Terebinth SNN FI Macro Retail Hedge Fund

Minimum Disclosure Document (MDD) **Class 1**

February 2021

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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.

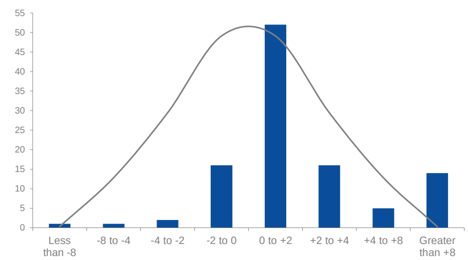
INVESTMENT STRATEGY: Terebinth SNN Fixed Income Macro Hedge is a South African domiciled, rand-denominated fixed income hedge fund, focusing on macro strategies. Through the use of qualitative and quantitative methodologies opportunities are exploited across three disciplines: Structural/Strategic; Technical; Tactical. The fund is actively managed, with a focus on risk management and to provide investors with a high degree of confidence regarding liquidity.

Key Performance and Risk Statistics

Date: 28 Feb 2021	Terebinth SNN FI Macro	STeFI Composite	All Bond Index	JSE All Share Index
Return				
1 Year	23.11%	4.83%	8.31%	33.20%
3 Year	18.27%	6.44%	7.13%	7.57%
5 Year	18.31%	6.86%	9.79%	9.21%
Since Inception (annualised)	14.42%	6.54%	7.31%	9.79%
Standard Deviation				
Monthly	2.73%	0.09%	2.43%	4.04%
Annualised	9.47%	0.30%	8.43%	13.99%
Sharpe Ratio	1.14	N/A	0.39	0.41
Sortino Ratio	0.81	N/A	0.38	0.33
Skew	1.00	-0.89	-0.69	0.06
Kurtosis	12.62	0.32	3.49	1.16

Source of Data: Bloomberg; The ALBI and ALSI are for comparison purposes with the fund's performance. The fund does not follow these benchmarks. The fund's benchmark or hurdle is STeFI Composite. *1 April 2013

Distribution of Monthly Returns

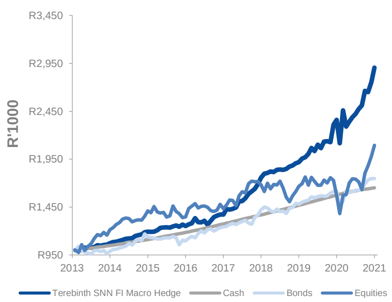


Monthly Performance*

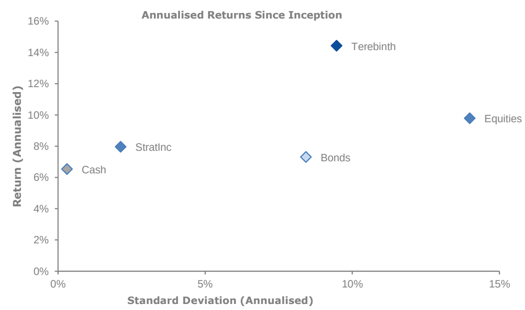
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	STEFI
2013				-0.05%	-0.03%	2.61%	-0.06%	0.04%	0.81%	1.73%	-0.39%	0.58%	5.32%	3.93%
2014	0.40%	1.48%	1.15%	0.30%	0.82%	0.80%	1.05%	0.44%	0.21%	1.91%	0.90%	0.64%	10.58%	5.90%
2015	1.95%	0.56%	-0.27%	0.21%	1.29%	1.99%	0.32%	0.12%	-0.28%	1.11%	0.71%	-0.98%	6.89%	6.48%
2016	1.76%	-1.09%	1.26%	0.96%	4.12%	-3.19%	-0.14%	1.35%	-3.15%	3.30%	2.93%	1.18%	9.36%	7.37%
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%											9.63%	0.29%

*Performance is quoted net of all fees. The performance figures until the end of July 2017 (shaded) reflect performance achieved prior to CISCA regulation.

Cumulative Growth Since Inception



Risk/Return Plot



KEY FACTS

INVESTMENT MANAGER
Terebinth Capital (Pty) Ltd.

MANAGEMENT COMPANY
Sanne Management Company (RF) (Pty) Ltd.

PORTFOLIO SIZE
ZAR 797m

UNITS IN ISSUE
477,211

UNIT PRICE
2,409

INCEPTION DATE
1 Apr 2013

CISCA TRANSITION
1 Aug 2017

PORTFOLIO MANAGERS
Investment Team

TRUSTEE
FirstRand Bank Limited
(acting through its RMB Custody and Trustee Services Division)
3 Merchant Place
Ground Floor
Corner Fredman and Gwen Streets
Sandton
2146
Contact number: +27 87 736 1732

ASISA Classification
Retail Hedge Fund – South African – Fixed Income

Benchmark/Hurdle
STeFI Composite Index

PORTFOLIO VALUATION
Monthly

NOTICE PERIOD
One calendar month

DISTRIBUTIONS
Frequency: Annual, Dec
Cents per unit: 114.97185- December 2020

TRANSACTION CUT-OFF
The cut off time for processing investment
subscriptions is 10:00am on the last day of the
month prior, to enable processing for investment
on the first day of the next month.

MINIMUM INVESTMENT
ZAR 1 000 000

MANAGEMENT FEES (EXCL VAT)
Base Fee: 1% Performance Fees: 15%

RISK PROFILE
Medium

Market Outlook

■ March 15th will live in infamy beyond the murder of Julius Caesar. There was the raid on Southern England by the French in 1360. The Great Samoan Cyclone in 1889. In 1917 Czar Nicholas II abdicated his throne. Germany occupied Czechoslovakia in 1939 during the second World War. Scientists revealed in 1988 the disappearing of the ozone layer. SARS (not the taxing kind – that has been around since the dawn of mankind it seems) global health scare in 2003. And in 2020 South African markets hit the eye of the storm the week of 15 March.

■ In honour of March 2020, global bond markets got to work in eager fashion last month, as the mini tantrum led to the third-worst year-to-date drawdown in the last thirty years for the Merrill Lynch 10+ bond index.

■ Additional vaccine approvals are expected, while rollout rates around the globe continue to improve. Our defences against new variants are much more advanced than they were a year ago. The process to fight COVID with mRNA vaccines has been standardized, and the logistics of vaccine creation, approval, and distribution appear in place. The economy should begin an expansionary cycle from an unprecedented position of strength. With household savings high, debt service low, and corporate cash plentiful, the reflective rebound from last year's severe recession should be significant. Record federal deficits and continued stimulus sees balance sheets in a better position than at the start of any other cycle in history.

■ The question is whether the above will be inflationary, and merely transitory. As Japan and Europe have demonstrated, advanced economies facing demographic headwinds tend to experience longer, slower expansions with low rates and disinflation. Fed Chair Powell noted in his January FOMC press conference, "The kind of troubling inflation that people like me grew up with seems far away and unlikely in the … domestic and global context that we've been in for some time."

■ In answering the bond question, strategists and authorities appear to argue the short-term reflation that we expect should be viewed as a growth spurt and source of volatility in the recovery's adolescent phase, not a threat to its longevity.

■ Traders who subscribe to the motto 'trust but verify' (I know we do), will be looking to monetary authorities to use forward guidance to prepare their respective economies well in advance of any tapering or removal of stimulus. It seems fear is rising that a further almost $2t worth of stimulus might prove to be a bridge too far.

■ Tantrums come to an end after inflicting damage. A meltdown in risky assets or Fed concerns over higher yields are two catalysts that could stall the sell-off.

■ Equity managers will have much to celebrate as the year-to-date returns in their markets approach double digits. Globally another strong month also in general for risk markets, with MSCI World up 3.2% in February (4.71% YTD) and MSCI EM up 1.39% in February (7.09% YTD). Commodities (soft, precious, and industrial) excelled, with other inflation hedges (Bitcoin etc) also rocketing.

■ The key event in February was the National Budget, which proved market friendly. The tax 'windfall' almost exclusively used to lower the debt burden (some arguing at the cost of social welfare). The key risks to the 2021 Budget remain, as usual, a slower-than-expected recovery in the tax-to-GDP ratio, which will weigh on revenue projections, and failure to enforce proposed wage bill cuts.

■ To achieve the planned stabilization, South Africa needs sustained economic growth, which in turn requires many structural reforms. The bar is high, implementation challenges are significant, political resistance to reforms has been strong, and recent years track record has been poor. While the President has put infrastructure at the centre of his economic policy approach and business has been working on several fronts to support the government in making this a reality, we are falling woefully short of the National Development Plan goal of spending 30% of GDP on investment in infrastructure. Not one new PPP has been registered in South Africa since 2017.

■ It is therefore understandable that the ratings' trend remains negative. Both Fitch (BB-) and Moody's (Baa2) hold a Negative outlook, and both are due to review South Africa's ratings in May. Fitch has suggested that NT's forecasts appear overly optimistic and it holds a rather bearish view on wage negotiations, while Moody's seems keen in assessing the risk of contingent liabilities.

Management Company
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RISK DISCLOSURE

The Risk Indicator is based on historical data and may not be a reliable indication of the future risk profile of the portfolio. 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. The Manager does not provide financial advice. Our risk indicator does not imply that the portfolio is suitable for all types of investors. Please consult your financial adviser.

ASSET ALLOCATION

FIXED INCOME: Bonds and derivatives	55.57%
CASH / MONEY MARKET	44.43%

TOTAL EXPENSES RATIO

Total Expense Ratio (TER):	3.77%	TER excl Performance Fee:	1.41%
Transaction Costs (TC):	0.53%		
Total Investment Costs (TIC):	4.30%		

Performance fees are uncapped; the maximum participation rate is 15%.

Highest rolling 12 month return	26.43%	31-Mar-18
Lowest rolling 12 month return	1.37%	30-Sep-16

MANDATORY DISCLOSURES

■ 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, 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.

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 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.

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.

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 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.

Issue Date: 12 Mar 2021