AMPLIFY

FEB 2023

ROOTED IN KNOWLEDGE WE GROW

Making sense of fixed interest markets

Information as at end Dec 2022

TEREBINTH CAPITAL

www.amplify.co.za

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TEREBINTH CAPITAL

Business overview

- Focused on growth. sustainability and consistency
- Founded in 2013
- AUM of R 27 billion
- Team of 13 professionals
- Uses an outsourced business model
- Combined experience of over 100 years
- 100% staff-owned

TEREBINTH CAPITAL

ABSIP "Leading the Way" BEYOND 25 years OF CHANGE AND TRANSFORMATION

HedgeNews Africa Awards 2011 WINNER South African Fixed Income

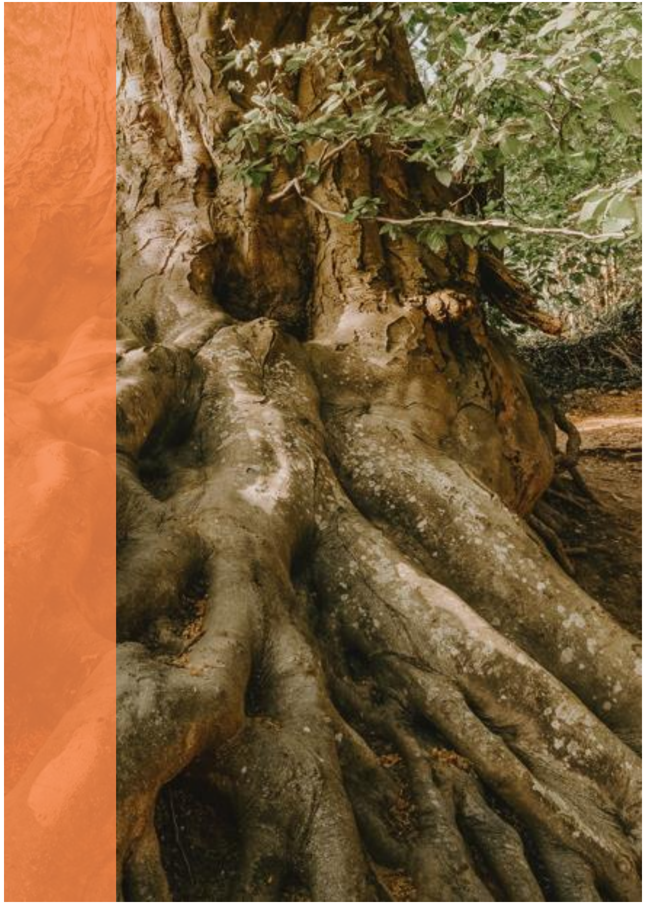
HedgeNews Africa Awards 2017 WINNER South African Fixed Income

HedgeNews Africa Awards 2018 WINNER Three-Year Performance (Single Manager)

Nomathibana Matshoba

Erik Nel

Source: Terebinth at end Dec ‘22



TEREBINTH CAPITAL
Investment Philosophy

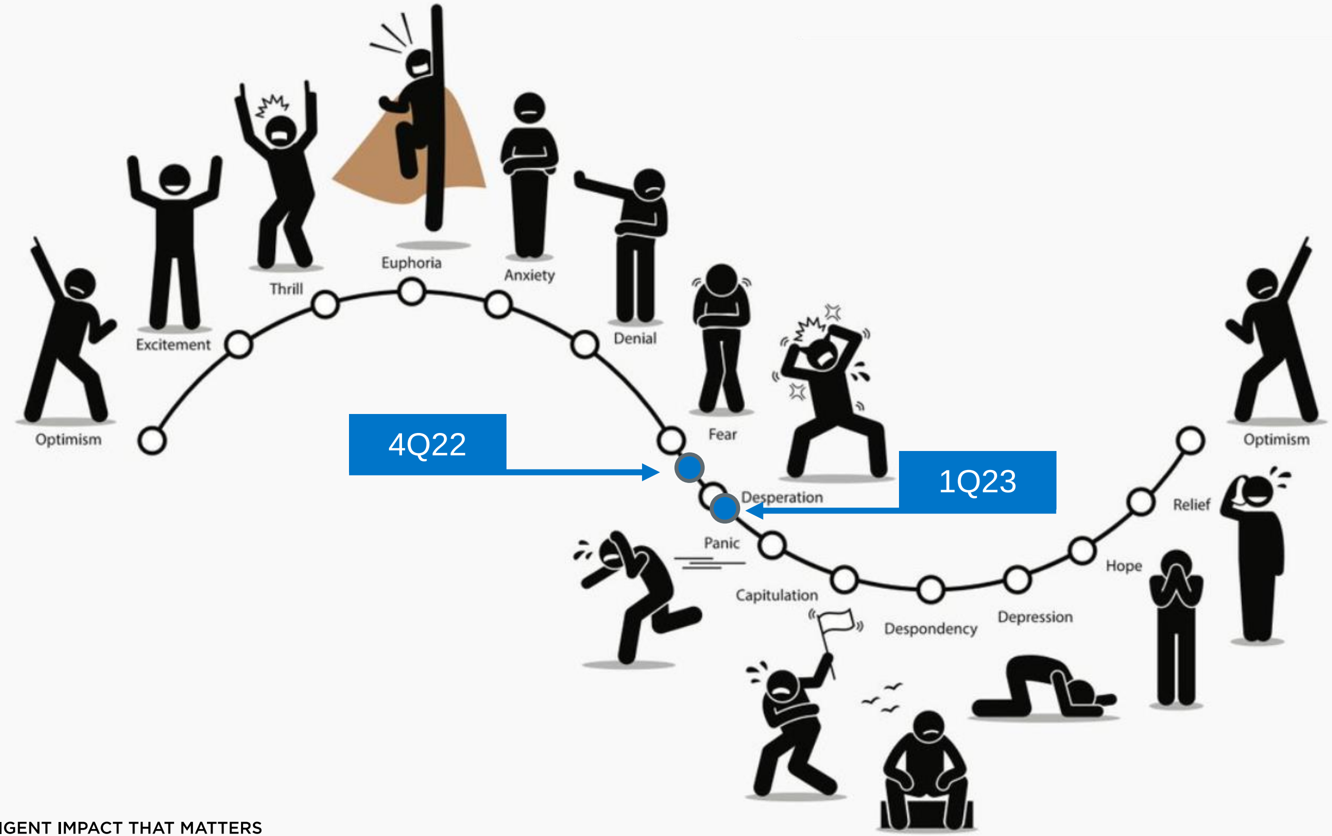
Terebinth Capital is a research-focused. client-centric money manager. We subscribe to the theory of cycles. Using scenario analysis, we construct diversified portfolios that always reflect our best-investment view. Our active approach incorporates disciplined risk management.

Markets are inherently cyclical. prone to periods of over-optimism and extreme pessimism. Terebinth applies a two-fold approach to determine asset allocation, combining macro analysis and quantitative precision.

A macro philosophy leads to low correlation with broader markets and reduces volatility of returns. Terebinth values scenario analysis, as it is impossible and imprudent to position for a single outcome.

MARKET EMOTIONS

It’s a continuous cycle



GLOBAL MACRO OUTLOOK

Transitioning towards Act4, or mid-cycle reset?

2023 transitioning to a form of landing

2022's challenges persist into 2023. Central bank resolve to be tested vs. the cycle's progression – monetary policy operates with long and variable lags. Less forward guidance means higher volatility and requires tactical awareness.

China vs. West – counter-cyclical or?

As Western economies battle historic labour shortage issues, risking their inflation outlook, China reopening in a big way could complicate matters further. Nationalism, near-, and friend-shoring, in a fragile geopolitical environment, presents obvious risks to the economic outlook.

Will markets follow the macro roadmap?

Act1 (over)stimulus, to Act2 (behind the curve) to Act3 (catch-up) now sees **H**ousing, **O**rders, **P**roduction and **E**arnings/**E**mployment as the completion of the macro roadmap to Act4 BUT risks are plentiful/multilayered

INFLATION

Inflation – cyclical vs. structural

Key question is how much of an adjustment in (US) labour market conditions will be needed to put inflation on a clear (sustainable) downward trajectory. Geopolitical developments, together with Just Transitioning, brings into play a potential inflationary regime shift.

Central banks seek a (soft) landing

Markets continue to adapt towards higher terminal rates, even if some resistance to persistent high rates are clear. Central bank resolve to bed down inflation expectations, yet ensure economic stability, will require agility, sound communication, and some luck in a politically-charged environment.

A year of two halves

Expect EM to take cue from Fed in 1H23. Negative DM earnings impact will see risk markets pressured. As peak rates come into play, data starts bottoming, cyclical renewal will be evident. Add strong China reopening = different investment climate.

SA MACRO OUTLOOK

The time for (empty) promises are over

SA market at the mercy of two forces

Not only will local investors anxiously look towards global policy and political actions, but locally also await the multi-year promise of a better economy on the back of reforms.

SARB remains in copy & paste mode

Sticky inflation, weaker currency, and hawkish global central banks, equals restrictive local policy actions. Inflation faces multiple challenges in 2023. As the year progresses, a sharp global slowdown could well see SARB follow the global lead.

Growth faces multiple challenges

Global central bank and geopolitical actions may set the trend for capital flows, but local energy security, fiscal dynamics and populist pressure presents an extra layer of complexity. Better growth outcomes require better policy (implementation).

Inflation outlook

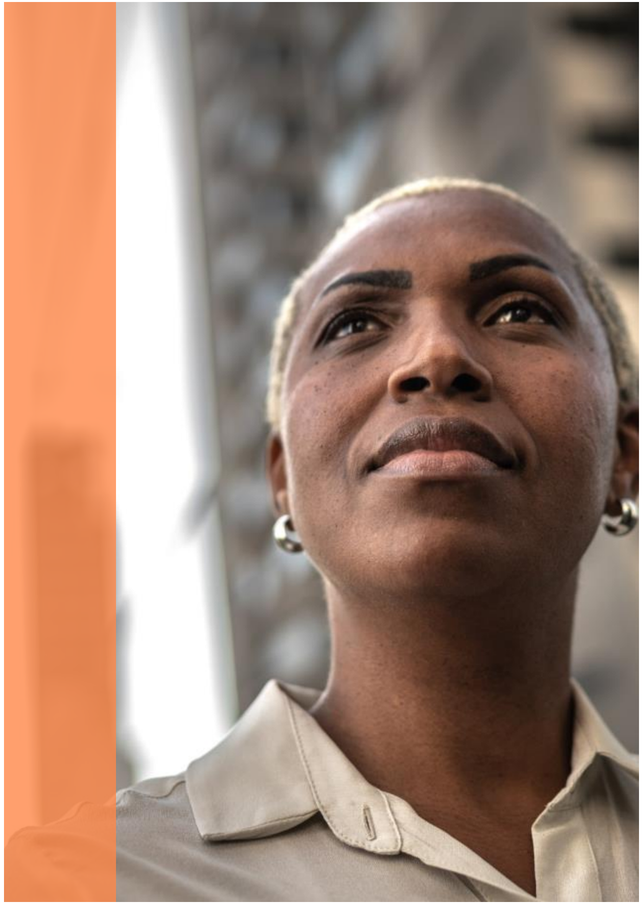
The SARB's concerns around sticky food inflation, energy (and other administered) prices, the risk of rising wage pressures, and FX passthrough, is real, and not to be ignored. In saying that, so is the rate at which real rates are rising…

Debt sustainability

Debt stabilisation reliant on implementation of reforms that boost long-term growth, tackle underlying macro risks and debt service costs, plus prudent long-term policy choices for government spending. Permanently resolving SOE issues a non-negotiable.

All eyes on leadership

SA's structural economic constraints – including unreliable electricity supply, high levels of market concentration, inefficiencies in network industries and a high cost of doing business – limit the rate at which the economy can grow and create jobs.



TEREBINTH MACRO SCENARIOS

2023Q1 | 12-Month forward looking

65%
Base case
BUCKLE UP

20%
Bull case
LIKE A GLOVE

15%
Bear case
MAYDAY!

Source: Terebinth Capital

INTELLIGENT IMPACT THAT MATTERS

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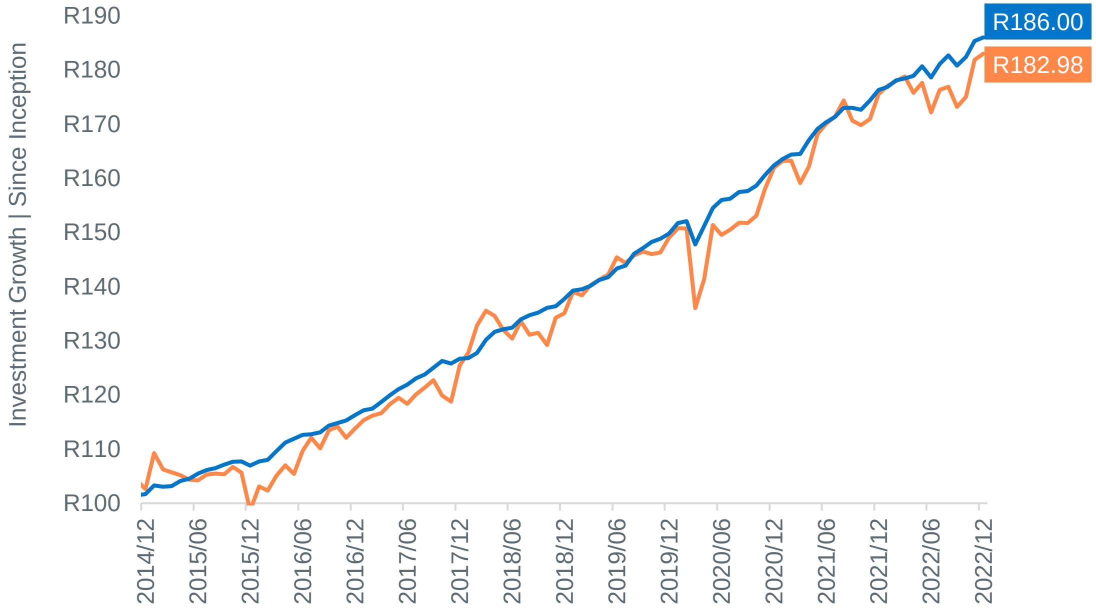
FIXED INCOME VIEWS & RISKS

2023Q1 | 12-Month forward looking

Cash	With positive real rates now in play, less punitive, but still a preference to deploy cash to better opportunities	Opportunity cost and reinvestment risk
Money Market	Preference for fixed vs. floating part function of mandate and entry level, given what is priced in cycle	Duration/MTM volatility risk Inflation becomes unanchored
Government Bonds	Locally fiscal best news behind us, globally lack of foreign support because of poor investment backdrop	Value vs Value trap
Inflation Linkers	Screens less attractive than fixed NCD and SAGB, but merit for some allocation still as portfolio insurance	CPI target shift risk Cyclical growth slowdown
Credit	Spread compression has been stretched, high risk credit is too tight, economic slowdown a key risk	Spread adjustment risk
Listed Property	Valuation buffer reduced. Preference for quality names with defensive earnings streams	Capital outflow risk
Offshore (ZAR)	Lack of high positive real rates/not THE carry play anymore. Dependent on Act4 commencing/better investment outcome as a weaker dollar, rather than a major positive SA catalyst the most likely driver of ZAR strength short-term	Economic slowdown risk

Source: Terebinth Capital

PERFORMANCE OVERVIEW
ALBI like returns at a fraction of the volatility



Annualised Performance | Years	1	3	5	7
Amplify SCI* Strategic Income Fund A1	5.48	7.48	7.98	8.23
STeFI + 1%	6.21	5.80	6.78	7.27
(ASISA) South African MA Income	5.45	6.04	6.76	7.12
FTSE/JSE All Bond TR ZAR	4.26	7.09	7.85	9.24

FTSE/JSE All Bond TR ZAR
Amplify SCI Strategic Income Fund A1

Source: Morningstar at end Dec '22
Annualised performance (%): Highest 11.31; Lowest 4.31
Inception date: 01 Sep '14

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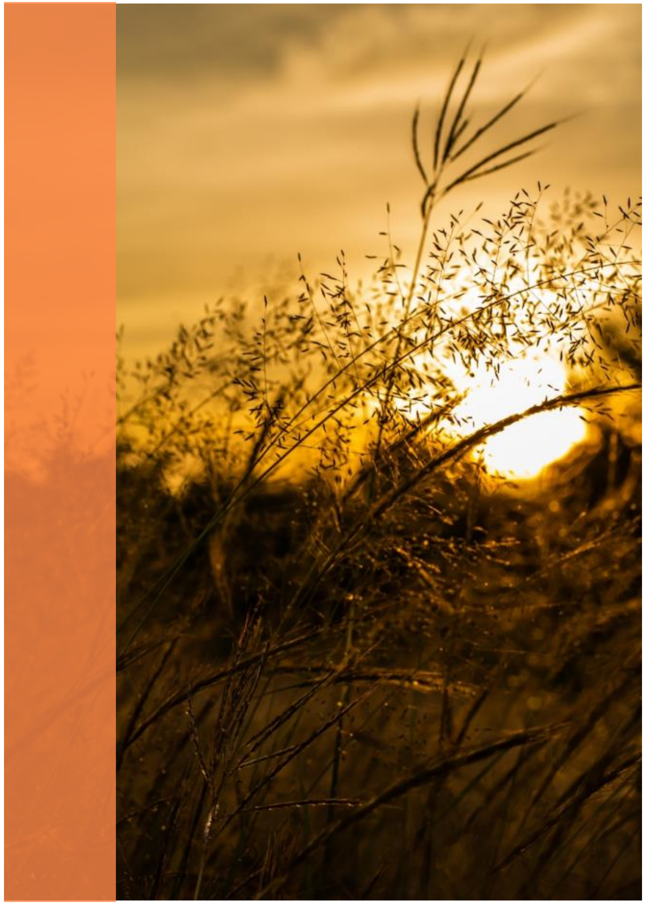

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- Abax Investments is an authorised Financial Service Provider regulated by the Financial Sector Conduct Authority (FSP no: 856)
- Acumen Capital is an authorised Financial Service Provider regulated by the Financial Sector Conduct Authority (FSP no: 14927)
- Laurium Capital is an authorised Financial Service Provider regulated by the Financial Sector Conduct Authority (FSP no: 34142)
- Marble Rock is an authorised Financial Service Provider regulated by the Financial Sector Conduct Authority (FSP no: 45906)
- Matrix Fund Managers is an authorised Financial Service Provider regulated by the Financial Sector Conduct Authority (FSP no: 44663)
- Obsidian Capital is an authorised Financial Service Provider regulated by the Financial Sector Conduct Authority (FSP no: 32444)
- Oystercatcher Investments is an authorised Financial Service Provider regulated by the Financial Sector Conduct Authority (FSP no: 50509)
- Peregrine Capital is an authorised Financial Service Provider regulated by the Financial Sector Conduct Authority (FSP no: 32444)
- Terebinth Capital is an authorised Financial Service Provider regulated by the Financial Sector Conduct Authority (FSP no: 47909)
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While CIS in hedge funds differ from CIS in securities (long-only portfolios) the two may appear similar. as both are structured in the same way and are subject to the same regulatory requirements. The ability of a portfolio to repurchase is dependent upon the liquidity of the securities and cash of the portfolio. A manager may. in exceptional circumstances. suspend repurchases for a period. subject to regulatory approval. to await liquidity and the manager must keep the investors informed about these circumstances. Further risks associated with hedge funds include: investment strategies may be inherently risky; leverage usually means higher volatility; short-selling can lead to significant losses; unlisted instruments might be valued incorrectly; fixed income instruments may be low-grade; exchange rates could turn against the fund; other complex investments might be misunderstood; the client may be caught in a liquidity squeeze; the prime broker or custodian may default; regulations could change; past performance might be theoretical; or the manager may be conflicted.

Annualised return is the weighted average compound growth rate over the period measured.
Cumulative return is aggregate return of the portfolio for a specified period.

*Sanlam Collective Investments

[1]The stated fund manager is the investment manager of a similar Retail Hedge Fund on another Manager’s platform. The said RHFs employ the same investment strategy as the relative Amplify SCI* Retail Hedge Fund (i.e. the investable universe and investment policy of the funds are the same). The performance quoted includes that of the Amplify A1 class since it’s launch with prior performance that of the other RHF managed by stated fund manager | *Since inception indicates performance since 1 August 2016. the point at which all strategies were allocable to form the blend portfolio made up of equal weighting of each manager

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