

FAIRTREE HIGH YIELD INCOME PORTFOLIO

Wrap

FAIRTREE

31/07/2021

Investment Profile

Investment Manager:	Fairtree Asset Management
Risk Profile:	Low
Investment Horizon:	12 months
Platform availability:	Ninety One, Glacier & Prime
Launch date:	01/05/2017
Total number of holdings:	5
Benchmark:	STeFI

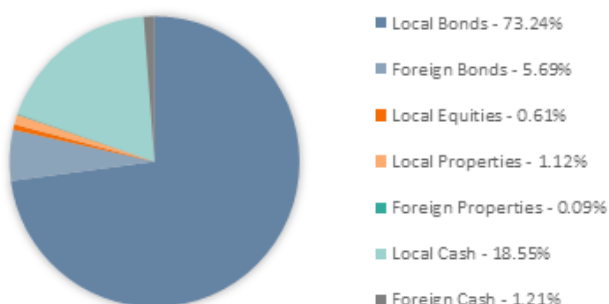
Investment Objectives

The Fairtree High Yield Income Portfolio aims to provide investors with an outperformance of the benchmark net of investment fees, over a 12 month period. This is achieved with a multi manager approach, investing in assets in liquid form, including high yielding securities, corporate and government bonds and other fixed interest securities, money market instruments, preference shares and listed property as permitted by legislation. The fund complies with Regulation 28 of the Pension Funds Act.

Fund Allocation

Fund	Allocation (%)
Coronation Strategic Income P	20.00
Fairtree ALBI Plus Prescient B1	20.00
Fairtree Flex Income Plus Prescient B1	20.00
Ninety One High Income H	20.00
STANLIB Income B6	20.00

Asset Allocation



Monthly Returns

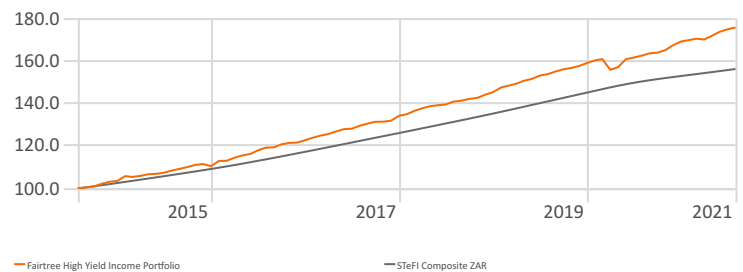
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2021	0.39	0.38	-0.20	1.00	1.12	0.65	0.49						3.90
2020	0.78	0.39	-3.14	0.79	2.40	0.47	0.56	0.66	0.20	0.73	1.39	1.05	6.38
2019	1.50	0.58	0.61	0.96	0.57	1.02	0.45	0.81	0.66	0.41	0.57	0.90	9.43
2018	0.56	1.12	0.92	0.70	0.34	0.23	1.00	0.30	0.59	0.31	1.04	0.85	8.26
2017	1.00	0.73	0.62	0.96	0.86	0.16	1.06	0.82	0.62	0.05	0.35	1.77	9.39
2016	2.22	0.05	1.29	0.91	0.63	1.45	1.09	0.11	1.20	0.58	0.11	0.92	11.05

Performance Comparison

	1 M	6 M	1 Y	3 Y	5 Y	7 Y	YTD
Fairtree High Yield Income Portfolio	0.49	3.49	8.15	7.65	8.08	8.39	3.90
STeFI Composite ZAR	0.32	1.84	3.90	5.95	6.56	6.58	2.16
FTSE/JSE All Share TR ZAR	4.18	12.10	27.06	9.67	8.75	7.50	17.93
FTSE/JSE SA Listed Property TR ZAR	-0.64	22.48	28.46	-8.90	-7.57	-0.52	18.54
FTSE/JSE All Bond TR ZAR	0.83	5.06	13.92	8.67	8.87	8.43	5.86
SA CPI Synthetic (Headline)	0.25	2.73	4.87	3.85	4.24	4.59	2.90

Cumulative Performance

Time Period: 2014/08/01 to 2021/07/31



Correlation

Time Period: 2014/08/01 to 2021/07/31

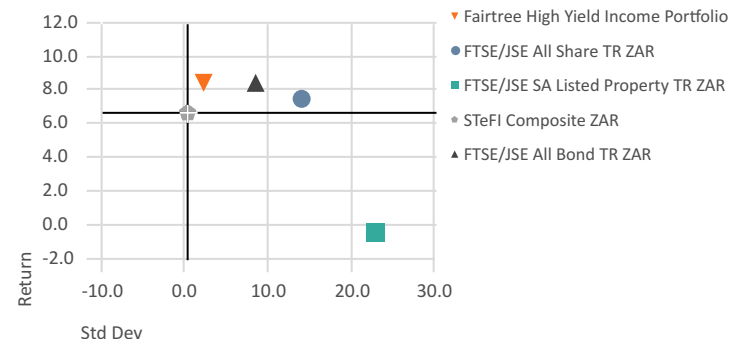
	1	2	3	4	5
1 FTSE/JSE All Share TR ZAR	1.00				
2 Fairtree High Yield Income Portfolio	0.31	1.00			
3 FTSE/JSE SA Listed Property TR ZAR	0.64	0.56	1.00		
4 FTSE/JSE All Bond TR ZAR	0.26	0.92	0.45	1.00	
5 STeFI Composite ZAR	-0.17	0.03	-0.19	-0.05	1.00

■ Positively Correlated

■ Negatively Correlated

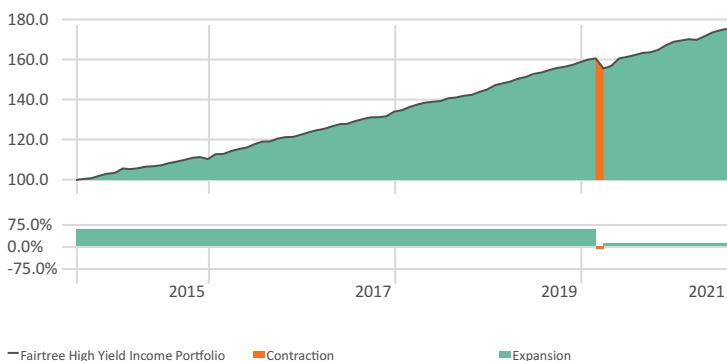
Risk vs Return

Time Period: 2014/08/01 to 2021/07/31



Investment Growth

Time Period: 2014/08/01 to 2021/07/31



Correlation - Underlying Funds

Time Period: Since Common Inception (2018/10/01) to 2021/07/31

	1	2	3	4	5	6
1 Fairtree High Yield Income Portfolio	1.00					
2 Coronation Strategic Income P	0.89	1.00				
3 Fairtree Flex Income Plus Prescient B3	0.65	0.48	1.00			
4 STANLIB Income R	0.28	0.16	0.35	1.00		
5 Ninety One High Income H	0.26	0.13	0.51	0.72	1.00	
6 Fairtree ALBI Plus Prescient B1	0.98	0.83	0.56	0.16	0.13	1.00

■ Positively Correlated

■ Negatively Correlated

Fees

Asset Management Fee:	0.47% (excl. VAT)
Model Portfolio Fee:	0.20% (excl. VAT)

Market Commentary

The recovery has faded over the last three months and investors now ask if the reflation (above trend growth and above target inflation) trade is over? We don't believe so, but acknowledge that the pace of the recovery has slowed. Equities and commodities have further upside, but the path maybe more volatile. Near term uncertainty around China's growth slowdown, the Delta variant, Fed policy and inflation will weigh on markets.

Economic activity amongst developed markets remains strong, despite a moderate softening. Services sectors in the US and Europe have re-opened due to vaccinations and further re-opening will likely slowdown. Recent consumption data indicates that US household spending is running at a steady pace as pent-up savings are put to work. The recent rise of new Delta variant cases in the US and China is an emerging risk. Despite lower hospitalisation rates in countries with high vaccination rates, authorities may ultimately choose to increase restriction of movement. China has delivered a surprised Reserve Requirement Ratio cut earlier in the month, signalling that the credit tightening cycle might be nearing its end. With the consumer outlook weakening, the need to accelerate local government bond issues has become more urgent.

In SA unrest and protest action in Gauteng and KwaZulu Natal has claimed the livelihoods of many. Property damages of more than R20bn and GDP loss of around 0.5% are expected. The Ministers of Security, Defence and Police have come under pressure due to the lack of effective early response. President Cyril Ramaphosa, used a cabinet reshuffle to re-organise his security cluster, but also replaced the Minister of Finance, Tito Mboweni who resigned. Enoch Godongwana was elected as new Finance Minister. We believe the fiscal goals will remain largely intact under his leadership and believe National Treasury while benefit as an institution from his leadership.

Equities had a mixed month. Global equities were up 1.7%, led by Healthcare & Mining while Energy stocks were the biggest under performer. US and European stocks outperformed the rest of the world. Emerging markets were hit hard by Chinese regulator actions. EM was down -7%, while China was down -14%. SA equities were up 2.5% as the mining companies rallied hard. Commodities were mixed. Base metals, copper, gold and oil were all up while Iron ore, lumber, corn, platinum were down. In South Africa, the government bond yield curve steepened as the SARB took a more dovish stance than anticipated by the market, pushing out the start date of policy normalisation. The ALBI returned 0.8%. The Rand lost -2.2% over the month.

Disclaimer

Please note that this is not an official fund fact sheet. The information presented in this document has been obtained from external data providers believed to be reliable. Even though reasonable effort has been made in order to confirm the correctness and completeness of the data, Fairtree Invest (Pty) Ltd does not guarantee the accuracy or timeliness of all information available from public sources. This information is not intended to serve as investment advice, nor does it take into consideration individual investor objectives, circumstances or constraints. The material is provided for reporting and informational purposes only. It is under no circumstances an offer or solicitation to buy or sell any securities.

Statistics

Time Period: 2014/08/01 to 2021/07/31

	Return	Sharpe Ratio	Sortino Ratio	Std Dev
Fairtree High Yield Income Portfolio	8.39	0.74	1.05	2.30
FTSE/JSE All Share TR ZAR	7.50	0.13	0.19	14.09
FTSE/JSE SA Listed Property TR ZAR	-0.52	-0.17	-0.22	23.07
FTSE/JSE All Bond TR ZAR	8.43	0.25	0.35	8.46
STeFI Composite ZAR	6.58			0.34

Investment Performance Detail

Time Period: 2014/08/01 to 2021/07/31 Calculation Benchmark: (ASISA) South African MA Medium Equity

	Up Period %	Down Period %	Best Month	Worst Month	Best Quarter	Worst Quarter
Fairtree High Yield Income Portfolio	95.24	4.76	2.40	-3.14	3.70	-2.00
FTSE/JSE All Share TR ZAR	55.95	44.05	13.98	-12.13	23.18	-21.38
FTSE/JSE SA Listed Property TR ZAR	57.14	42.86	17.47	-36.57	22.19	-48.15
FTSE/JSE All Bond TR ZAR	64.29	35.71	7.06	-9.75	9.94	-8.72
STeFI Composite ZAR	100.00	0.00	0.63	0.28	1.88	0.90