Terebinth FI Macro FR Retail Hedge Fund

Minimum Disclosure Document | Fee Class: 1 | 31 December 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	2,209,254,782.48
Unit Price	3,118.359
Units in Issue	1,208,601.2404
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	1.34
Performance Fee	17.25
Total Expense Ratio	1.77*
Transaction Costs	0.11
Total Investment Charge	1.88

*Includes a performance fee of 0.40%

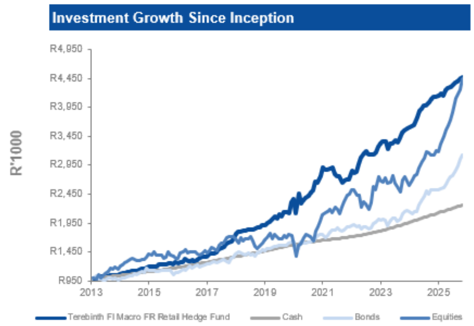
Annual Distributions

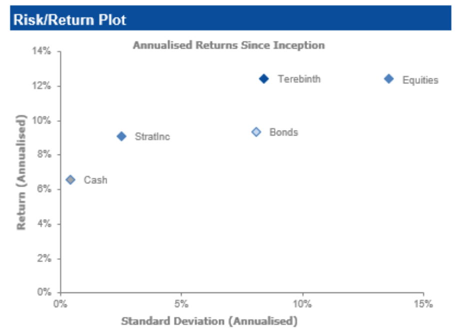
Dec 2024: 5,323.12 cents

Additional Information

Minimum Investment: R1 000 000
Portfolio Valuation Frequency: Daily
Portfolio Valuation Time: 15:00
Transaction Cut-Off: 14:00pm SA time on a business day
Annual distribution declaration date: December
Performance Fee: Uncapped
Participation 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]	10 Years[1]	Since Inception[1]
Terebinth FI Macro FR Retail Hedge 1	8.28	8.28	12.14	11.00	13.62	12.45
STeFI Composite	7.52	7.52	8.01	6.60	6.78	6.60
FTSE/JSE All Bond TR	24.24	24.24	16.89	12.54	11.48	9.36
FTSE/JSE All Share TR	42.40	42.40	20.85	18.76	12.39	12.41

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%	2.36%	0.95%	0.21%	0.98%	0.91%	0.31%	1.15%	0.51%	**8.28%**	7.52%

*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	8.41	0.70	0.78	13.13	0.91	37.31	-7.15
STeFI Composite	0.39	—	—	-0.49	-0.68		
FTSE/JSE All Bond TR	8.04	0.33	0.47	2.71	-0.62		
FTSE/JSE All Share TR	13.61	0.48	0.76	0.97	0.06		

Value at Risk (VaR) (%)

Current VaR	9.11
Maximum VaR	14.32
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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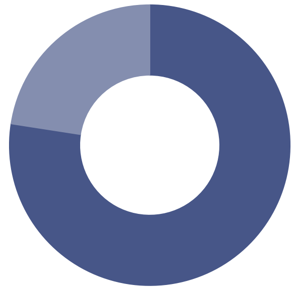
Disclaimer

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.

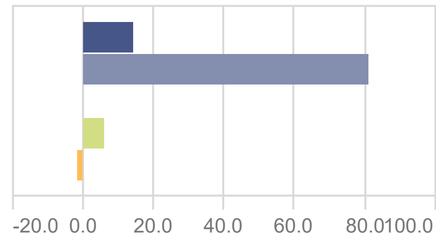
Issue date: 19 January 2026

Asset Allocation



	%
FIXED INCOME: BONDS AND DERIVATIVES	77.4
CASH / MONEY MARKET	22.6
Total	**100.0**

Counterparty Exposure



	%
ABSA BANK LIMITED	14.3
JSE DEBT MARKET	81.1
JSE CLEAR PTY LIMITED	0.0
FIRSTRAND BANK LIMITED	6.1
OTHER	-1.5
Total	**100.0**

Market and Fund Commentary

Global

We appear to be extending the Goldilocks environment of contained inflation (even if levels remain above pre-COVID figures) and accelerating growth. Catch-up data releases in the US have prompted markets to discount the dovish implications of lower inflation and higher unemployment. The Fed implemented a well-telegraphed 25bp rate cut in December, alongside a commitment to purchase T-bills to manage reserve levels. While economic projections were broadly unchanged, the statement and press conference adopted a dovish tilt, aligning markets with two further cuts in this cycle. This would reduce the Fed funds rate to 3.25%, within the "neutral" range of 3.00%–3.50%.US employment data generally indicate a loosening labour market, but not yet at a pace to alarm the growth outlook, given the mixed signals. Slowing job gains might reflect reduced supply amid tightening immigration policy, while jobless claims have declined anew despite rising job cut announcements and falling listings. Participation rates and seasonal adjustments may still distort data, meaning investors require more evidence to identify a business cycle turn.

A further anomaly is the divergence between lower consumer sentiment and higher small business confidence. Consumers feel less confident due to persistent US policy uncertainty and a softening labour market, but the primary culprit remains high (and rising) prices. Businesses may feel more optimistic (or less pessimistic) as the administration has not been as aggressive on trade tariffs as feared, though the promise of tariffs might have supported some price buttressing. This resembles lower oil prices being partly offset by wider margins across the value chain, diluting consumer benefits.

The effective tariff has settled (for now) between 10% and 15%, depending on measurement, well below the "Liberation Day" level but still the highest in about 90 years. The one-year trade truce with China has provided temporary certainty, but we await the Supreme Court's ruling on tariffs introduced under national emergency guise. Equity market reactions to new tariff measures will determine their implementation, as seen in the TACO trade of 2025.Concerns over an AI bubble persist, focusing on expansion pace, capex costs, and debt levels, with risk discrimination visible in hyperscalers' credit default swap spreads. A significant repricing of AI's productivity potential would harm growth, but the greater systemic risk is accumulating sovereign debt.

With this in mind, renewed QE should not be ruled out, as the Fed may need to stabilise the US bond market. Despite reports of the dollar's demise, the US bond market and FOMC still set global capital costs. Given the pending Fed leadership change, more stimulative US monetary policy is possible, alongside easier global liquidity. This could resume the US dollar bear market, stronger US growth, but sticky inflation.

With eyes on the US mid-term elections in November 2026, pro-growth policies will dominate. This favours reaccelerating growth and a bullish market backdrop. Yet, as a strong consensus, we characterise it as a "nervously bullish" global markets environment entering 2026.

Local

The myopic positive sentiment towards South African assets has not led to significant foreign portfolio inflows. While there have been spurts of non-resident buying, foreign ownership remains at the lower range end. The ongoing rally in bonds and equities appears largely domestically driven. The question is whether foreign inflows will chase strong returns, or if residual caution over policy promises persists.

There is no denying South Africa is (yet again) at an inflection point. Major asset classes have been top performers in US dollar terms, showing benefits from global repricing—notably the weaker US dollar (concentrated in Q1 2025)—and SA-specific progress. Patchy growth in H1 2025 gave way to a solid Q3 GDP report. A stronger rand, lower interest rates, contained inflation, and fiscal restraint promises have boosted business confidence and private sector capex. Even so, growth remains too slow to meaningfully improve fiscal metrics or job creation.

The successful adoption of a 3% (+/-1%) inflation target vindicated the bond market rally and break-even inflation compression. Scepticism lingers over longer-term attainment of 3%, as recent low prints stem from slowing food inflation, low oil prices, and a weak housing market. However, the latest BER inflation expectations survey suggests potential early success, possibly allowing the SARB more rate-cutting room than the 6.25% trough priced by the FRA market. While global monetary policy leans towards easing, most cuts have occurred, and tightening rhetoric has emerged from Australia, Europe, and Colombia. A global cycle turn could limit the MPC's easing, removing a 2026 growth thrust.

Fiscal policy is surer following 2025's positive terms of trade and (apparent) restraint. S&P endorsed this with a November upgrade and positive outlook. Moody's was less convinced, maintaining SA's Ba2 rating (BB equivalent) with stable outlook, cautioning against recency bias. The major domestic risk is politics and its policy implications.

The ANC's National General Council passed without fanfare. Details reveal focuses on internal renewal (unlikely to change fundamentally), regaining ground in 2026 Local Government Elections (while preserving the GNU), and intensifying transformation (with selective inward FDI). Non-resident investors eye GNU survival, with local elections pivotal to the ANC's December 2027 succession battle.

The bond market seems optimistic that South Africa has turned a corner; the rand is catching up, but SA Inc lags. Opportunities may remain.