk can either be systematic risk which is risk to the entire market based on political and economic indicators or unsystematic risk which is company specific and includes risk relating to company profits, future prospects and general consensus on the company or sector.

## Portfolio Valuation & Transaction Cut - Off

Portfolios are valued monthly. The cut off time for processing investment subscriptions is 10:00am on the last business day of the month prior to enable processing for investment on the first business day of the next month. Redemptions are subject to one calendar months notice.

## Total Expense Ratio

A higher 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 other factors over time including market returns, the type of financial product, the investment decisions of the investment manager and the TER.

## Mandatory Disclosures

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