

Terebinth FI Macro FR Retail Hedge Fund

Minimum Disclosure Document | Fee Class: 1 | 29 August 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	2,086,007,840.26
Unit Price	3196.067
Units in Issue	1,115,733.87
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	1.79*
Transaction Costs	0.03
Total Investment Charge	1.82
*Includes a performance fee of 0.42%	

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	10 Years ¹	Since Inception ¹
Terebinth FI Macro FR Retail Hedge 1	5.22	9.14	10.77	12.36	13.36	12.55
STeFI Composite	5.06	7.92	7.91	6.38	6.76	6.58
FTSE/JSE All Bond TR	10.35	15.11	13.64	11.33	9.43	8.58
FTSE/JSE All Share TR	23.57	25.82	19.13	17.23	11.10	11.48

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%					5.22%	5.06%

*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	8.52	0.70	0.78	12.74	0.89	37.31	-7.15
STeFI Composite	0.39	—	—	-0.57	-0.65		
FTSE/JSE All Bond TR	8.04	0.24	0.34	2.78	-0.59		
FTSE/JSE All Share TR	13.66	0.42	0.66	0.99	0.09		

Value at Risk (VaR) (%)

Current VaR	4.37
Maximum VaR	4.37
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.

Terebint FI Macro FR Retail Hedge Fund

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Disclaimer

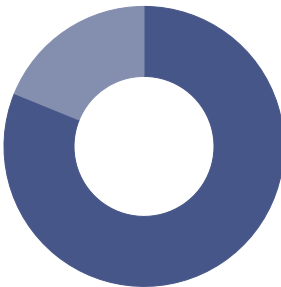
Collective Investment Schemes are generally medium- to long-term investments. The value of participatory interests (units) may go down as well as up. Past performance is not necessarily a guide to future performance. Collective investments are traded at ruling prices and can engage in scrip lending and 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 and information on 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. Terebint 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 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. Performance fees are calculated and accrued on a daily basis based upon the daily outperformance, in excess of the benchmark, multiplied by the share rate and paid over to the manager monthly. The performance figures are reported net of fees with income reinvested. The Financial Services Board published Hedging 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 which leverage which could result in amplified gains and/or losses. **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 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. ■ **NAV:** is the weighted average of the NAVs of the units in the portfolio 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: 16 September 2025

Asset Allocation



	%
■ FIXED INCOME: BONDS AND DERIVATIVES	81.2
■ CASH / MONEY MARKET	18.8
Total	100.0

Market and Fund Commentary

Global

Amidst escalated geopolitical tensions and policy shifts under the Trump administration, US economic momentum held firm through H1 despite heavy disruption from Trump's tariffs, but concerns over softening labour demand have all but locked in a rate cut at this month's FOMC meeting.

Front-loaded trade flows, volatile inventories, and uneven spending masked a healthy underlying trend. Real final sales to private domestic purchasers – the core gauge that strips out government spending, net trade, and inventories – rose 1.9% in Q2, matching Q1 and well above the 1.2% initially reported. Headline GDP was revised higher on stronger consumer spending and a surge in business investment, while July's consumer spending and durable goods orders point to a solid start for Q3. Core durable goods orders jumped 1.1% in July, far above the expected 0.2%, lifting the Atlanta Fed's contribution estimate to Q3 GDP from business equipment spending to 0.61 of a percentage point from 0.26pp. Real consumer spending rose 0.4% in July, its fastest monthly pace this year, following six months of volatile, sideways trends that left June spending below December levels. Personal income rose 0.4%, powered by 0.7% private-sector wage gains, lifting y/y private earnings to 5.4% – the fastest this year. Disposable income climbed 0.4%, with real disposable income up 0.2% after a 0.2% PCE price rise.

Headline and core PCE inflation met expectations in July, but underlying trends are firming. Core inflation edged to 2.9% from 2.8%, services prices rose 0.3% (lifted by portfolio fees post-equity surge), pushing services inflation to 3.5% from 3.4%. Durable goods prices fell 0.1% with little tariff passthrough after June's 0.5% jump, but annual sector inflation is now positive at 1.1%, ending nearly two years of drag. Q2 2025 GDP growth surprised positively, supported by net trade, with Japan, Europe, and the UK exceeding expectations. Despite tariff-suspension predictions, stocks hit record highs, fuelled by double-digit earnings and anticipated Fed cuts. Valuations are stretched, yet "dumb money" retail investors outperform professionals amid loose conditions and rising inflation.

The White House's push for Fed easing erodes credibility, with Trump's ousting of governors like Lisa Cook and Powell criticisms aiming at control over \$18.6tn in bank assets. This "tyrant risk," per Larry Summers, risks credit favouritism or penalties, distorting markets beyond inflation. The dollar depreciated 10% YTD, shifting investors to gold and Bitcoin for gains amid potential USD weakness like historical collapses. July FOMC minutes show a divided committee emphasising inflation risks over employment, but payroll weaknesses may shift focus. Powell's Jackson Hole remarks downgraded labour assessments, seeing tariff inflation as transitory, opening a cautious 25bp September cut. Forecasts: two to three 2025 cuts (September, December possibly), quarterly 25bp in 2026 to 2.75-3.25% terminal, with hawkish dissent like Schmid amid uncertainties.

Monetary restrictiveness drives a mild downturn, weakening construction and manufacturing, with job losses in motor vehicles. Tariffs (1% GDP tax equivalent) compress margins, curb spending, and slow nominal GDP to post-pandemic lows. Resilient elements: July retail sales at 6.4% SAAR, industrial production in U-shaped recovery, profits up 6.8% annualised despite \$163bn tariff costs, near-record margins. Capex surged 15.3% annualised in H1 via R&D expensing under the One Big Beautiful Bill Act, aiding industrials. Trump's fiscal needs demand low rates, possibly via stablecoins for near-0% deficit financing. Without entitlement or defence cuts, Fed independence risks compromise. Nothing positive about political pressure on the Fed or statisticians; independence a core theme since last year, unfolding slower than expected.

"Polititised central banks deliver higher inflation, volatile growth and weakened currencies," – Janet Yellen, FT op-ed last week.

"This is a real assault on the Federal Reserve's independence... I'm sort of surprised that the markets are so relaxed," – William Dudley.

"We'll have a majority very shortly" – Trump on Fed appointments, CNBC last Tuesday.

Friday's (29 August 2025) ruling deeming tariffs unlawful adds uncertainty as trade settles and confidence recovers. US navigated H1 tariffs well, building Q3 momentum. Tariffs stay during Supreme Court appeal on IEEPA; alternatives exist if failed. Revenues offset OBBBA fiscal easing, deterring future unwinds.

Trump's Fed grip sparks clash, with Cook fighting dismissal over mortgage fraud. His influence risks prioritising political cuts over inflation targeting. Trump: "We'll have a majority very shortly... People are paying too high an interest rate. We have to get the rates down a little bit."

Local

South Africa's mid-2025 baseline assumes tight policies, with SARB shifting to 3% inflation target in 3-6% range, keeping real rates restrictive until anchored. Kganyago defends it, leveraging June's 3.0% y/y low for stability at low cost, potentially cutting neutral rate to 5.25% from 7.25%, lowering debt costs, outperforming peers. Tensions with Treasury on joint agreement highlight risks; Godongwana says no formal change. Contraction weighs growth: 2025 GDP at 0.9-1.3% after weak 2024, Q1 at 0.1%. Subdued spending, investment, exports amid uncertainty; unemployment at 33.2% in Q2 under dysfunctional GNU.

Downside: Treasury disregard keeps inflation at ~4.5%, eroding credibility, weakening rand, slowing inflows, stagnating growth at 1% with rising joblessness, fiscal woes, shock vulnerability.

Counter: Operation Vulindlela Phase II (March 2025) targets barriers – red tape cuts, non-racial empowerment, small business exemptions, Eskom unbundling, concessions, spending redirects, municipal professionalisation, anti-crime – to attract investment, jobs, GDP boost. July reports show momentum in electricity, logistics; BLSA partnerships key. Tracker: Q2 surge with 26 completed, 59 strong, 108 on track (needing attention), 19 obstructed. Converting to growth vital amid unemployment urgency.

Markets eye lower inflation benefits: compressed premia, rand strength, rating uplift. Local assets attractive vs global, with yields (6.5% SA 10yr vs 2.25% US) drawing inflows. Transition pains weigh short-term, but anchored expectations offer stability, low volatility, hedge opportunities.