



Mazi NCIS Market Neutral Retail Hedge Fund

MINIMUM DISCLOSURE DOCUMENT AND QUARTERLY INVESTMENT REPORT

30 September 2023

Fund Information

Inception Date	November 2006
Fund Size	R2.7 million
NAV PU (Class B)	8 437.21
Total Units	16 942.08
ASISA Classification	South African - Long Short Market Neutral Retail Investor Hedge Fund
Benchmark	STeFI
Risk Profile	Moderate
Minimum Lump Sum	R50 000
Minimum Monthly Investment	R1 000
Service Fee (annual excl. VAT)	5.11%
Income Declaration	March, June, September, December
Leverage Ratio	Maximum of 2 times Net Asset Value
Performance Fee (excl. VAT)	20% of performance above STeFI

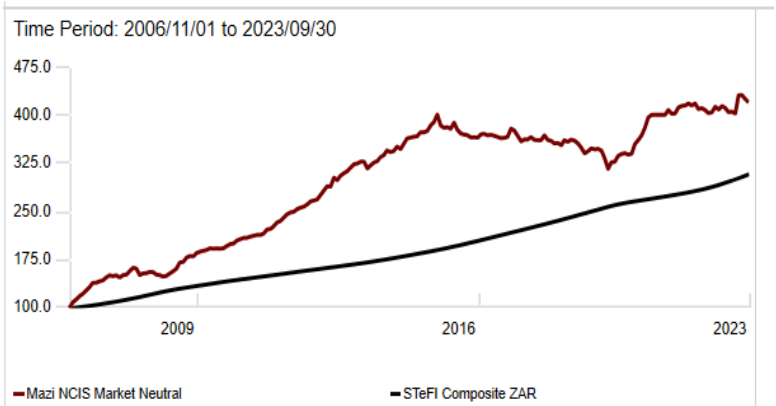
Fund Service Providers

Prime Broker	Peregrine Securities
Risk Management	Novare CIS (RF) (Pty) Ltd
Administrator	Apex Fund Services South Africa Ltd
Auditor	PKF Cape Town, a member of PKF SA Inc
Trustees	FirstRand Bank Ltd

Fees (incl VAT)

Service Fee	5.16%
Performance Fee	0.00%
Total Expense Ratio (TER)	12.49%
Transaction Costs (TC)	0.57%
Total Investment Charge (TIC)	13.06%

Cumulative Performance Since Inception*



	Fund	STeFI	CPI
August 2023	-1.22%	0.65%	0.36%
Year to date*	2.18%	5.84%	4.03%
Rolling 12 months	3.16%	7.52%	4.81%
Since inception annualised	8.79%	6.40%	5.06%
Since inception	316.02%	179.34%	205.89%
Highest annual return:	21.21%		
Lowest annual return:	-8.96%		

	Long	Short	Net	Gross
Equity	26.44%	-3.74%	30.18%	22.70%
Property	3.85%	0.00%	3.85%	3.85%
Bond	0.00%	0.00%	0.00%	0.00%
	30.29%	-3.74%	34.03%	26.55%

* For illustrative purposes only, the above graph illustrates cumulative growth per R100 invested since inception, net of annual fees and with distributions reinvested. Performance since April 2016 was when the portfolio was established as a CIS** (previously in an unregulated structure).

** CIS is an abbreviation for "Collective Investment Scheme", which is a pooled investment scheme registered with the FSCA ("Financial Services Conduct Authority").

Source(s) of Return: STeFI and CPI - Bloomberg; Fund - fund administrators Apex Fund Services South Africa Ltd since April 2016) and Investment Manager

*The fee class is annualised, for a rolling 3 year period from 1 October 2020 to 30 September 2023

Investment Objective

The fund is a Retail Investor Hedge Fund aiming to provide investors with long term positive real returns that are uncorrelated to the South African Capital markets. The benchmark for the portfolio is the STeFI composite index. The Fund can invest in a wide range of assets, such as shares, bonds, listed property and cash, both in South Africa and internationally. The Fund's absolute equity exposure is limited to 200% (2x gearing) of the total net asset value of the portfolio. The fund may invest in derivative instruments.

Investment Approach

The investment approach is rooted in detailed fundamental analysis of the underlying investments focusing on: sustainability of the business model, quality of management, corporate governance, predictability of cashflows, Balance Sheet strength and a compelling valuation.

Historical Performance (last 10 years)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2023	1.21%	-0.72%	-1.67%	0.16%	-0.79%	6.97%	0.03%	-1.54%	-1.22%				2.18%
2022	0.51%	0.10%	0.70%	-0.77%	0.65%	-2.09%	0.29%	-0.85%	-1.19%	0.30%	2.06%	-1.08%	-1.44%
2021	2.07%	2.95%	4.30%	1.06%	0.00%	0.00%	0.00%	0.00%	2.03%	-1.53%	0.11%	2.24%	13.90%
2020	-0.18%	-3.50%	-4.88%	3.21%	0.24%	2.74%	0.92%	0.34%	-0.61%	0.33%	4.49%	1.77%	4.57%
2019	-0.99%	2.22%	-0.71%	0.97%	-0.44%	-1.15%	-1.90%	-2.51%	0.94%	1.30%	-0.45%	0.24%	-2.56%
2018	-2.29%	0.83%	-0.02%	1.01%	-1.15%	-0.12%	-0.02%	2.10%	-1.95%	-0.40%	-1.13%	0.23%	-2.96%
2017	1.45%	0.19%	-0.60%	0.19%	-0.35%	-0.53%	-0.51%	0.12%	0.45%	3.49%	-0.83%	-2.21%	0.76%
2016	-4.22%	-0.93%	0.25%	-0.65%	2.48%	-2.78%	-1.56%	-0.49%	-0.24%	-0.93%	0.09%	-0.22%	-8.96%
2015	-1.11%	2.23%	2.44%	0.39%	0.36%	0.19%	1.69%	-0.01%	0.52%	2.28%	1.35%	3.05%	14.14%
2014	0.90%	-0.02%	-3.20%	1.51%	1.37%	0.70%	1.90%	0.78%	2.22%	-0.78%	0.55%	1.96%	8.05%
2013	2.72%	2.30%	2.45%	-0.32%	5.32%	-1.71%	2.84%	1.19%	1.07%	1.74%	1.62%	0.33%	21.21%
2012	1.08%	2.13%	2.18%	1.18%	0.38%	1.69%	0.86%	0.71%	1.24%	1.86%	0.52%	0.62%	15.42%
2011	0.99%	0.95%	0.05%	0.87%	0.69%	0.57%	0.01%	1.03%	2.86%	0.40%	1.88%	2.59%	13.64%

Shaded performance returns indicate performance returns before the completion of the conversion to the CIS structure

Risk Statistics

	Max Drawdown	Std. Deviation	Sharpe Ratio	Bear Beta	Bull Beta
Mazi NCIS Market Neutral	-20.98	6.68	0.30	0.25	0.16
JSE All Share Total Return	-40.44	15.28	0.28	1.00	1.00

Source of Risk Statistics: Morningstar

Income Distribution History

Declared	Payment Date*	Cents per Unit
30 June 2023	1 July 2023	0.00
31 March 2023	1 April 2023	0.00
31 December 2022	1 January 2023	0.00
30 September 2022	1 October 2022	0.00

*Actual cash payment date to investor differ (if applicable), pending finalisation of the monthly valuation of the portfolio.

Manager Commentary

For the quarter the All Share index lost 3.5% and the Capped Shareholder Weighted Index (Capped Swix) lost 3.8%. Our fell 2.17.

We benefitted from long held positions in Truworths and Outsurance, while the two telecommunications positions we hold: MTN and Telkom were the biggest detractors. Transaction Capital, which we singled out in the previous commentary also detracted from performance following a further, negative, trading update and the announcement that the CEO is being replaced by one of the founders. We continue to hold this position, though we have not added to it.

While we continue to think we have reached the peak of the hiking cycle, both in South Africa and the United States, markets continue to oscillate between “we are done” and “there is more to come” with every data point being released. At present the US economy and the jobs market specifically have remained much stronger than expected, while inflation has been declining. On the local front lower tax receipts, coupled with elevated government spending have necessitated austerity talk from the Treasury department. We, and it seems the market, expect a pretty grim medium term budget speech at the end of the month. Ten-year bond rates (2035 maturity) have been north of 12.5% in recent weeks after starting the year in the mid 10% range. Valuations in our local market remain very compelling and we continue to actively search for opportunities. At quarter end the fund’s net equity exposure was slightly higher than the previous quarter at 23%.

Glossary

Performance fee	The fund charges a performance fee of 20% of the amount by which it outperforms the hurdle rate, STeFI. The performance fee is payable quarterly in arrears. A high water mark principle is applied in the performance fee calculation.
Transaction costs (TC)	TC is the percentage of the value of the portfolio that was incurred as costs relating to the buying and selling of the assets underlying the portfolio. Transaction costs are a necessary cost in administering the Fund and impacts returns. It should not be considered in isolation as returns may be impacted by many other factors over time, including market returns, the type of financial product, the investment decisions of the investment manager and the TER.
Total expense ratio (TER)	TER reflects the percentage of the average Net Asset Value (NAV) of the portfolio that was incurred as charges, levies and fees related to the management of the portfolio. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TER's.
Total investment charge (TIC)	The sum of the TER and transaction costs is shown as the Total Investment Charge. Since Fund returns are quoted after the deduction of these expenses, the TER and Transaction costs should not be deducted again from published returns.
Max Drawdown	The maximum loss from a peak to a trough before a new peak is attained. Maximum Drawdown (MDD) is an indicator of downside risk over a specified time period
Standard Deviation (Std Dev)	A measurement of dispersion of a dataset relative to its average. When a fund has a high standard deviation, the predicted range of performance is wide, implying greater volatility.
Sharpe Ratio	A measure of risk-adjusted performance. Calculated by dividing the annualized excess returns over the risk-free rate by Std Dev.
Beta (Bear and Bull)	Bear/(Bull) Beta is a relative measure of the sensitivity of the fund’s return to negative/(positive) changes in the benchmark return. It shows to what extent negative/positive periods of performance of the fund are reflected by corresponding negative/positive periods of performance in the benchmark.

INVESTOR INFORMATION

Leverage: Sources, value and providers of leverage

The fund employs short positions in equities and market indices as leverage.
Short positions as a percentage of fund value at quarter end: 8%
Provider(s) of leverage are the fund's asset manager: Mazi Asset Management

Exposure Limit

Effective exposure is limited to 2 times the value of the fund.

Highest Exposure Value over the quarter

The maximum allowable exposure is 2 times the value of the fund.
The maximum exposure over the quarter : 0.7

Exposure value at quarter end

0.6 times the value of the fund. The maximum allowable exposure is 4 times the value of the fund.

Re-hypothecation strategy

The Prime Broker is prohibited from rehypothecating and from repledging any securities that form part of the fund's collateral.
Stress testing applied

A series of stress tests are performed that changes the underlying price or yield of every security in the portfolio and revalues each one from first principles, according to the size of the user-defined stress. We also determine what percentage of the portfolio can be closed out over time bands.

Counterparty Exposure

Not applicable since no CFDs are used (Contracts for Difference).

TIC: Period (Annualised, rolling three-year period): 01 October 2020 to 30 September 2023

1. TER 12.49% + TC 0.57% =TIC 13.06% as at 30 September 2023. The total investment charge (TIC) is the percentage of the portfolio that was incurred as costs relating to the investment of the portfolio. It is the sum of the total expense ratio (TER) and transaction costs (TC), including VAT. 2. TER is the percentage of the value of the portfolio that was incurred as expenses to the administration (charges, levies and fees) of the portfolio. TER is calculated over a rolling three-year period (or since inception, where applicable) and annualised to the most recent calendar quarter. Inclusive in the TER, the stated performance fee percentage of the net asset value of the class of portfolio was recovered. 3. TC is the percentage of the value of the portfolio that was incurred as costs relating to the buying and selling of the assets underlying the portfolio. Transaction costs are a necessary cost in administering the Fund and impacts returns. It should not be considered in isolation, as returns may be impacted by many other factors over time, including market returns, the type of financial product, the investment decisions of the investment manager and the TER.

Changes to portfolio liquidity risk over the quarter

None

MARKET NEUTRAL QUALIFIED HEDGE FUND

Investment Manager

Mazi Asset Management (Pty) Limited (the 'Investment Manager') incorporated under the laws of South Africa, is an authorised financial services provider (FSP 46405) under the Financial Advisory and Intermediary Services Act 37 of 2002 and has been appointed by Novare CIS as the Investment Manager of the Fund. Contact details: P.O Box 784583, Sandton, 2146, South Africa. Telephone: 010 001 8300. Email: info@mazi.co.za.

The investment manager is a member of the Association for Saving and Investment South Africa. Additional Information on the proposed

Management Company

The portfolio is owned by Novare CIS (RF) (Pty) Limited (Novare CIS) Registration No.2013/191159/07, an authorized Management Company registered according to the Collective Investment Schemes Control Act (CISCA) and regulated by the Financial Sector Conduct Authority of South Africa. Contact details: P.O. Box 4742, Tyger Valley, 7736, South Africa. Call Centre: 0800668 273 (0800 Novare). Email: clientservice@novare.co.za. Website: www.novarecis.co.za

First Rand Bank Limited Registration No.1929/001225/06 is the appointed trustee, contact number: 011 282 8000. PKF Cape Town is the auditor for the portfolio. Apex Fund Services South Africa Ltd is the fund administrator of the portfolio. Risk management of the portfolio is done by Novare CIS.

Pricing and Trading

Prices are calculated on a net asset value basis and auditor's fees, bank charges and trustee fees are levied against the portfolio. Applications to invest are processed monthly. The application must be submitted to Novare CIS before 14h00 2 business days prior to the end of the month and the proof of payment must be submitted before 14h00 on the last business day of the month. Applications are processed on the first of the month following receipt of the proof of payment and application.

Redemptions are processed the end of each month and we require a month's notice. In order to receive month end prices the redemption documentation must be submitted to Novare before 14h00 on the last business day of the preceding month.

Disclaimer

Collective Investments are generally medium to long term investments. Actual investment performance will differ based on the initial fees applicable, the actual investment date, the date of reinvestment and dividend withholding tax.

Novare CIS does not provide any guarantee in respect of capital or the return of a portfolio. The value of participatory interests may go down as well as up and past performance is not necessarily an indication of future performance.

Collective Investments Schemes trade at ruling prices and can engage in borrowing and scrip lending. Commentary or any forecasts contained in this document are not guaranteed to occur.

Novare CIS has the right to close the portfolio to new investors to manage it more efficiently in accordance with its mandate. The higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TER's. Novare CIS's schedule of fees and charges is available on request.

The portfolio was established as a Collective Investment Scheme in April 2016, all information prior was in an unregulated environment.

The portfolio will not change its investment strategy or investment policy without prior approval from the Financial Sector Conduct Authority and investors. The portfolio does use the services of a prime broker and as a result the fund is exposed to the prime broker counterparty risk. The liquidity risk management policy is available on request.

This document is for information purposes only and does not constitute or form any part of any offer to issue or sell, or any solicitation of any offer to subscribe for or purchase any particular investment.

Whilst reasonable care has been taken in ensuring that the information contained in this document is accurate, neither the Management Company nor the Investment Manager accept liability in respect of damages and/or loss (whether direct or consequential) or expense of any nature which may be suffered as a result of reliance, directly or indirectly, on the information in this document.