



FAIRTREE

# Quarterly Report 2022



# Index Activity









Quarter 1, 2022

## 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 QUARTERLY

## YTD

3.84		3.84	
6.72		6.72	
- 1.27		- 1.27	
1.86		1.86	
1.03		1.03	

## GLOBAL

MSCI World (ZAR)	<i>Local Equity Market</i>
MSCI World (\$)	<i>Local Equity Market - Capped</i>
Shanghai (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>

## QUARTERLY

## YTD

- 13.16		- 13.16	
- 5.33		- 5.33	
- 17.80		- 17.80	
- 8.44		- 8.44	
- 12.65		- 12.65	
- 20.20		- 20.20	

# Asset Class Returns

Quarter 1, 2022

BEST



WORST



QUARTERLY

6 MONTHS

YTD

1 YEAR

3 YEARS

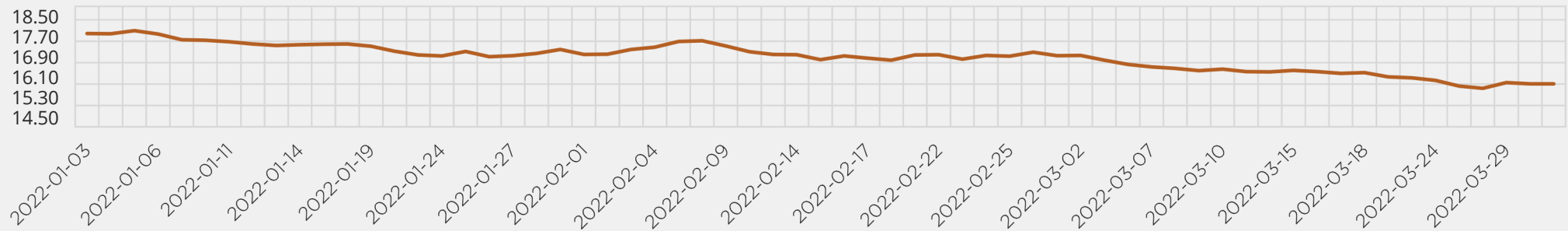
5 YEARS

Financial	20.18	Resources	44.76	Financial	20.18	Financial	49.70	Resources	27.68	Resources	26.63
Resources	19.02	Financial	22.83	Resources	19.02	Resources	32.67	Equities	14.21	Equities	11.40
Equities	3.84	Equities	19.55	Equities	3.84	Property	26.25	Bonds	8.43	Bonds	8.92
Bonds	1.86	Property	6.69	Bonds	1.86	Equities	18.61	Industrial	7.65	Financial	8.60
Cash	1.03	Bonds	4.77	Cash	1.03	Bonds	12.37	Financial	7.64	Cash	6.08
Property	-1.60	Cash	2.02	Property	-1.60	Cash	3.94	Cash	5.23	Industrial	4.89
Industrial	-13.11	Industrial	0.87	Industrial	-13.11	Industrial	-2.72	Property	-4.71	Property	-5.67

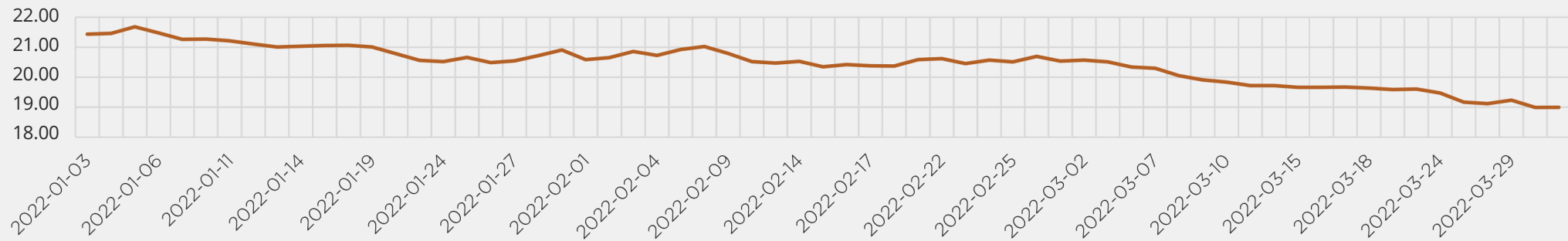
# Currency Comparisons

Quarter 1, 2022

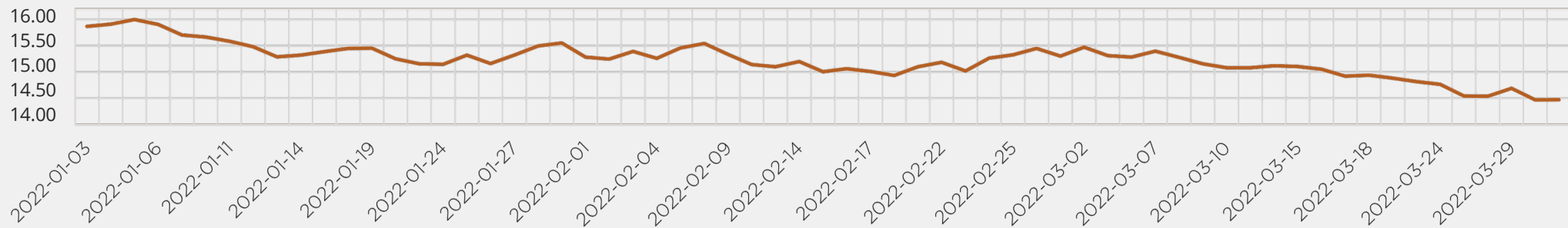
ZAR / €



ZAR / £

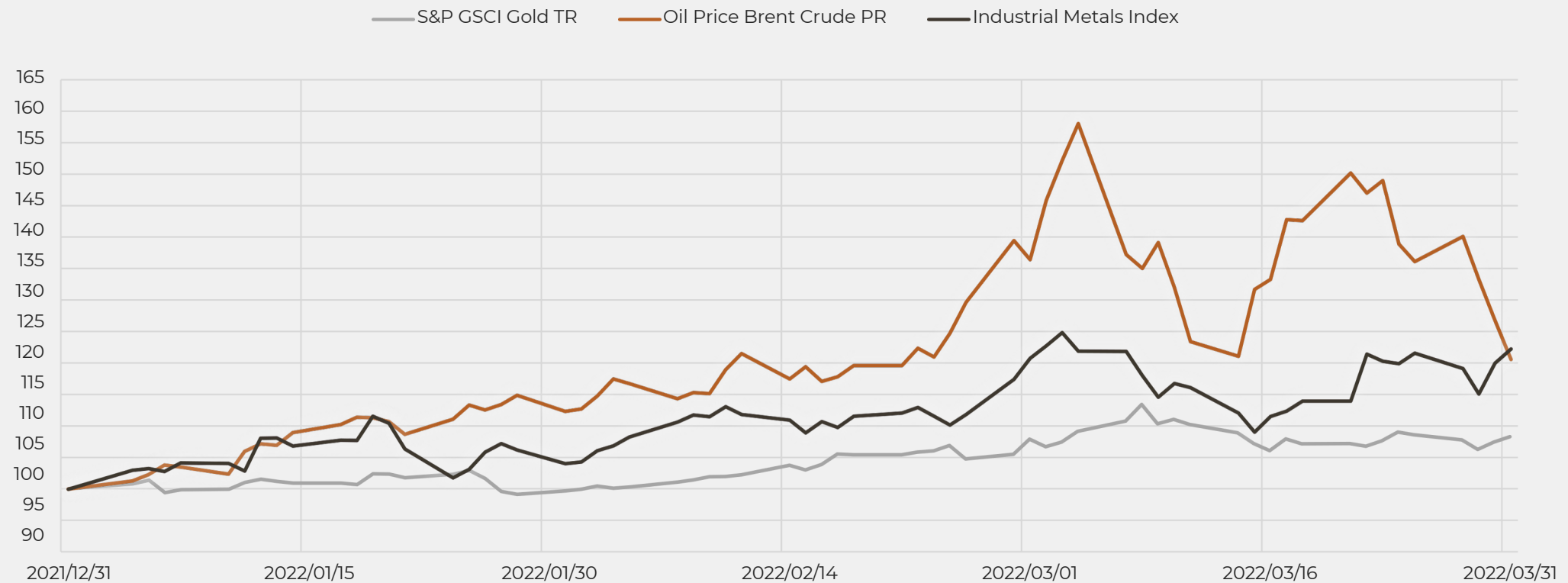


ZAR / \$



# Commodity Tracker

Quarter 1, 2022



# What is going on across the globe

Quarter 1, 2022

SOUTH AFRICA

AMERICA

EUROPE

ASIA



# What is going on across the globe

Quarter 1, 2022



SOUTH AFRICA

AMERICA

EUROPE

ASIA

## GEO - ECONOMIC CLIMATE

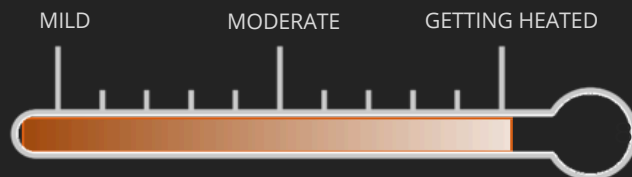


CHANCE RAIN



MOSTLY  
CLOUDY/PART SUN

## GEO - POLITICAL TEMPERATURE



## OUTLOOK

The first quarter of 2022 was dominated by the ongoing war in Ukraine and the actions of central banks to curb the impact of inflation. Economic data from South Africa came out better than expected during the first quarter of 2022. Despite high unemployment levels, increasing fuel and food prices, household spending remains high. The South African Terms of Trade benefited from increased commodity demand and higher prices during the last few months. Headline inflation has increased during March and should remain around 6% for the next few months, while core inflation remains within expectation of 3-4%. The South African Reserve Bank (SARB) announced a 0.25% rate hike in March, but could potentially feel pressure to increase rates at a faster pace from May. The South African Rand (ZAR) has strengthened throughout the first quarter as further interest rate increases are expected during 2022, making South African assets more attractive globally.

# What is going on across the globe

Quarter 1, 2022



SOUTH AFRICA

AMERICA

EUROPE

ASIA

## GEO - ECONOMIC CLIMATE

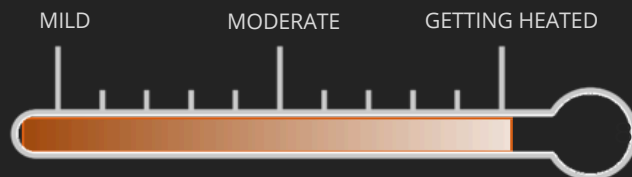


FOG/HAZEY



MOSTLY  
CLOUDY/PART SUN

## GEO - POLITICAL TEMPERATURE



## OUTLOOK

The first quarter of 2022 was off to a difficult start with increasing risk relating to inflation, the Russian invasion of Ukraine and economic growth. US consumers are in a good position with excess savings, strong balance sheets and job prospects, however, the tightening of financial conditions and higher consumer prices will have a negative impact on their confidence throughout the rest of the year. Annual inflation increased to 8.5% during March, whereas the Fed accelerated its guidance of interest rate hikes to combat the rapidly increasing inflation. The jobs market in the US continued to improve during the first quarter, as employment opportunities continue to be greater than the number of unemployed workers. US investors expect the Fed to hike interest rates to around 2.5% by the end of the year and to introduce quantitative tightening (QT), the selling of assets and reducing money supply in the economy. The US imposed strong sanctions on Russia, following their invasion of Ukraine, causing stocks to fall as investors processed the impact of the invasion.



# What is going on across the globe

Quarter 1, 2022



SOUTH AFRICA

AMERICA

EUROPE

ASIA

## GEO - ECONOMIC CLIMATE

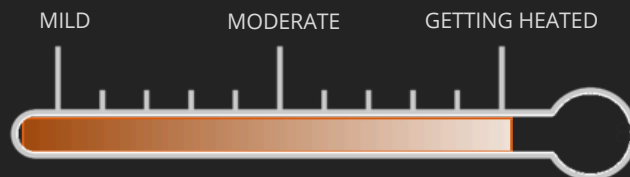


CHANCE RAIN



MOSTLY  
CLOUDY/PART SUN

## GEO - POLITICAL TEMPERATURE



## OUTLOOK

The main talking point in Europe during the first quarter of 2022, was the Russian invasion of Ukraine. The ongoing war between Russia and Ukraine lead to increased tension between western nations along with economic sanctions. Sanctions with regard to energy markets remain a significant risk and may put more pressure on European households and industrial production. There is no indication of an economic meltdown or a systemic financial crisis in Europe, as no core European country has more than 2% of its economy directly linked to trade with Russia. Rising European inflation levels may lead to interest rate hikes from the European Central Bank (ECB) at the end of the year. The economic growth outlook in Europe is likely to remain low in the first quarter of 2022, as shortages of labour, material and equipment continue to dampen output in certain industries. The impact of the Omicron variant was less than expected as restrictions remained limited at the beginning of the year. Low hospitalisation rates motivated several countries to remove restrictions despite high infection rates.

# What is going on across the globe

Quarter 1, 2022

SOUTH AFRICA

AMERICA

EUROPE

ASIA

## GEO - ECONOMIC CLIMATE



CHANCE RAIN

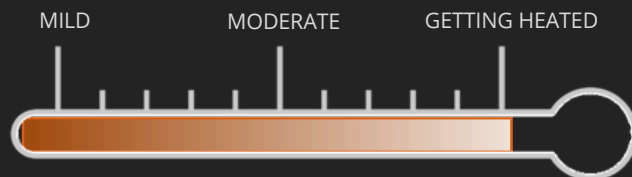


MOSTLY  
CLOUDY/PART SUN

## OUTLOOK

The beginning of 2022 was one for the books as weaker global economic growth does not deter China, aiming to achieve 5.5% growth for 2022. Credit and fiscal easing are slowly building, but the Chinese health policy is countering these measures, due to increasing Covid cases and newly imposed lockdowns in many cities including Shanghai. Covid-19 cases spiked to the highest levels in 2 years, despite the Chinese government implementing one of the harshest virus elimination policies. These strict lockdown measures are causing supply constraints in China, especially around food supplies. Investors are concerned about global supply chain problems, with the ongoing tension between Russia and Ukraine over the past few months. It is only expected that supply chains will normalize in 2023, as commodity prices remain volatile.

## GEO - POLITICAL TEMPERATURE



# What is going on across the globe

Quarter 1, 2022



## OVERALL GLOBAL OUTLOOK

### GEO - ECONOMIC CLIMATE



CHANCE RAIN

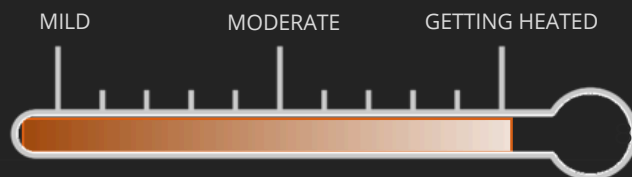


MOSTLY  
CLOUDY/PART SUN

### OUTLOOK

Economic conditions have tightened. The cost of living has risen and policy and geo-political risks are high. The earnings growth outlook has deteriorated, but remains positive. Rising bond yields, energy prices and supply disruptions will keep volatility elevated.

### GEO - POLITICAL TEMPERATURE



# Industry Feedback

Quarter 1, 2022

ASISA CATEGORIES:

GENERAL EQUITY

HIGHEQUITY

MEDIUMEQUITY

LOWEQUITY

## Top 15 Unit Trust Returns

	QUARTER	1 YEAR	5 YEAR
	(%)	(%)	(%)
ABSA Dividend Plus Index A	16.80	41.04	N/A
Satrix Dividend Plus Index A1	16.76	41.39	15.58
Sygnia Divi Index A	15.76	39.38	15.54
Counterpoint SCI Value A1	14.03	42.10	17.55
Community Growth Equity	13.56	24.05	10.90
Satrix Smartcore Index A1	12.70	27.61	N/A
Momentum Value Equity A	12.02	33.30	N/A
Fairtree Select Equity Prescient A1	11.75	21.01	N/A
Old Mutual RAFI 40 Index A	10.99	37.57	12.51
Satrix Rafi 40 Index A1	10.95	37.54	12.42
STANLIB Enhanced Multi Style Eq A1	10.59	27.18	12.26
Satrix Quality Index A1	10.35	7.47	8.25
Select BCI ESG Equity A	9.53	23.07	N/A
Old Mutual Investors R	8.82	24.51	6.56
PSG Equity A	8.78	31.22	5.82

## Top 15 in Fund Size

	FUND SIZE
M&G SA Equity Fund F	R39 669 170 560
Allan Gray Equity A	R39 578 243 002
Fairtree Equity Prescient A1	R24 914 503 638
Coronation Top 20 A	R24 595 026 174
PSG Wealth Creator FoF D	R15 933 346 777
Old Mutual Investors R	R14 531 563 421
Ninety One Equity R	R12 393 046 709
Coronation Equity A	R7 946 639 799
Nedgroup Inv Rainmaker A	R7 224 232 169
SIM General Equity B10	R6 713 008 297
STANLIB Equity R	R6 477 292 412
PSG Equity A	R6 391 433 709
Oasis Crescent Equity D	R5 845 386 567
PortfolioMetrix BCI SA Equity Fund B2	R5 584 659 988
36ONE BCI Equity A	R5 413 570 945

# Industry Feedback

Quarter 1, 2022

ASISA CATEGORIES:

GENERAL EQUITY

HIGH EQUITY

MEDIUM EQUITY

LOW EQUITY

## Top 15 Unit Trust Returns

	QUARTER	1 YEAR	5 YEAR
	(%)	(%)	(%)
PSG Multi-Management Growth FoF D	6.53	23.47	N/A
Counterpoint SCI Managed P&G A	4.85	31.90	2.37
PSG Balanced A	4.59	25.70	7.49
Taquant Global Balanced SNN R1	4.53	9.02	N/A
Nedgroup Inv Managed R	4.50	14.74	10.69
Aylett Balanced Prescient A1	4.21	23.29	12.95
Satrix Balanced Index A1	2.76	19.03	10.14
Southern Charter BCI Growth FoF A	2.57	18.78	10.89
Rowan Capital BCI Balanced FoF A	2.02	11.69	9.35
Camissa Islamic Balanced A	1.98	15.29	10.53
Perspective Balanced Prescient A1	1.87	21.30	N/A
Allan Gray Tax-Free Balanced A	1.63	11.42	7.14
Allan Gray Balanced A	1.51	11.96	7.17
Matrix SCI Balanced B1	1.46	15.51	N/A
Select BCI Balanced A	1.30	7.00	7.28

## Top 15 in Fund Size

	FUND SIZE
Allan Gray Balanced A	R159 482 075 818
Coronation Balanced Plus A	R99 921 679 932
Ninety One Opportunity R	R62 466 424 600
Discovery Balanced	R35 815 563 785
Ninety One Managed R	R29 376 355 685
PSG Wealth Moderate FoF D	R27 911 584 446
Foord Balanced A	R24 603 317 828
M&G Balanced Fund A	R21 065 906 281
Old Mutual Balanced R	R21 057 650 831
Nedgroup Inv Core Diversified B	R17 995 259 840
10X High Equity Index A	R14 997 465 402
Old Mutual Multi-Managers Bal FoF A	R13 682 251 737
SIM Balanced A1	R11 716 379 184
PSG Balanced A	R10 188 673 045
STANLIB MM Balanced B1	R8 755 726 900

# Industry Feedback

Quarter 1, 2022

ASISA CATEGORIES:

GENERAL EQUITY

HIGHEQUITY

MEDIUM EQUITY

LOWEQUITY

## Top 15 Unit Trust Returns

	QUARTER	1 YEAR	5 YEAR
	(%)	(%)	(%)
Prescient Pos Rtn QuantPlus A1	3.43	17.48	7.98
Old Mutual Moderate Balanced A	1.32	13.31	7.65
STANLIB Absolute Plus B1	1.15	10.05	7.36
Southern Charter BCI Balanced FoF A	0.95	14.56	10.09
TRG Moderate Prescient FoF A1	0.89	10.69	N/A
Mergence CPI + 4% Prime A1	0.82	9.18	7.10
SIM Mgd Moderate FoF A2	0.79	13.95	9.01
Momentum Target 4 Fund of Funds A	0.55	12.30	N/A
PrivateClient BCI Medium Equity B	0.45	10.09	8.00
Fairtree Flex Balanced Prescient A1	0.41	11.24	6.52
Nedgroup Inv Opportunity A	0.35	18.09	7.93
Amplify SCI Absolute A1	0.34	12.36	N/A
Amity BCI Prudent FoF	0.33	13.30	6.07
Momentum Target 5 Fund of Funds A	0.31	12.60	N/A
Quantum BCI Balanced FoF	0.29	9.62	6.24

## Top 15 in Fund Size

	FUND SIZE
Coronation Capital Plus	R13 370 901 770
STANLIB Absolute Plus B1	R6 231 979 227
Nedgroup Inv Opportunity A	R5 992 446 771
Old Mutual Multi-Managers Def FoF A	R5 199 641 708
ABSA Multi Managed Core Accumulation	R4 438 109 073
Old Mutual Albaraka Balanced A	R3 967 032 742
ABSA Multi Managed Accumulation FoF	R3 612 302 756
Discovery Mod Dynamic Asset Opt FoF	R2 977 857 437
Sygnia CPI + 4% D	R2 690 368 055
Amplify SCI Absolute A1	R2 597 777 339
Old Mutual Dynamic Floor A	R2 541 299 804
Discovery Moderate Balanced	R2 148 451 516
FG SCI Saturn Moderate FoF A	R2 042 105 075
10X Medium Equity Index A	R1 972 948 744
FNB Moderate FoF B1	R1 841 411 177

# Industry Feedback

Quarter 1, 2022

ASISA CATEGORIES:

GENERAL EQUITY

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LOW EQUITY

## Top 15 Unit Trust Returns

	QUARTER	1 YEAR	5 YEAR
	(%)	(%)	(%)
Allan Gray Optimal A PSG Multi-Management	8.53	13.65	3.87
Cautious FoF D Counterpoint SCI Stable P&G	4.12	14.92	N/A
A Camissa Stable A PSG Stable A Select BCI	2.95	27.55	3.08
Cautious A Mianzo CPI+3% 27Four A1	2.68	17.35	8.72
Constellation Protected Growth Prscnt A1	2.57	15.56	6.53
Taquanta Absolute Return SNN R1 Cadiz BCI	2.43	7.95	10.26
Stable A BCI Stable FoF 3B1 ABSA Inflation	2.27	11.75	N/A
Beater A TRG Stable Prescient FoF A1 BCI	2.05	7.73	N/A
Income Provider Fund Allan Gray Stable A	2.01	8.33	N/A
	1.34	10.15	6.45
	1.23	10.90	7.80
	1.20	6.79	7.90
	1.01	8.22	N/A
	0.98	8.23	6.74
	0.92	10.16	7.23

## Top 15 in Fund Size

	FUND SIZE
Allan Gray Stable A	R48 547 568 010
Coronation Balanced Defensive A	R30 761 009 378
M&G Inflation Plus Fund A	R20 566 156 719
Nedgroup Inv Stable A	R19 534 017 156
Ninety One Cautious Managed A	R18 764 183 440
SIM Inflation Plus	R13 009 060 782
PSG Wealth Preserver FoF D	R12 058 954 509
STANLIB Balanced Cautious B1	R10 288 212 456
Nedgroup Inv Core Guarded B	R8 719 576 536
Old Mutual Stable Growth A	R7 403 613 497
Old Mutual Real Income A	R5 662 380 028
Discovery Cautious Balanced	R4 962 908 001
ABSA Multi Managed Core Preserver C	R4 544 766 271
Amplify SCI Defensive Balanced A1	R4 025 696 621
Personal Trust Conservative Mgd	R3 809 890 359

# Fairtree Solution Feedback

Quarter 1, 2022

## ASISA CATEGORIES:

GENERAL EQUITY

HIGH EQUITY

MEDIUM EQUITY

LOW EQUITY

Fairtree Equity Prescient A1

Fairtree Select Equity Prescient A1

Fairtree Personal Share Portfolio (RMB)

Fairtree Equally Weighted Top 20

Fairtree Worldwide Equity Portfolio

Fairtree Assegai Equity Long Short SNN QIHF

ASISA General Equity

QUARTER (%)

YEAR 1 (%)

YEAR 3 (%)

YEAR 5 (%)

7.50

11.26

19.52

14.75

11.75

21.01

18.83

-N/A

13.58

26.38

26.07

20.29

8.37

23.49

14.68

13.48

-0.59

17.10

20.58

16.93

15.70

21.13

30.77

24.29

4.17

17.64

11.17

7.78



# Fairtree Solution Feedback

Quarter 1, 2022

## ASISA CATEGORIES:

GENERAL EQUITY

HIGH EQUITY

MEDIUM EQUITY

LOW EQUITY

	QUARTER (%)	YEAR 1 (%)	YEAR 3 (%)	YEAR 5 (%)
Fairtree Worldwide Multi-Strategy Flexible Presciently A1	-4.57	3.40	6.72	-N/A
Fairtree Balanced House View (Wrap)	1.96	11.19	12.68	11.73
Fairtree Pre Retirement Solution	1.98	11.24	12.74	11.74
Fairtree Balanced House View (7.5% HF)	2.37	11.38	13.29	12.14
Fairtree Balanced Multi-Manager Portfolio (RMB)	-1.56	7.24	11.10	10.26
Fairtree High Net Worth Long Only Portfolio (RMB)	-2.02	9.99	11.68	11.15
(ASISA) SA Multi Asset High Equity	-0.89	11.02	9.10	7.28

# Fairtree Solution Feedback

Quarter 1, 2022

## ASISA CATEGORIES:

GENERAL EQUITY

HIGHEQUITY

MEDIUM EQUITY

LOWEQUITY

Fairtree Moderate House View (Wrap)

Fairtree Moderate House View (7.5% HF)

Fairtree Flexible Balanced Prescient A1

Fairtree Balanced Multi-Manager Portfolio (RMB)

(ASISA) SA Multi Asset Medium Equity

QUARTER (%)

YEAR 1 (%)

YEAR 3 (%)

YEAR 5 (%)

-0.81

6.76

9.45

9.49

13.37

7.40

10.33

10.08

0.41

11.24

6.31

6.52

-1.56

7.24

11.10

10.26

-1.15

9.89

8.31

7.03

# Fairtree Solution Feedback

Quarter 1, 2022

## ASISA CATEGORIES:

GENERAL EQUITY

HIGHEQUITY

MEDIUMEQUITY

LOW EQUITY

	QUARTER (%)	YEAR 1 (%)	YEAR 3 (%)	YEAR 5 (%)
Fairtree Stable House View (Wrap)	-1.22	6.30	7.96	8.44
Fairtree Stable House View (7.5%)	-0.51	7.00	8.96	9.12
Fairtree Cautious Multi-Manager (RMB)	1.64	8.48	13.50	11.69
(ASISA) SA Multi Asset Low Equity	-0.92	8.69	7.29	6.67

# Solution Commentary

## Quarter 1, 2022

The start of 2022 was one for the books. The first quarter of 2022 was highlighted by the ongoing war between Ukraine and Russia, together with increasing inflationary pressure and interest rate hikes. Global growth slowed down during this first quarter due to new COVID-19 waves in certain countries, regulatory changes in China and the impact of sanctions on Russia concerning global economies.

The impact of the war between Ukraine and Russia was felt by countries all around the world due to increasing gas prices and sanctions seeing that countries had to make use of alternatives to fill the gap in their imported goods from Russia. The first quarter of 2022 saw several regulatory changes in China, following the Evergrande saga in 2021 as well as credit and fiscal policy changes. Central banks came under pressure early in 2022, attempting to curb the increase in inflation and balance increasing interest rates.

Looking back at the past three months we have seen some significant volatility in the markets, locally as well as globally. In general, global markets suffered as a result of the war. During the first quarter, the rand weakened especially against the US dollar. This was mainly driven by the US dollar strengthening. The MSCI World returned -13.16% during Q1 2022 and the S&P 500 ended the quarter -12.65%.

Resources came under some pressure during the first quarter, due to regulatory changes in China and the ongoing war in Ukraine. The JSE All share ended the quarter on 3.84%, while the JSE Capped Swix index managed to stay in the green and ended the quarter 6.76%. Our financial market has been a pillar during the past quarter, but it is also worthy to note that we do possess a really strong financial system within our local banks backed by a well-run South African Reserve Bank, that has done exceptionally well during the past few months. The financial sector was the best performing with 20.18% while Industrials was the worst-performing sector returning -13.11% for the quarter.

The volatility in the local, as well as global markets, had a significant impact on the Fairtree portfolios and solutions. Diversity is one of the key points that benefitted Fairtree during the first quarter of 2022. The Fairtree Equity team came under pressure due to the volatility in the market, but still managed to end the quarter in the green. The Fairtree Equally Weighted Top 20 strategy also held up positively during the quarter and added significant value to the Fairtree solutions. Both the Fairtree Equity fund and the Fairtree Equally Weighted Top 20 ended the quarter up with 7.50% and 8.37% respectively.

On the multi-asset side, we saw the Fairtree Worldwide Multi-Strategy Flexible Prescient fund deliver -4.57% for the first quarter. Our hedge fund exposure pulled back some of our long-only strategies in the first part of 2022. That left our Fairtree Balanced House View with 10% hedge fund exposure with a 0.73% return for the quarter. In the long run, we believe that the hedge funds can generate some real alpha, benefitting our clients. This is proven over time, looking at the four main funds that make up our hedge fund exposure, the Fairtree Wild Fig Multi-Strategy QIHF, Fairtree Assegai Equity Long Short QIHF, the Fairtree Proton RCIS RIHF and the Fairtree Woodland Multi-Strategy SNN QI Hedge Fund. These hedge funds delivered 1.36%, 2.98%, 0.53% and 1.36% respectively for the first quarter of 2022.

The next coming months in the year may also be as volatile as the first quarter. One thing we have learned during the past few months is that we can trust in our long-term strategies and by sticking to our strategies, we believe we can continue to deliver on our clients' expected outcome for 2022.