

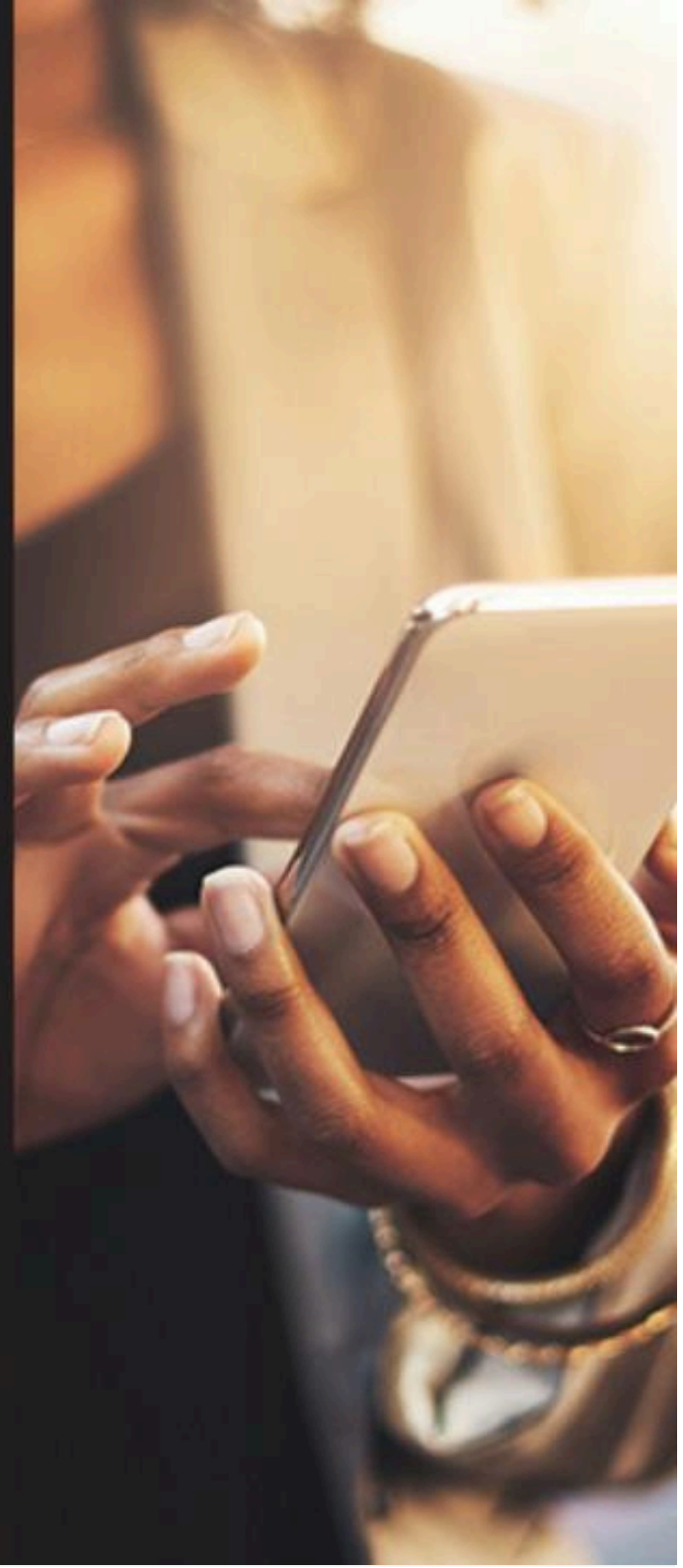


FAIRTREE

# Monthly Report

*October 2022*

2022/10/31





# Index Activity

2022/10/31

## LOCAL

JSE All Share	<i>Local Equity Market</i>
SWIX	<i>Local Equity Market - Capped</i>
SAPY	<i>Property</i>
ALBI	<i>Bonds</i>
STEFI	<i>Cash</i>

### PERFORMANCE

#### MONTHLY

#### YTD

4.89	- 5.66
5.33	- 2.01
10.97	- 6.54
1.07	- 0.29
0.51	4.09

## GLOBAL

MSCI World (ZAR)	<i>Equity Market</i>
MSCI World (\$)	<i>Equity Market</i>
Shangai (ZAR)	<i>China Index</i>
FTSE 100 (ZAR)	<i>Top 100 on London Stock Exchange</i>
SP 500 (ZAR)	<i>Top 500 US Companies</i>
MSCI (EM - ZAR)	<i>BRICS Countries</i>

#### MONTHLY

#### YTD

9.60	- 7.96
7.18	- 20.07
- 4.95	- 20.07
8.62	- 2.89
10.53	- 5.24
- 6.50	- 31.56



# Asset Class Returns

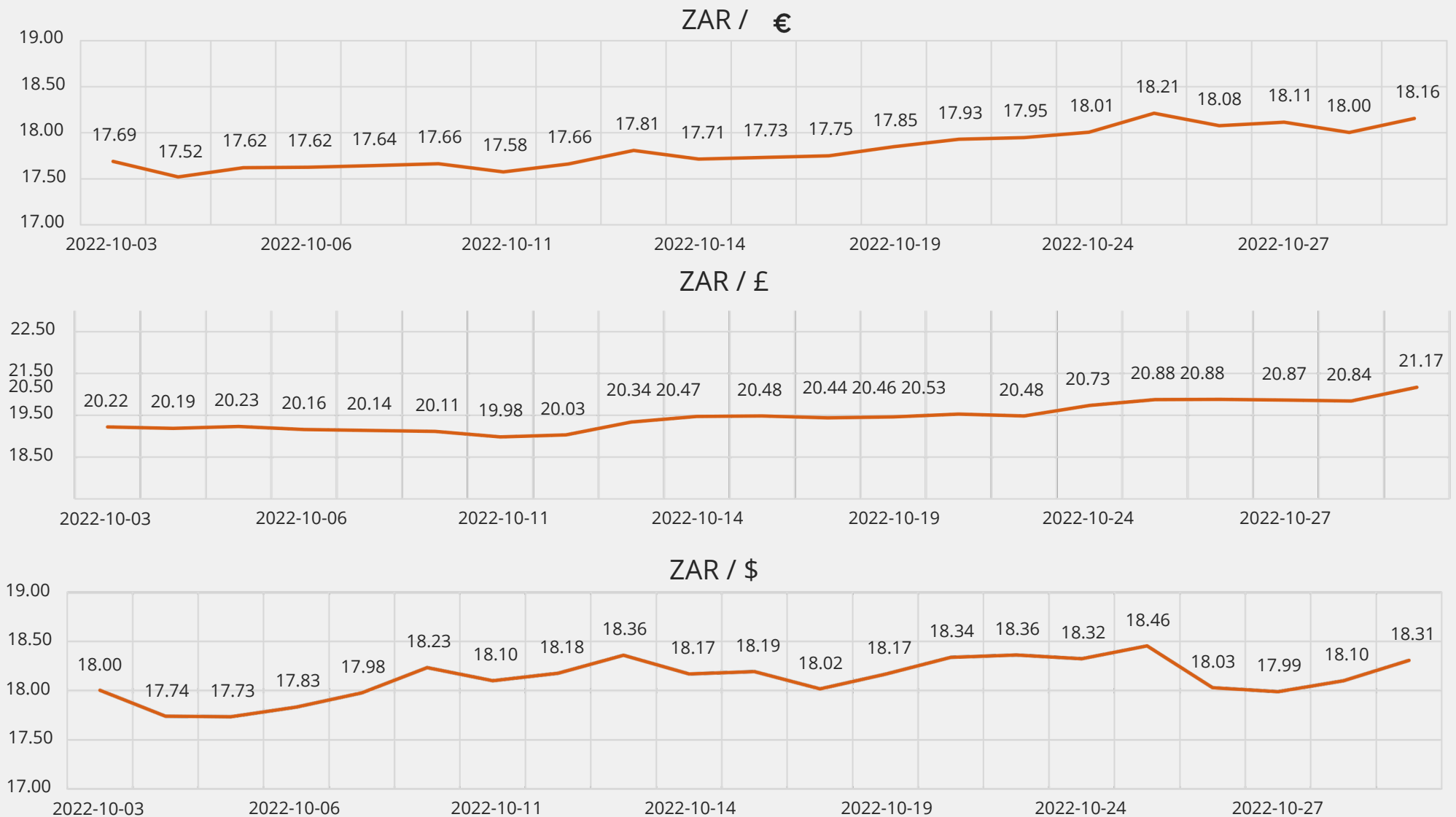
2022/10/31

	1 MONTH	3 MONTHS	YTD	1 YEAR	3 YEARS	5 YEARS
BEST	Financial 13.74	Financial 4.22	Financial 10.04	Financial 16.90	Resources 18.14	Resources 17.74
	Property 10.47	Resources 1.46	Cash 4.09	Resources 8.84	Equities 9.79	Bonds 7.86
	Equities 4.89	Cash 1.43	Bonds -0.29	Cash 4.78	Bonds 6.23	Equities 6.21
	Resources 3.73	Bonds -0.75	Resources -2.99	Equities 3.29	Industrial 6.12	Cash 5.81
	Industrial 1.71	Equities -1.29	Equities -5.66	Bonds 3.07	Cash 4.83	Financial 4.85
	Bonds 1.07	Property -2.83	Property -8.30	Property 0.82	Financial 3.82	Industrial 0.93
WORST	Cash 0.51	Industrial -5.10	Industrial -15.33	Industrial -7.88	Property -6.91	Property -8.38



# Currency Comparisons

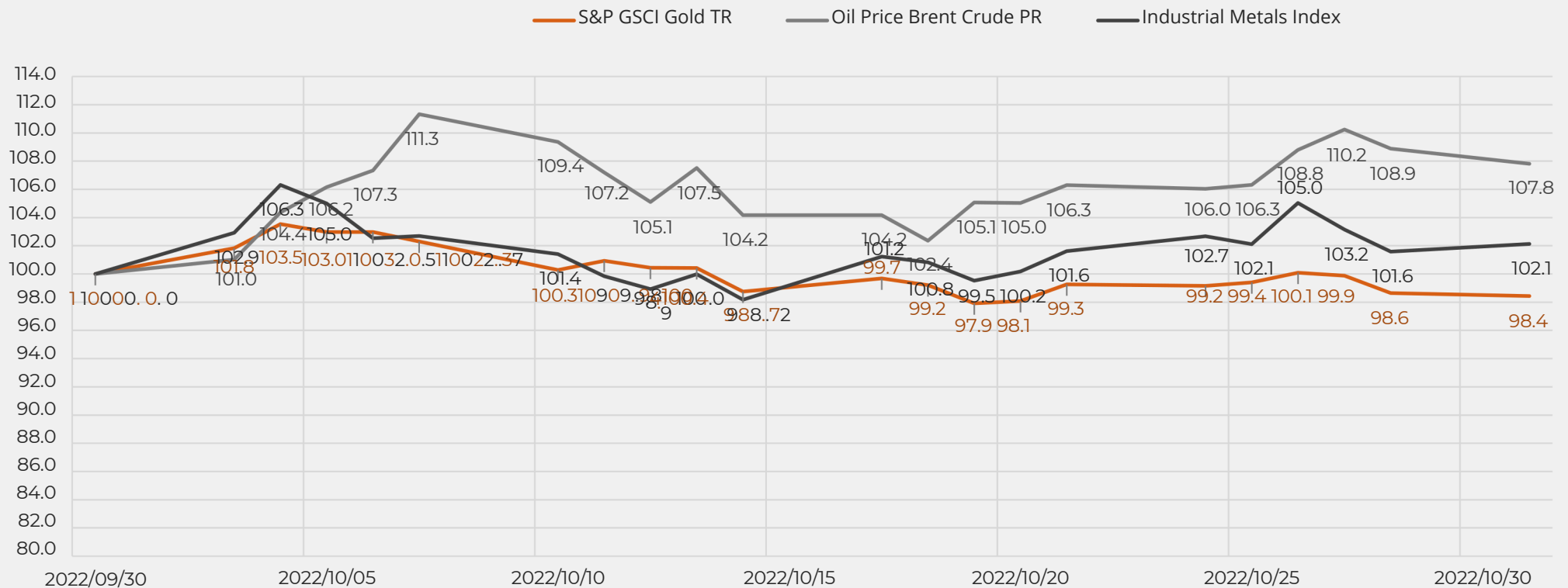
2022/10/31





# Commodity Tracker

2022/10/31



Commodities had a mixed month during October with oil up 7.8% and platinum up 7.7%. On the other side, gold was down -1.6% and palladium also down with -14.8%.



# What is going on across the globe

2022/10/31

SOUTHAFRICA

AMERICA

EUROPE

ASIA



\*Due to the ongoing war, data for Russian markets is not available



# What is going on across the globe

2022/10/31



SOUTHAFRICA

AMERICA

EUROPE

ASIA

## Economic Climate

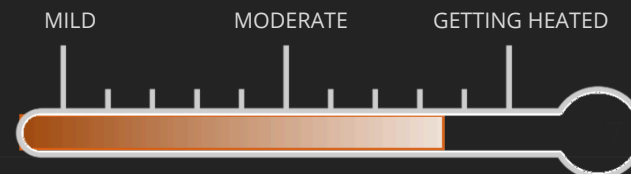


CHANCE RAIN



FOG/HAZEY

## Political Temperature



## News Headlines

SA`s medium-term budget received positive reactions from markets.  
Debt to GDP is expected to peak around 71%.  
The economic growth outlook in South Africa decreased.



# What is going on across the globe

2022/10/31

SOUTH AFRICA

AMERICA

EUROPE

ASIA

## Economic Climate



FOG/HAZEY



MOSTLY CLOUDY/PART SUN

## Political Temperature

MILD

MODERATE

GETTING HEATED



## News Headlines

Tighter policy conditions will remain in place due to high inflation.

Markets are expecting a 50-basis point hike later this year.

Markets are closely watching the US senate and the US house elections.





# What is going on across the globe

2022/10/31



SOUTH AFRICA

AMERICA

EUROPE

ASIA

## Economic Climate



STORMS



CHANCE RAIN

## Political Temperature

MILD

MODERATE

GETTING HEATED



## News Headlines

Markets reacted positively to UK's new Prime Minister.  
There might be signs of peak in price pressures in Europe.  
The ECB increased rates by 75-basis points.



# What is going on across the globe

2022/10/31



SOUTH AFRICA

AMERICA

EUROPE

ASIA

## Economic Climate

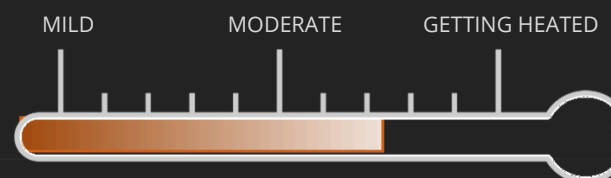


CHANCE RAIN



MOSTLY CLOUDY/PART SUN

## Political Temperature



## News Headlines

The Party Congress had some negative surprises.  
Rumours emerged of easing of the Zero-Covid policy.  
Weak economic growth forces policy easing.



# What is going on across the globe

2022/10/31

## Geo-Economic Climate

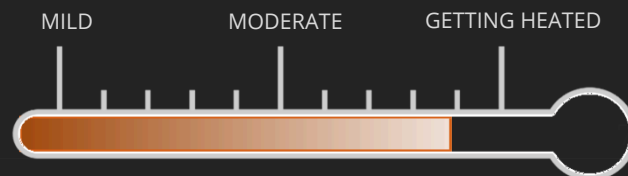


STORMS



CHANCE RAIN

## Geo -Political Temperature



## Outlook

Tight financial conditions, higher cost of living and production and increased policy uncertainty should weigh on valuations, earnings, and the risk premium. Valuations have come down from elevated levels, but earnings estimates remain too high. During October, global equities jumped 7.1%, with US equities outperforming ex-US equities. Emerging markets was down -3.2%, mostly due to China, -16.9% while South Africa was up 4.9%. Growth stocks, more sensitive to the rising bond yields, underperformed value stocks. Energy was up almost 20% followed by financials, up 9%. Global bonds lost -0.7% while credit spreads tightened. South Africa government bonds were up 1.1%.



# Fairtree Funds

2022/10/31

LONG ONLY

PORTFOLIOS

HEDGE FUNDS

COMBINATIONS

FUND NAME	1 MONTH	YTD	1 YEAR	3 YEARS	5 YEARS
Growth Funds					
Fairtree Equity Prescient A1	3.67	1.41	6.51	15.15	10.78
Fairtree Select Equity Prescient A1	6.27	14.17	20.26	17.34	-N/A
Fairtree Balanced Prescient A1	3.07	-1.01	3.31	12.54	9.76
Multi - Managed Funds					
Fairtree Invest Strategic Fac Prscnt A1	3.63	-3.96	0.69	-N/A	-N/A
Fairtree Flex Balanced Prescient A1	3.46	-2.24	1.90	4.12	4.15
Fairtree WW MultiStrat Flex Prescient A1	3.18	-6.89	-3.59	4.10	-N/A
Global Funds					
Fairtree Glb RE Prescient Feeder Fd A1	5.25	-18.98	-12.85	-1.42	4.63
Fairtree Global Emerging Mkts Prscnt A1	2.11	-13.16	-12.13	-N/A	-N/A
Fairtree Global Equity Prescient A1	5.89	-8.12	-1.23	14.00	10.79
Income Funds					
Fairtree Flex Income Plus Prescient A1	1.86	3.71	4.76	6.14	7.69
Fairtree ALBI Plus Prescient A1	2.03	-3.42	0.01	4.91	6.99
Fairtree Money Market Prescient A1	0.51	4.04	4.67	4.75	-N/A



# Fairtree Funds

2022/10/31

LONG ONLY

PORTFOLIOS

HEDGE FUNDS

COMBINATIONS

FUND NAME	1 MONTH	YTD	1 YEAR	3 YEARS	5 YEARS
Pre - Retirement Portfolios					
Fairtree Stable House View	2.78	-2.14	0.68	5.73	6.66
Fairtree Moderate House View	3.42	-2.69	0.69	7.07	7.54
Fairtree Balanced House View	4.86	2.25	6.55	10.69	9.12
Post - Retirement Illustration					
Fairtree Post - Retirement Illustration	4.12	2.34	6.29	10.34	9.16



# Fairtree Funds

2022/09/30

LONG ONLY

PORTFOLIOS

HEDGE FUNDS

COMBINATIONS

FUND NAME	1 MONTH	YTD	1 YEAR	3 YEARS	5 YEARS
SNN Qualified Hedge Fund					
Fairtree Assegai Equity Long Short	0.36	3.46	19.93	22.09	20.76
Fairtree Wild Fig Mul Strategy	-0.22	13.27	24.93	24.29	18.94
Fairtree Woodland Mul Strategy	-2.51	0.93	8.49	13.62	12.28
Fairtree WW Mutli-Strategy Flexible QIHF	-2.02	-4.55	3.01	8.58	8.57
Retail Hedge Fund					
Fairtree Fixed Income SNN	-3.38	-6.17	0.42	5.18	5.80
Fairtree Proton RCIS	-1.42	-3.89	-3.00	3.94	6.44
Fairtree WW Mutli-Strategy Flexible RIHF	-3.22	-11.14	-3.74	6.18	7.09
Portfolios					
Fairtree Growth Hedge Fund of Funds	-0.36	7.68	17.83	20.17	17.14



# Fairtree Funds

2022/09/30

LONG ONLY

PORTFOLIOS

HEDGE FUNDS

COMBINATIONS

We are one of the first in South Africa to blend traditional asset classes together with alternative asset classes inside a single portfolio. These portfolios give our investors an additional level of diversification, as well as greater long-term investment growth.

FUND NAME	1 MONTH	YTD	1 YEAR	3 YEARS	5 YEARS
Pre - Retirement Portfolios					
Fairtree Stable Houseview (10% HF)	-2.40	-3.99	1.30	6.20	7.31
Fairtree Moderate Houseview (10% HF)	-3.03	-5.01	1.71	7.49	7.97
Fairtree Balanced Houseview (10% HF)	-3.21	-1.90	6.72	10.69	9.53
Post - Retirement Portfolios					
Fairtree Post-Retirement Illustration (15% HF)	-1.90	-3.18	2.25	7.09	7.93



# Market Commentary

2022/10/31

## SOUTH AFRICA

The South African medium-term budget received a positive reaction from markets. This was mainly due to expected strong revenue over runs along with fiscal discipline. The South African debt to GDP is expected to peak around 71%, instead of the 75% as previously announced. The South African Reserve Bank (SARB) may start hiking interest rates by smaller increments at the next Monetary Policy Committee (MPC) meeting. The South African economic growth outlook has decreased as consumers remain under pressure due to high inflation, interest rate hikes and unemployment.

## AMERICA

Minutes from the September Fed meeting were released last month, indicating that central bank officials settled that tighter policy conditions will remain in place if inflation levels remain significantly high. The Fed chair Jerome Powell stated that economic pain will be necessary to get inflation levels down. With inflation remaining high during October, markets are expecting another 50-basis point hike for the next Fed meeting. Markets will be closely watching the midterm elections results that will determine the US Senate and the US House.

## EUROPE

The UK economy might be at the end of bad fiscal planning and political instability. Markets reacted positively to the newly appointed Prime Minister, Rishi Sunak and Chancellor, Jeremy Hunt. Inflation levels remain elevated throughout Europe, there have been signs of a peak in price pressures. Energy prices came down during October, as gas reserves increased, and warm weather delayed higher usage levels. Inflation reached a new record high of 10.7% year-on-year in October. The European Central Bank (ECB) increased interest rates by 75-basis points, along with an acknowledgement that the eurozone may be heading for a recession.

## ASIA

The 20th Party Congress in China had some negative surprises during last month as new leadership mostly consists of Xi Jinping loyalists. During the congress, there was no mention of easing the Zero-Covid policy, support to property developers and an increasing focus on safety and security, which had a negative impact on markets. After the congress, rumours emerged of easing the Covid policy, which surprised markets to the upside. Weak economic growth in China leaves authorities with no other choice but to provide further fiscal, monetary and credit easing.