



FAIRTREE

# Quarterly Report 2022 Q3



# Index Activity

Quarter 3, 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

- 1.92	- 10.06
- 2.43	- 6.96
- 3.54	- 15.78
0.60	- 1.34
1.35	3.57

## 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

2.92	- 16.02
- 6.10	- 25.61
- 7.84	- 15.90
- 1.90	- 10.59
4.35	- 14.27
- 8.06	- 26.80

# Asset Class Returns

Quarter 3, 2022

BEST



WORST



QUARTERLY

6 MONTHS

YTD

1 YEAR

3 YEARS

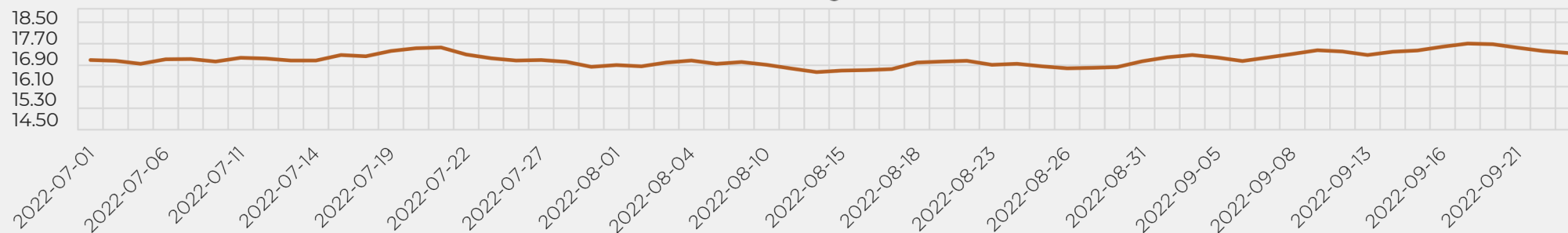
5 YEARS

Cash	1.35	Cash	2.52	Cash	3.57	Resources	13.74	Resources	19.49	Resources	18.49
Bonds	0.60	Bonds	-3.14	Bonds	-1.34	Cash	4.59	Equities	9.17	Bonds	7.13
Resources	-0.93	Industrial	-4.20	Financial	-3.26	Equities	3.55	Bonds	5.73	Equities	6.49
Industrial	-1.27	Equities	-13.39	Resources	-6.48	Bonds	1.48	Industrial	5.64	Cash	5.83
Equities	-1.92	Property	-15.64	Equities	-10.06	Financial	-1.12	Cash	4.86	Financial	2.71
Property	-4.07	Financial	-19.50	Industrial	-16.75	Industrial	-3.36	Financial	0.53	Industrial	2.07
Financial	-4.62	Resources	-21.43	Property	-16.99	Property	-10.00	Property	-9.12	Property	-9.84

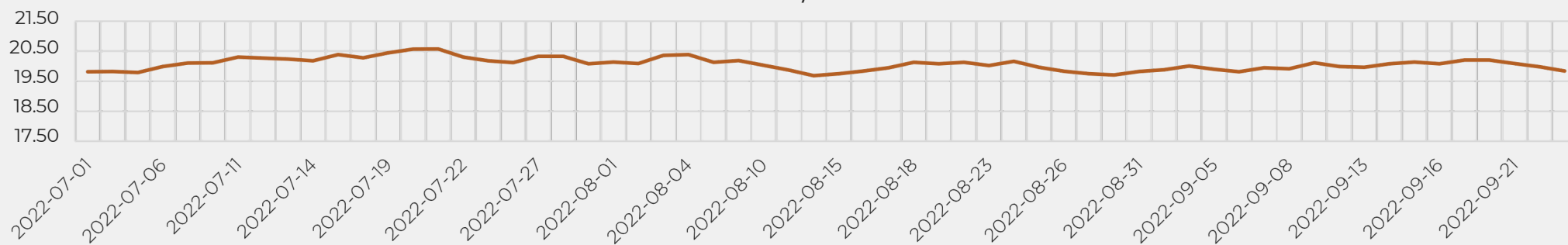
# Currency Comparisons

Quarter 3, 2022

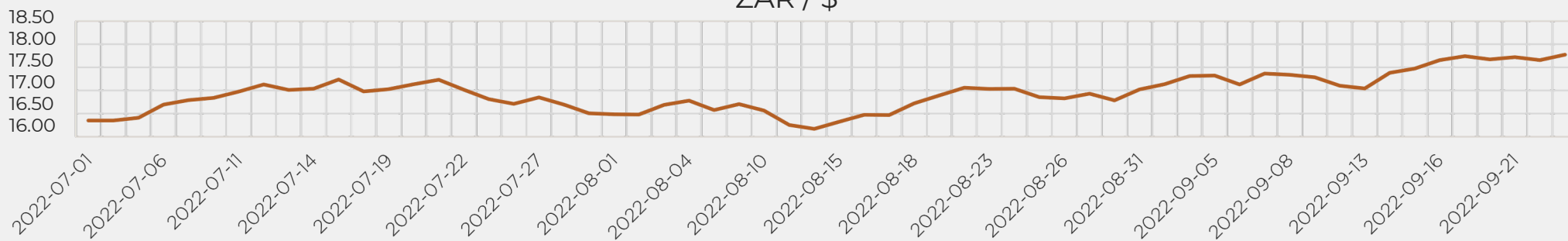
ZAR / €



ZAR / £

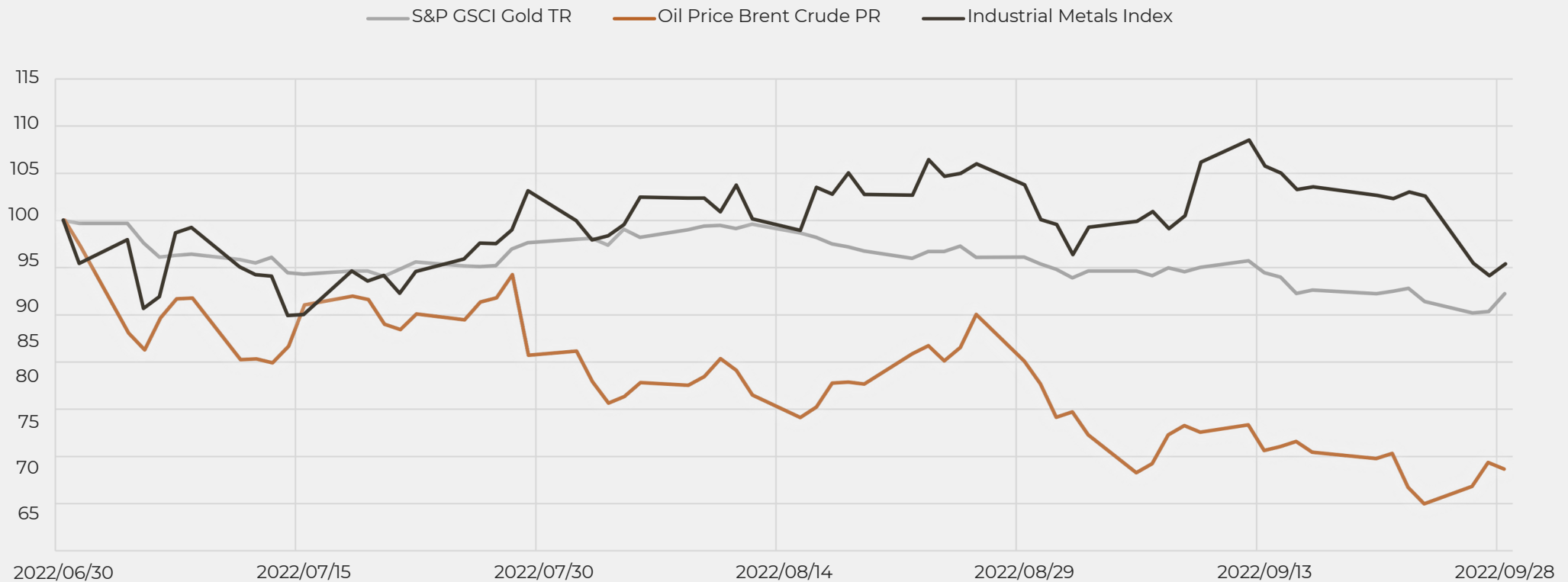


ZAR / \$



# Commodity Tracker

Quarter 3, 2022



# What is going on across the globe

Quarter 3, 2022

SOUTHAFRICA

AMERICA

EUROPE

ASIA



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

# What is going on across the globe

Quarter 3, 2022



SOUTH AFRICA

AMERICA

EUROPE

ASIA

## GEO - ECONOMIC CLIMATE

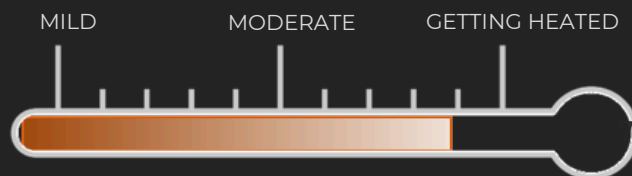


CHANCE RAIN



MOSTLY  
CLOUDY/PART SUN

## GEO - POLITICAL TEMPERATURE



## OUTLOOK

During the third quarter of 2022, South Africa experienced a record length of consecutive loadshedding. The South African economy also experienced the impact of lower commodity prices and slower global growth. All the factors, along with high inflation levels had a significant impact on the growth outlook towards the end of the year. The South African Rand (ZAR) remained under pressure to a strong US dollar during the third quarter. (\$). The South African inflation has likely peaked at 7.8% during the month of July. The weaker oil price provided some relief for South African consumers, as fuel prices decreased during August and September. The South African Reserve Bank (SARB) aims to bring inflation down within a range of 3% - 6%. With this target in mind, the SARB increased interest rates by 75 basis point in both July and September.

# What is going on across the globe

Quarter 3, 2022



SOUTH AFRICA

AMERICA

EUROPE

ASIA

## GEO - ECONOMIC CLIMATE



FOG/HAZEY

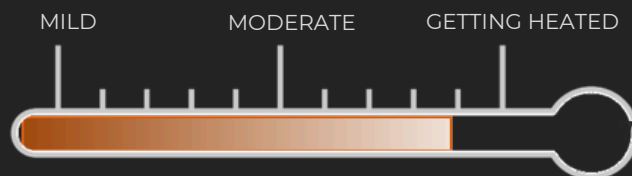


MOSTLY  
CLOUDY/PART SUN

## OUTLOOK

The US economy experienced gradual economic slowdown towards the end of the third quarter. High inflation continued throughout the third quarter, as the Fed increased interest rates three consecutive times by 75 basis points. Since the beginning of the year, the US recorded two consecutive quarters of negative growth, increasing the fears of a recession heading into 2023. Underlying detail is showing that households are enduring the economic slowdown well as unemployment remains steady throughout the third quarter. Markets came under pressure by prospects that the Fed may push policy rates to 4.5% by year end in September, indicating that another hike of 75 basis point could be on the cards for November.

## GEO - POLITICAL TEMPERATURE





# What is going on across the globe

Quarter 3, 2022



SOUTH AFRICA

AMERICA

EUROPE

ASIA

## GEO - ECONOMIC CLIMATE



STORMS

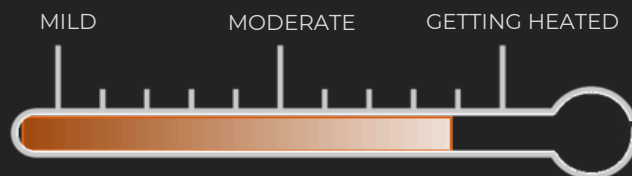


FOG/HAZEY

## OUTLOOK

During the first half of the year as well as throughout the third quarter, Europe remained the biggest risk for global economic growth, with no sign of conflict resolution between Ukraine and Russia. The cost of living is increasing at a record pace in Europe, due to significantly high energy prices. The ongoing energy crisis intensified as Russia halted the supply of the Nord Stream 1 pipeline. The European Central Bank (ECB) increased interest rate during July and September as they aim to lower inflation, as high energy prices remain the main driver. The increasing pressure of high inflation led to Boris Johnson and Mario Draghi stepping down from their positions during July. Towards the end of the quarter, tax cuts in the UK casted doubt on the new government's ability to keep fiscal measures and rising inflation under control.

## GEO - POLITICAL TEMPERATURE



# What is going on across the globe

Quarter 3, 2022

SOUTH AFRICA

AMERICA

EUROPE

ASIA



## GEO - ECONOMIC CLIMATE



CHANCE RAIN

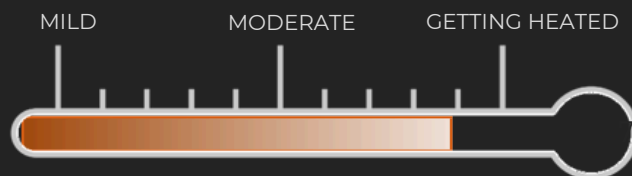


FOG/HAZEY

## OUTLOOK

The third quarter of 2022 was highlighted by weak economic growth in the Chinese economy, as policy responses did not yet have a positive impact on markets. Policy easing is expected to continue in China to support economic growth, although the property sector remains under pressure. Economic activity also dragged during the third quarter due to ongoing lockdowns, as authorities kept the Zero-Covid policy in place throughout the past three months. In the coming month, the National Congress of the Chinese Communist Party may provide more clarity on how authorities will tackle these issues regarding the Zero-Covid policy and the property sector. Manufacturing activity increased during August, but the outlook for exports is weakened towards the end of the year.

## GEO - POLITICAL TEMPERATURE



# What is going on across the globe

Quarter 3, 2022

## OVERALL GLOBAL OUTLOOK

### GEO - ECONOMIC CLIMATE



CHANCE RAIN

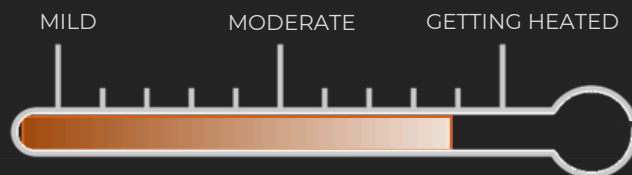


FOG/HAZEY

### OUTLOOK

Global equities were down -9.5% for September, with US equities down -9.4% and ex-US equities down -9.6%. Growth stocks, more sensitive to the rising bond yields, lost -10.2% while Value stocks lost -8.8%. All sectors recorded negative returns with IT and Real Estate down the most. Emerging market equities fared even worse and was down -11.9% with Chinese equities down -14.7%. South African equities did relatively better and was down -5% helped by Resources which was up 1.3% over the month while Banks lost -7.1%. Global bonds lost -5.1% while credit spreads widened. South Africa government bonds were down -2.1%.

### GEO - POLITICAL TEMPERATURE



# Industry Feedback

Quarter 3, 2022

## ASISA CATEGORIES:

GENERAL EQUITY

HIGHEQUITY

MEDIUMEQUITY

LOWEQUITY

## Top 15 Unit Trust Returns

	QUARTER	1 YEAR	5 YEAR
	(%)	(%)	(%)
Global & Local SNN Worldwide Flexible A	6.61	1.40	N/A
Perpetua SCI Equity A	3.10	8.37	3.79
ABSA Dividend Plus Index A	2.62	21.20	N/A
ClucasGray Equity Prescient A1	2.47	10.41	7.67
Fairtree Select Equity Prescient A1	2.31	20.29	N/A
Satrix Dividend Plus Index A1	2.11	20.81	12.52
Sasfin BCI Equity A	2.00	-2.40	2.02
27four Shari'ah Active Equity A1	1.96	0.26	5.74
Coronation Equity A	1.47	-8.01	4.80
Aylett Equity Prescient A1	1.46	8.71	9.78
STANLIB Enhanced Multi Style Eq A1	1.38	8.03	9.02
Sygnia Divi A	1.37	19.97	12.53
36ONE BCI Equity A	1.15	5.28	11.59
3B BCI Equity	1.07	7.95	6.03
Element Earth Equity SCI A	0.93	-2.06	3.03

## Top 15 in Fund Size

	FUND SIZE
Allan Gray Equity A	R36 999 916 933
M&G SA Equity Fund F	R36 970 190 131
Fairtree Equity Prescient A1	R23 038 873 398
Coronation Top 20 A	R22 870 146 579
PSG Wealth Creator FoF D	R15 764 066 644
Old Mutual Investors R	R12 565 060 978
Ninety One Equity R	R11 474 033 806
Coronation Equity A	R7 679 925 865
Nedgroup Inv Rainmaker A	R6 391 008 779
PSG Equity A	R5 970 424 961
SIM General Equity B10	R5 888 479 868
STANLIB Equity R	R5 820 192 402
PortfolioMetrix BCI SA Equity Fund B2	R5 424 677 705
Oasis Crescent Equity D	R5 338 936 263
36ONE BCI Equity A	R5 173 240 147

# Industry Feedback

Quarter 3, 2022

ASISA CATEGORIES:

GENERAL EQUITY

HIGH EQUITY

MEDIUM EQUITY

LOW EQUITY

## Top 15 Unit Trust Returns

	QUARTER	1 YEAR	5 YEAR
	(%)	(%)	(%)
Gryphon Prudential Fund B	4.22	10.28	10.62
Rezco Value Trend A	3.18	6.91	5.24
Visio BCI Balanced A	2.95	7.17	N/A
Nedgroup Inv Balanced A	2.33	6.43	8.91
Rezco Managed Plus A	2.22	5.95	5.00
Aylett Balanced Prescient A1	2.12	8.19	10.79
Perpetua SCI Balanced A	2.12	-2.62	3.88
Imalivest SCI Worldwide Equity A2	1.83	-0.81	0.53
ClucasGray Equilibrium Prescient A1	1.70	4.21	7.70
Denker SCI Balanced A	1.69	6.79	7.88
Sasfin BCI Prudential A	1.60	4.72	6.01
Centaur BCI Balanced A	1.50	-6.07	6.21
Sanlam Multi Mgd Balanced FoF A2	1.36	0.42	6.24
FAL BCI Balanced FoF A	1.28	-2.94	4.28
Nedgroup Inv Managed R	1.28	7.60	9.71

## Top 15 in Fund Size

	FUND SIZE
Allan Gray Balanced A	R152 713 174 961
Coronation Balanced Plus A	R92 938 043 362
Ninety One Opportunity R	R60 786 746 526
Discovery Balanced	R33 792 190 902
Ninety One Managed R	R28 814 776 311
PSG Wealth Moderate FoF D	R27 362 977 819
Foord Balanced A	R22 976 020 061
M&G Balanced Fund A	R20 230 326 045
Old Mutual Balanced R	R19 724 112 700
Nedgroup Inv Core Diversified B	R17 109 548 094
10X High Equity Index A	R14 193 954 717
Old Mutual Multi-Managers Bal FoF A	R12 787 695 340
SIM Balanced A1	R10 824 730 317
PSG Balanced A	R9 677 077 890
Satrix Balanced Index A1	R7 517 573 748

# Industry Feedback

Quarter 3, 2022

## ASISA CATEGORIES:

GENERAL EQUITY

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## Top 15 Unit Trust Returns

	QUARTER	1 YEAR	5 YEAR
	(%)	(%)	(%)
Hollard Prime Strategic Balanced FoF B	2.53	3.31	6.13
Nedgroup Inv Opportunity A	1.53	15.73	7.71
Sasfin BCI Balanced A	1.49	3.66	6.79
Capstone BCI Balanced A	1.38	-1.98	3.88
Mergence CPI + 4% Prime A1	1.19	3.51	5.63
MI-PLAN IP Inflation Plus 7 B5	1.17	0.01	4.84
STANLIB Absolute Plus B1	1.12	5.85	5.84
Analytics Ci Moderate FoF A	1.01	2.08	4.11
Platinum BCI Balanced FoF A	0.98	2.21	6.43
MI-PLAN IP Inflation Plus 5 B5	0.91	-0.02	4.44
Chrome Ci Defensive A	0.90	1.48	N/A
Camissa Protector A	0.89	0.65	6.97
PFPS Ci Moderate FoF A	0.86	2.77	4.82
GraySwan SCI Moderate FoF A	0.82	4.44	5.55
Destiny BCI Prudential FoF A	0.78	-1.05	4.64

## Top 15 in Fund Size

	FUND SIZE
Coronation Capital Plus	R12 374 726 847
Nedgroup Inv Opportunity A	R6 643 511 818
STANLIB Absolute Plus B1	R6 467 162 700
Old Mutual Multi-Managers Def FoF A	R4 875 798 759
ABSA Multi Managed Core Accumulation FoF A	R4 072 571 537
Old Mutual Albaraka Balanced A	R3 900 763 873
ABSA Multi Managed Accumulation FoF A	R3 316 521 949
Discovery Mod Dynamic Asset Opt FoF A	R3 283 280 390
Sygnia CPI + 4% D	R2 562 139 327
Amplify SCI Absolute A1	R2 437 725 882
Old Mutual Dynamic Floor A	R2 378 756 222
Discovery Moderate Balanced	R2 092 389 219
Momentum Focus 5 Fund of Funds A	R2 046 592 809
10X Medium Equity Index A	R2 007 136 773
FG SCI Saturn Moderate FoF A	R1 930 204 498

# Industry Feedback

Quarter 3, 2022

## ASISA CATEGORIES:

GENERAL EQUITY

HIGHEQUITY

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LOW EQUITY

## Top 15 Unit Trust Returns

	QUARTER	1 YEAR	5 YEAR
	(%)	(%)	(%)
Rezco Stable A	3.76	6.60	5.74
Amplify SCI Wealth Protector B5	3.68	10.05	9.97
Camissa Stable A	2.24	7.57	8.06
Allan Gray Optimal A	2.15	7.23	4.52
Allan Gray Stable A	2.04	6.07	6.36
ABSA Absolute A	2.01	2.45	4.72
FAL BCI Stable FoF A	1.97	-0.28	5.48
Analytics Ci Cautious FoF A	1.93	1.15	4.18
Sanlam Multi Mgd Defensive FoF A2	1.74	4.88	6.83
Dotport BCI Cautious FoF A	1.72	2.47	4.08
Dynasty Ci Wealth Preserver A2	1.63	1.79	4.69
Sasfin BCI Stable A	1.44	5.59	7.38
PFPS Ci Cautious FoF A	1.41	2.98	5.31
Platinum BCI Income Provider FoF A	1.33	2.28	5.84
Kruger Ci Prudential A	1.33	0.01	N/A

## Top 15 in Fund Size

	FUND SIZE
Allan Gray Stable A	R47 507 454 156
Coronation Balanced Defensive A	R29 199 748 645
M&G Inflation Plus Fund A	R19 212 432 390
Ninety One Cautious Managed A	R18 439 030 820
Nedgroup Inv Stable A	R18 132 870 361
SIM Inflation Plus	R12 210 084 100
PSG Wealth Preserver FoF D	R11 749 243 481
STANLIB Balanced Cautious B1	R9 778 326 561
Nedgroup Inv Core Guarded B	R9 065 674 863
Old Mutual Stable Growth A	R7 249 960 168
Old Mutual Real Income A	R5 648 367 268
Discovery Cautious Balanced	R4 871 159 194
ABSA Multi Managed Core Preserver C	R4 225 697 992
Amplify SCI Defensive Balanced A1	R4 188 371 051
Personal Trust Conservative Mgd	R3 727 027 759

# Fairtree Solution Feedback

Quarter 3, 2022

## ASISA CATEGORIES:

GENERAL EQUITY

HIGH EQUITY

MEDIUM EQUITY

LOW EQUITY

	QUARTER (%)	YEAR 1 (%)	YEAR 3 (%)	YEAR 5 (%)
Fairtree Equity Prescient A1	-2.03	8.78	16.31	11.54
Fairtree Select Equity Prescient A1	2.31	20.29	16.99	-N/A
Fairtree Personal Share Portfolio (RMB)	5.08	26.25	24.30	17.44
Fairtree Equally Weighted Top 20	-0.47	3.47	8.53	8.74
Fairtree Worldwide Equity Portfolio	4.83	11.71	18.93	14.41
Fairtree Assegai Equity Long Short SNN QIHF	-1.94	19.91	22.09	20.76
ASISA General Equity	-1.53	2.08	7.94	4.58



# Fairtree Solution Feedback

Quarter 3, 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	0.58	-3.17	3.77	-N/A
Fairtree Balanced Houseview (Wrap)	1.17	6.10	10.13	9.00
Fairtree Pre Retirement Solution	1.17	6.14	10.18	8.86
Fairtree Balanced Houseview (10% HF)	1.13	6.72	10.69	9.53
Fairtree Balanced Multi Manager Portfolio (RMB)	1.92	4.35	9.16	8.95
Fairtree High Net Worth Long Only Portfolio (RMB)	1.42	0.88	8.32	7.80
(ASISA) SA Multi Asset High Equity	-0.11	0.19	6.60	4.98

# Fairtree Solution Feedback

Quarter 3, 2022

## ASISA CATEGORIES:

GENERAL EQUITY

HIGHEQUITY

MEDIUM EQUITY

LOWEQUITY

Fairtree Moderate Houseview (Wrap)  
 Fairtree Moderate Houseview (10% 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 (%)

0.23

0.59

6.64

7.29

0.29

1.71

7.49

7.97

0.10

1.99

3.72

4.31

1.92

4.35

9.16

8.95

0.24

0.89

6.04

5.05

# Fairtree Solution Feedback

Quarter 3, 2022

## ASISA CATEGORIES:

GENERAL EQUITY

HIGHEQUITY

MEDIUMEQUITY

LOW EQUITY

Fairtree Stable Houseview (Wrap)

Fairtree Stable Houseview (10%)

Fairtree Cautious Multi Manager (RMB)

(ASISA) SA Multi Asset Low Equity

QUARTER (%)

YEAR 1 (%)

YEAR 3 (%)

YEAR 5 (%)

0.69

0.14

5.25

6.57

0.70

1.30

6.20

7.31

2.72

10.14

12.82

11.40

0.50

1.50

5.41

5.20

# Solution Commentary

## Quarter 3, 2022

The second quarter of 2022 continued its high volatility as experienced in the first quarter. The second quarter felt the significant impact of the ongoing war between Ukraine and Russia, together with increasing inflationary pressures and interest rate hikes. Towards the end of the quarter, economic growth slowed down due to strict COVID-19 lockdown measures and regulatory changes in China, the impact of sanctions on Russia with regards to global economies and increasing interest rates by central banks.

The effect of the war was felt by countries all around the world, mainly due to increasing gas prices and sanctions placed on Russian resources and cuts on Russian gas supplies to European. The second quarter of 2022 saw several regulatory changes in China, following the Evergrande saga in 2021 as well credit and fiscal policy changes. Changes to policies included increased liquidity, lower mortgage rates, lower bank notes, increased infrastructure, subsidies to SME's, support for airlines and lower taxes for households. Central banks came under significant pressure throughout the second quarter, attempting to curb the increase in inflation and balancing increasing interest rates.

Looking back at the past three months we have seen some significant volatility in the markets, locally as well as globally. During the second quarter, the rand weakened especially against the US dollar. This was mainly driven by strong US dollar dynamics. The MSCI World returned -15.66% during Q2 2022 and the S&P 500 ended the quarter -16.10%.

Resources came under some pressure during the second quarter, due to regulatory changes in China and the ongoing war in Ukraine. The JSE All share ended the quarter down -11.69%, while the JSE Capped Swix index also ended the quarter negative -10.65%. Our financial market has been a pillar during the past quarter, but it is also worthy to note that we do poses a really strong financial system within our local banks backed by a well-run South African Reserve Bank, that have done exceptionally well during the past few months.

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 second quarter of 2022. The Fairtree equity team came under pressure due to the volatility in the market. The Fairtree Equally Weighted Top 20 strategy also came under pressure, mainly due to market volatility and weak performance from resources. Both the Fairtree Equity fund and the Fairtree Equally Weighted Top 20 ended the quarter down with -7.11% and -14.06% respectfully. On the multi asset side, we saw the Fairtree Worldwide Multi Strategy Flexible Prescient fund deliver -5.99% for the second quarter. Our hedge fund exposure pulled back some of our long only strategies towards the middle of 2022. That left our Fairtree Balanced House View with 10% hedge fund exposure with a -5.24% 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 and the Fairtree Proton RCIS RIHF and the Fairtree Woodland Multi Strategy SNN QI Hedge Fund. These hedge funds delivered 2.21%, -8.81%, -3.01% and -2.79% respectively for the second quarter of 2022.

The second half of the year may also be volatile as the first and second quarters of 2022. 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.