



FAIRTREE

Quarterly Report 2022

Above & Beyond Investing



Index Activity

Quarter 2, 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
- 11.69%	- 8.30%
- 10.65%	- 4.65%
- 11.56%	- 12.68%
- 3.71%	- 1.93%
1.15%	2.19%

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
- 6.03%	- 18.40%
- 16.32%	- 20.78%
11.01%	- 8.75%
- 0.46%	- 8.86%
- 5.94%	- 17.84%
- 0.24%	- 20.38%

Asset Class Returns

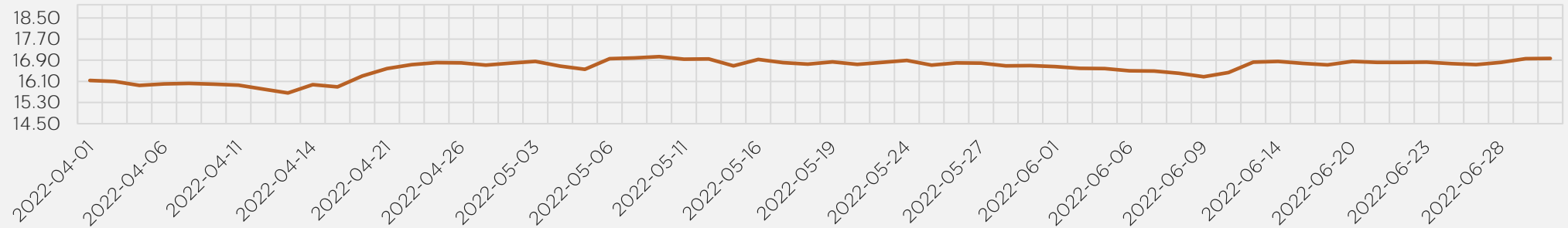
Quarter 2, 2022

	QUARTERLY	6 MONTHS	YTD	1 YEAR	3 YEARS	5 YEARS
BEST ↑	Cash 1.15	Cash 2.20	Cash 2.19	Financial 16.86	Resources 17.25	Resources 22.67
	Industrial -2.97	Financial 0.96	Financial 1.43	Resources 10.71	Equities 8.18	Equities 8.74
	Bonds -3.71	Bonds -1.36	Bonds -1.93	Equities 4.69	Bonds 5.78	Bonds 7.78
	Equities -11.69	Resources -5.73	Resources -5.61	Cash 4.18	Industrial 5.19	Cash 5.93
	Property -12.06	Equities -8.40	Equities -8.30	Bonds 1.25	Cash 5.01	Financial 4.92
	Financial -15.60	Property -13.74	Property -13.47	Property -0.11	Financial -0.56	Industrial 3.80
WORST ↓	Resources -20.69	Industrial -15.65	Industrial -15.68	Industrial -6.33	Property -9.15	Property -8.31

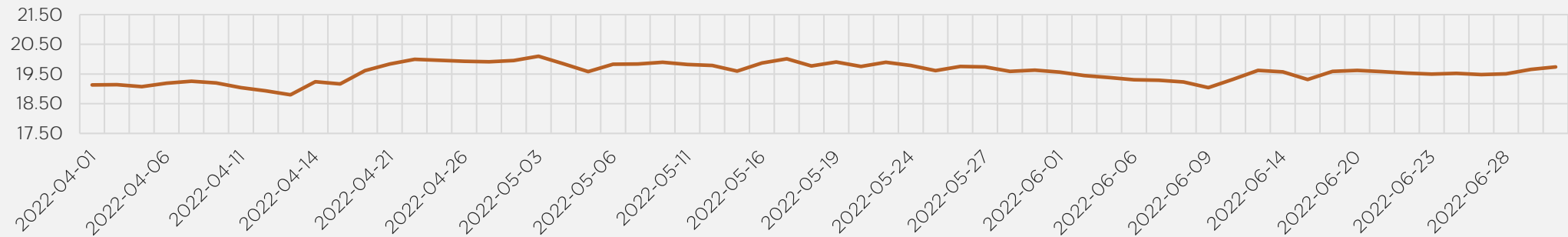
Currency Comparisons

Quarter 2, 2022

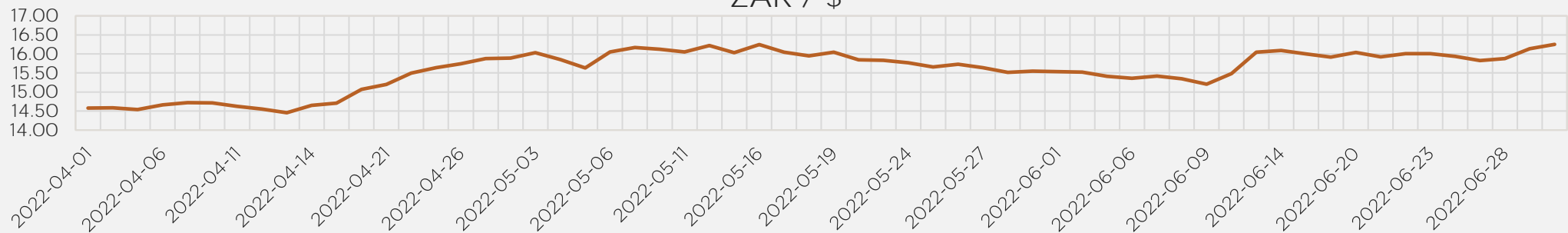
ZAR / €



ZAR / £

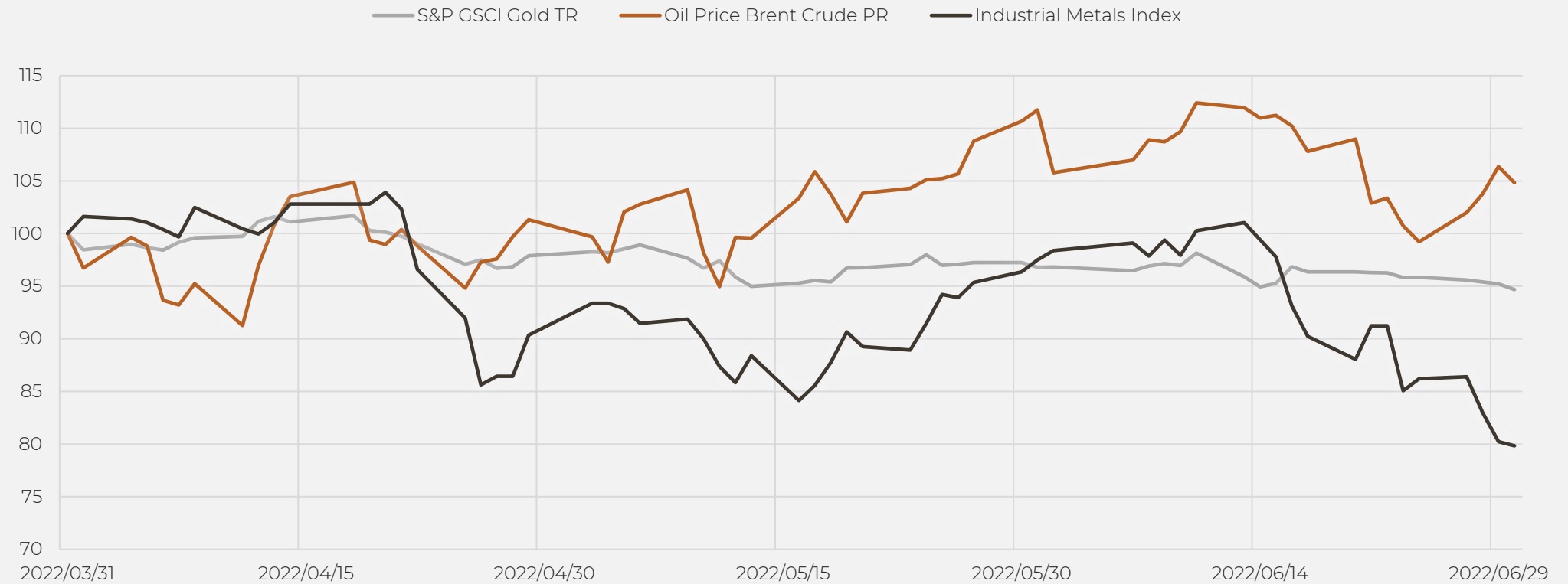


ZAR / \$



Commodity Tracker

Quarter 2, 2022



What is going on across the globe

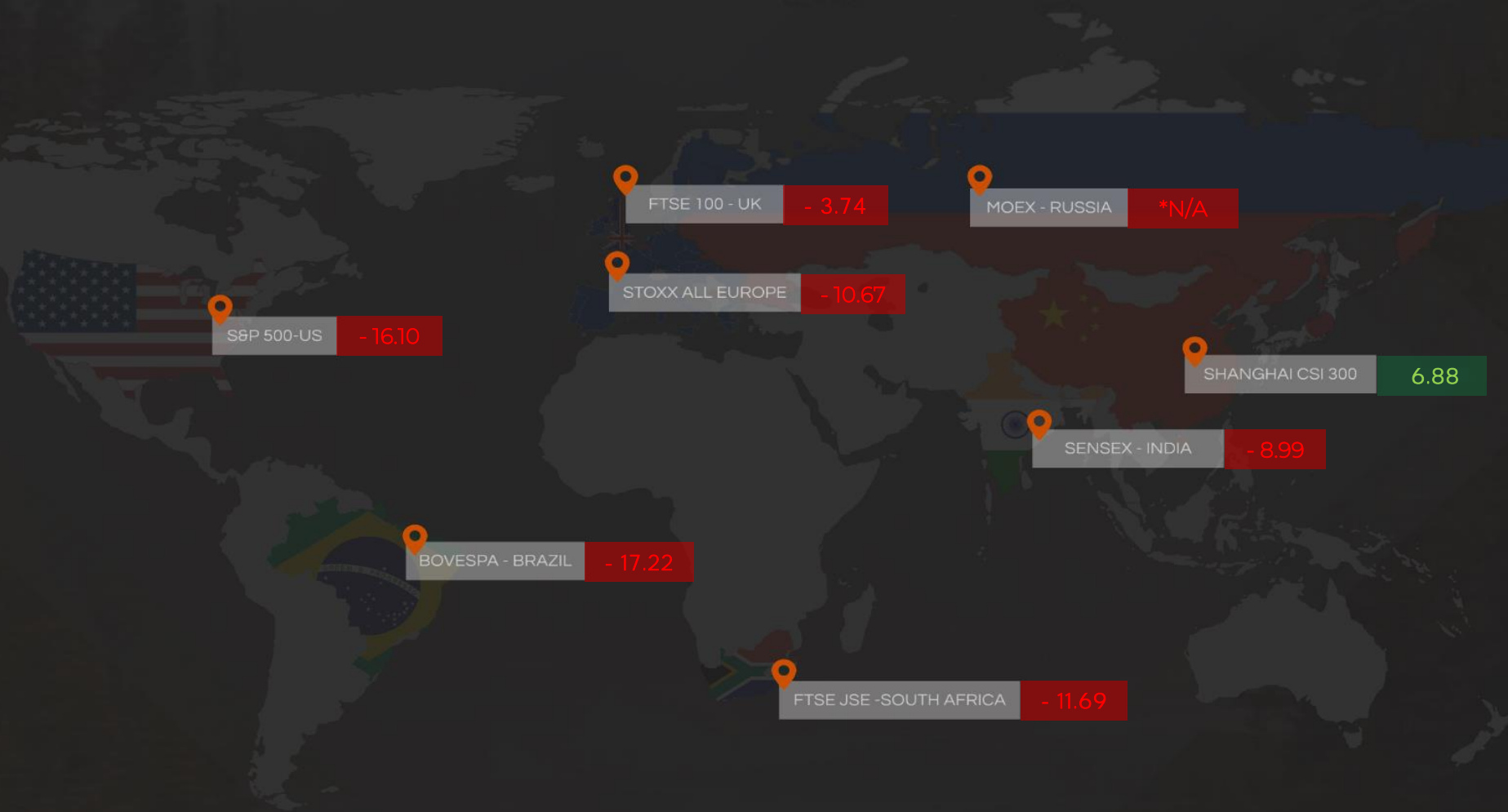
Quarter 2, 2022

SOUTH AFRICA

AMERICA

EUROPE

ASIA



*Due to the ongoing war, data is not available

What is going on across the globe

Quarter 2, 2022

SOUTH AFRICA

AMERICA

EUROPE

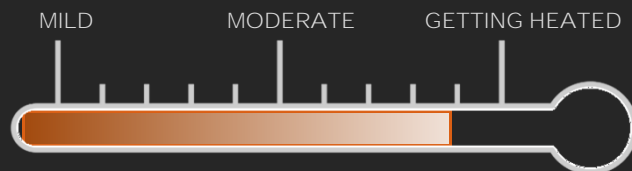
ASIA



GEO - ECONOMIC CLIMATE



GEO - POLITICAL TEMPERATURE



OUTLOOK

The second quarter of 2022 was highlighted by a decrease in South African investor confidence due to ongoing loadshedding, labour strikes and increasing fuel prices. Inflation increased to 6.5% towards the end of the quarter, which is above the South African Reserve Bank's (SARB) target of between 3% and 6%.

The SARB announced a 50-basis point interest rate hike during May. The next Monetary Policy Committee (MPC) meeting is scheduled for 21 July, to decide whether to increase interest rates due to inflationary pressures. The market expects another 50 to 75 basis point interest rate hike. During the second quarter of 2022, the South African Rand (ZAR) depreciated against the US Dollar (USD), mainly due to strong USD dynamics.

What is going on across the globe

Quarter 2, 2022

SOUTH AFRICA

AMERICA

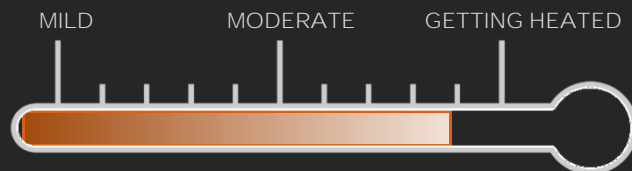
EUROPE

ASIA

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OUTLOOK

Inflation remained one of the biggest concerns in the US economy throughout the second quarter of 2022. The high inflation levels are impacting consumer confidence levels, real income and corporate profits. The Fed is hiking interest rates to 3.5% towards the end of the year. This after a 75-basis point hike during the month of June, the biggest increase since 1994 and an increase of 50-basis points during May.

Risks are also rising that central banks are hiking interest rates into restrictive levels earlier than expected, that may be pulling forward a potential recession towards the end of the year. The fear of a recession is also increasing as demand slowly decreased towards the end of the quarter. The Fed forecasts that in order to get inflation under control, unemployment needs to rise just above 4%.

What is going on across the globe

Quarter 2, 2022

SOUTH AFRICA

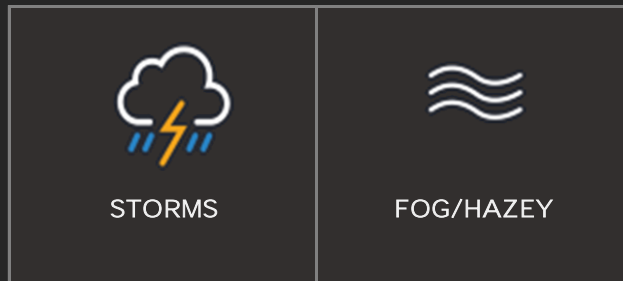
AMERICA

EUROPE

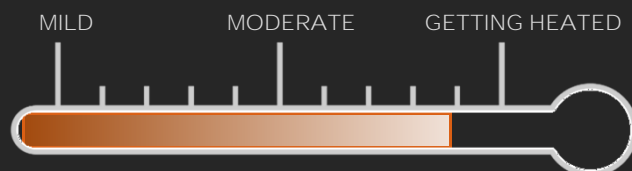
ASIA



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OUTLOOK

Throughout the second quarter of 2022, Europe remained the biggest risk for global economic growth, with no sign of conflict resolution between Ukraine and Russia. Consumer price inflation increased past 8% and producer price inflation rose past 36% towards the end of the second quarter. Russia started to cut gas supplies to European countries, with increasing risk that supplies will be entirely cut off towards the next half of the year.

There is increasing pressure on the European Central Bank (ECB) to hike interest rates, potentially starting from their next meeting in July, in an attempt to lower the high inflation levels. Economic growth in Europe began to show signs of slowing down during June as the high inflation rates also had a negative impact on consumer confidence.

What is going on across the globe

Quarter 2, 2022



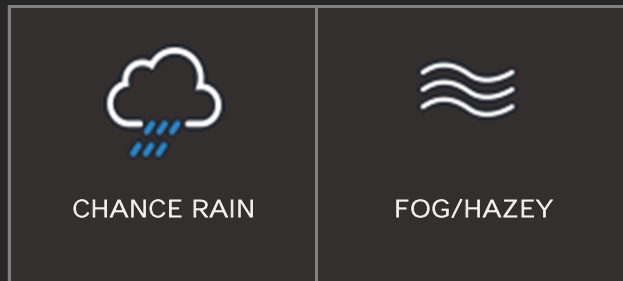
SOUTH AFRICA

AMERICA

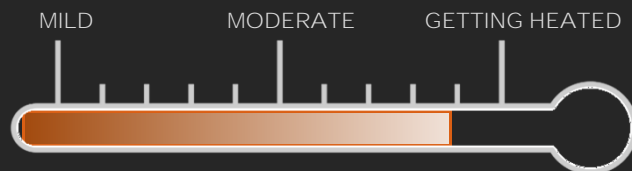
EUROPE

ASIA

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OUTLOOK

The second quarter of 2022 saw new surges in Covid-19 cases in China, that led to lockdown measures across many cities, further decreasing demand for domestic consumers. Manufacturing and export activity were also negatively impacted by the lockdown measures, placing renewed pressure on suppliers, adding to increasing global input prices. During June, the Chinese economy showed signs of improvement following the uncertainty with regards to their policy environment and the strict lockdown measures.

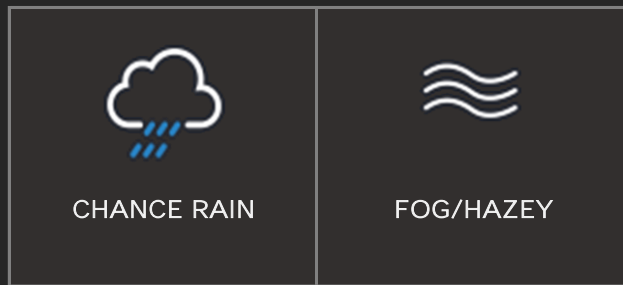
Weaker global economic growth does not look promising for the 5.5% growth figure for the Chinese economy, although this does not deter authorities from achieving this target set at the beginning of 2022. The Chinese economy expects that more policy changes with regards to increased liquidity, lower mortgage rates, lower bank notes, increased infrastructure, subsidies to SME`s, support for airlines and lower taxes for households may be made in coming months.

What is going on across the globe

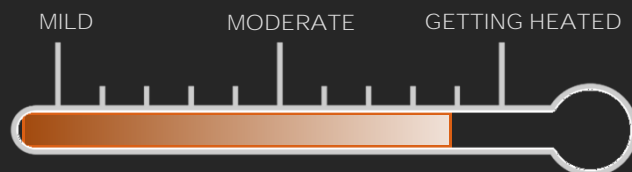
Quarter 2, 2022

OVERALL GLOBAL OUTLOOK

GEO - ECONOMIC CLIMATE



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. Year to date global equities were down -21%. Chinese equities were down -12%, outperforming US equities, down -20%. Growth stocks also significantly underperformed Value stocks. South African equities fared much better and was down only -6% by mid-year, with almost all of the negative performance happening in June.

Industry Feedback

Quarter 2, 2022

ASISA CATEGORIES:

GENERAL EQUITY

HIGH EQUITY

MEDIUM EQUITY

LOW EQUITY

Top 15 Unit Trust Returns

	QUARTER	1 YEAR	5 YEAR
	(%)	(%)	(%)
IFM Technical	5.77	4.88	3.20
Stonehage Fleming SCI Equity A1	-3.27	0.42	4.69
Oasis Crescent Equity D	-3.39	8.40	6.66
Allan Gray Equity A	-3.83	8.52	6.02
Sanlam Private Wealth Equity A1	-4.03	12.92	8.44
Nedgroup Inv Private Wealth Equity A	-4.64	0.58	1.89
36ONE BCI SA Equity D	-4.75	14.84	11.44
FNB Momentum Growth	-4.85	6.63	2.83
Foord Equity A	-4.85	6.97	2.61
Personal Trust Equity	-4.90	9.27	7.19
Autus Prime Equity A	-5.42	2.79	6.59
Sanlam Select Focused Equity B3	-5.45	-5.80	0.80
Truffle SCI General Equity A	-5.70	11.09	11.53
3B BCI Equity	-5.74	13.11	7.03
36ONE BCI Equity A	-5.74	9.63	12.74

Top 15 in Fund Size

	FUND SIZE
M&G SA Equity Fund F	R38 036 668 385
Allan Gray Equity A	R37 609 779 654
Fairtree Equity Prescient A1	R23 790 637 536
Coronation Top 20 A	R23 232 591 117
PSG Wealth Creator FoF D	R15 248 103 781
Old Mutual Investors R	R13 114 805 610
Ninety One Equity R	R11 707 731 722
Coronation Equity A	R7 303 564 106
Nedgroup Inv Rainmaker A	R6 731 421 201
SIM General Equity B10	R6 178 944 111
STANLIB Equity R	R6 033 592 756
PSG Equity A	R6 009 903 398
Oasis Crescent Equity D	R5 514 939 516
PortfolioMetrix BCI SA Equity Fund B2	R5 405 299 847
36ONE BCI Equity A	R5 077 769 604

Industry Feedback

Quarter 2, 2022

ASISA CATEGORIES:

GENERAL EQUITY

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LOW EQUITY

Top 15 Unit Trust Returns

	QUARTER (%)	1 YEAR (%)	5 YEAR (%)
Gryphon Prudential Fund B	4.71	8.28	11.21
Rezco Value Trend A	4.06	1.40	5.29
Rezco Managed Plus A	3.95	0.68	5.27
Nedgroup Inv Balanced A	-0.80	7.53	9.07
Ninety One Opportunity R	-1.92	1.33	7.07
Oasis Crescent Balanced High Eq FoF D	-2.21	6.46	6.36
Allan Gray Tax-Free Balanced A	-2.23	8.09	6.61
Allan Gray Balanced A	-2.39	8.43	6.61
Foord Balanced A	-2.53	3.76	5.93
Nedgroup Inv Managed R	-2.56	10.99	10.26
Star Prime Balanced C	-2.57	-0.46	N/A
Sanlam Private Wealth Balanced	-2.59	4.80	5.52
Imalivest SCI Worldwide Equity A2	-2.63	0.60	0.78
Ninety One Managed R	-2.79	2.83	8.44
Anchor BCI Diversified Growth A	-2.96	6.56	6.17

Top 15 in Fund Size

	FUND SIZE
Allan Gray Balanced A	R152 227 950 857
Coronation Balanced Plus A	R93 304 452 743
Ninety One Opportunity R	R61 557 316 832
Discovery Balanced	R33 992 086 815
Ninety One Managed R	R28 517 457 702
PSG Wealth Moderate FoF D	R27 123 292 879
Foord Balanced A	R24 304 850 201
M&G Balanced Fund A	R20 526 483 765
Old Mutual Balanced R	R19 976 358 677
Nedgroup Inv Core Diversified B	R17 164 406 188
10X High Equity Index A	R14 252 228 709
Old Mutual Multi-Managers Bal FoF A	R12 994 749 359
SIM Balanced A1	R11 074 473 343
PSG Balanced A	R9 669 249 301
STANLIB MM Balanced B1	R7 625 437 195

Industry Feedback

Quarter 2, 2022

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Top 15 Unit Trust Returns

	QUARTER	1 YEAR	5 YEAR
	(%)	(%)	(%)
Nedgroup Inv Opportunity A	1.93	17.36	8.01
Counterpoint SCI Moderate A1	0.15	7.44	6.29
Foord Conservative A	-0.66	3.30	6.88
IFM Balanced Value FoF	-1.33	3.25	2.17
STANLIB Absolute Plus B1	-1.79	5.21	6.40
Anchor BCI Diversified Moderate A	-1.95	6.50	6.45
FG SCI Saturn Moderate FoF A	-2.08	4.84	6.85
Mergence CPI + 4% Prime A1	-2.46	4.33	6.17
Platinum BCI Balanced FoF A	-2.59	3.85	7.01
Quattro Ci Moderate FoF A	-2.63	2.63	5.63
Engelberg BCI Balanced A	-2.71	-0.04	N/A
GTC Capital Plus FoF A	-2.93	5.80	7.63
Oasis Crescent Bal Progressive FoF D	-2.95	5.71	5.77
Amplify SCI Absolute A1	-3.03	5.76	N/A
Foster BCI Moderate FoF A	-3.10	3.35	6.53

Top 15 in Fund Size

	FUND SIZE
Coronation Capital Plus	R12 602 724 095
Nedgroup Inv Opportunity A	R6 106 679 184
STANLIB Absolute Plus B1	R6 050 350 349
Old Mutual Multi-Managers Def FoF A	R4 979 387 268
ABSA Multi Managed Core Accumulation	R4 197 092 930
Old Mutual Albaraka Balanced A	R3 896 111 019
ABSA Multi Managed Accumulation FoF	R3 386 202 757
Discovery Mod Dynamic Asset Opt FoF	R3 034 850 949
Sygnia CPI + 4% D	R2 605 826 662
Amplify SCI Absolute A1	R2 533 123 830
Old Mutual Dynamic Floor A	R2 417 698 141
Discovery Moderate Balanced	R2 081 833 972
FG SCI Saturn Moderate FoF A	R1 959 042 253
10X Medium Equity Index A	R1 936 265 057
FNB Moderate FoF B1	R1 758 855 622

Industry Feedback

Quarter 2, 2022

ASISA CATEGORIES:

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LOW EQUITY

Top 15 Unit Trust Returns

	QUARTER (%)	1 YEAR (%)	5 YEAR (%)
Rezco Stable A	4.03	0.50	5.60
Amplify SCI Wealth Protector B5	2.88	10.31	9.71
Old Mutual Real Income A	0.89	6.30	6.03
Sanlam Multi Mgd Defensive FoF A2	0.21	5.65	7.10
ABSA Inflation Beater A	-0.51	4.05	7.51
Nedgroup Inv Stable A	-0.51	3.22	7.03
Sygnia CPI + 2% D	-0.54	4.42	6.47
Sanlam Multi Mgd Conservative FoF A2	-0.64	4.10	6.50
GTC Wealth Protector FoF A	-0.66	5.08	6.86
Allan Gray Stable A	-0.75	7.85	6.81
Sanlam Multi Mgd Cautious FoF A2	-0.85	5.73	7.27
Platinum BCI Income Provider FoF A	-0.94	3.55	6.14
Anchor BCI Diversified Stable A	-1.03	6.03	6.76
Oasis Crescent Balanced Stable FoF D	-1.13	4.53	5.55
Corion Prime Stable A	-1.31	7.45	7.10

Top 15 in Fund Size

	FUND SIZE
Allan Gray Stable A	R47 303 354 412
Coronation Balanced Defensive A	R30 043 588 002
M&G Inflation Plus Fund A	R20 225 034 297
Nedgroup Inv Stable A	R18 815 330 460
Ninety One Cautious Managed A	R18 629 117 758
SIM Inflation Plus	R12 417 438 872
PSG Wealth Preserver FoF D	R11 791 773 832
STANLIB Balanced Cautious B1	R10 443 364 365
Nedgroup Inv Core Guarded B	R8 907 430 859
Old Mutual Stable Growth A	R7 237 215 031
Old Mutual Real Income A	R5 634 725 587
Discovery Cautious Balanced	R4 837 068 363
ABSA Multi Managed Core Preserver C	R4 363 805 755
Amplify SCI Defensive Balanced A1	R4 187 097 213
Personal Trust Conservative Mgd	R3 695 696 606

Fairtree Solution Feedback

Quarter 2, 2022

ASISA CATEGORIES:

GENERAL EQUITY

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LOW EQUITY

	QUARTER (%)	YEAR 1 (%)	YEAR 3 (%)	YEAR 5 (%)
Fairtree Equity Prescient A1	-7.11	6.20	15.74	13.86
Fairtree Select Equity Prescient A1	-6.03	19.54	14.78	-N/A
Fairtree Personal Share Portfolio (RMB)	-6.90	23.16	21.10	18.25
Fairtree Equally Weighted Top 20	-14.06	8.35	6.94	11.30
Fairtree Worldwide Equity Portfolio	-5.48	10.66	17.71	15.12
Fairtree Assegai Equity Long Short SNN QIHF	-8.81	16.59	24.00	23.09
ASISA General Equity	-9.09	6.38	7.14	6.13

Fairtree Solution Feedback

Quarter 2, 2022

ASISA CATEGORIES:

GENERAL EQUITY

HIGH EQUITY

MEDIUM EQUITY

LOW EQUITY

	QUARTER (%)	YEAR 1 (%)	YEAR 3 (%)	YEAR 5 (%)
Fairtree Worldwide Multi Strategy Flexible Presciency A1	-5.99	-2.45	4.07	-N/A
Fairtree Balanced Houseview (Wrap)	-5.47	6.74	9.68	10.16
Fairtree Pre Retirement Solution	-5.47	6.78	9.73	10.09
Fairtree Balanced Houseview (7.5% HF)	-5.24	7.13	10.33	10.65
Fairtree Balanced Multi Manager Portfolio (RMB)	-3.41	3.25	9.28	9.26
Fairtree High Net Worth Long Only Portfolio (RMB)	-7.38	2.10	8.06	9.10
(ASISA) SA Multi Asset High Equity	-5.68	2.83	6.62	6.06

Fairtree Solution Feedback

Quarter 2, 2022

ASISA CATEGORIES:

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LOW EQUITY

	QUARTER (%)	YEAR 1 (%)	YEAR 3 (%)	YEAR 5 (%)
Fairtree Moderate Houseview (Wrap)	-5.36	1.14	6.63	8.22
Fairtree Moderate Houseview (7.5% HF)	-5.14	2.03	7.53	8.86
Fairtree Flexible Balanced Prescient A1	-5.99	4.01	3.33	5.32
Fairtree Balanced Multi Manager Portfolio (RMB)	-3.41	3.25	9.28	9.26
(ASISA) SA Multi Asset Medium Equity	-4.55	2.78	6.13	5.93

Fairtree Solution Feedback

Quarter 2, 2022

ASISA CATEGORIES:

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	QUARTER (%)	YEAR 1 (%)	YEAR 3 (%)	YEAR 5 (%)
Fairtree Stable Houseview (Wrap)	-4.27	0.62	5.71	7.26
Fairtree Stable Houseview (7.5%)	-4.16	1.54	6.68	7.98
Fairtree Cautious Multi Manager (RMB)	-0.46	6.78	12.79	11.41
(ASISA) SA Multi Asset Low Equity	-2.92	3.02	5.64	5.86

Solution Commentary

Quarter 2, 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 pose 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.