

Novare Mayibentsha Moderate Qualified Fund of Hedge Funds - B2

Minimum Disclosure Document

As at 31 October 2023

INVESTMENT OBJECTIVE

The portfolio is a qualified investor fund of hedge funds. The long-term return objective of the portfolio is to achieve CPI + 3.5% over a rolling three-year period. This objective is also considered the portfolio's benchmark and hurdle rate. This will be achieved through diversified asset management with an emphasis on investment in hedge funds, absolute return funds and long-only funds.

INVESTMENT POLICY AND STRATEGY

A collective investment scheme ("CIS") can be described as an investment vehicle that allows investors to pool their money into a portfolio, sharing in the risk and return of the portfolio in proportion to their participatory interest in the portfolio. The portfolio has a moderate risk/return profile. It is suitable for investors with a medium to long-term investment horizon that seek moderate capital growth with reasonable levels of income, whilst being mindful of capital preservation. The portfolio will typically invest in South African domiciled hedge funds across various strategies and asset classes, including equity long/short, equity market neutral and fixed income hedge funds. Volatility in monthly returns will be lower than the All Bond Index. The investment manager follows a multi-manager, multi-strategy approach with the aim of diversifying the assets of the portfolio amongst strategies and investment styles. The investment manager aims to capitalise on investment opportunities across asset classes, investment strategies and sectors. The portfolio aims to preserve capital by not producing a negative return over a 36-month period while maintaining a low correlation with the JSE All Share Index and the All Bond Index. The use of leverage in the portfolio will be limited by means of a Value at Risk (VaR) limit of 30% of the Net Asset Value (NAV), measured at 99% confidence level of a month period. Investments of the portfolio must be allocated to a minimum of eight underlying funds and an allocation to an underlying fund may not exceed 20% of the NAV of the total portfolio. The investment manager may make foreign investments. As additional mandate stipulations, the portfolio provides compounded returns, aims to avoid large drawdowns and aims to maintain the volatility of monthly returns to be in line with the South African All Bond Index. The portfolio does not use leverage but the underlying portfolios may apply leverage. There are no additional mandate investment limitations.

SIGNIFICANT DIFFERENCES PRIOR TO, AND AFTER, CIS STRUCTURE

The portfolio was previously managed in an unregulated trust structure prior to Board Notice 52 coming in to affect. It is now managed within the BN52 regulatory guidelines.

TRANSACTIONS AND VALUATIONS

Redemption frequency: Monthly
Redemption notice period: Three calendar months
Portfolio valuation: 17h00 last business day of the month
Pricing date: 17h00 last business day of the month
Pricing frequency: Monthly
Transaction cut-off time: The monthly cut-off for receipt of instructions is 14h00 on the last business day of the month. No instruction will be processed unless all requirements have been met and supporting documentation has been provided. Investment instructions received before cut-off will be processed that day and will receive the valuation day's price. Investment instructions received after cut-off will receive the next valuation day's price. Redemption instructions received before the cut-off will be processed that day and will receive the valuation day's price at the end of the 3 calendar months' notice period. Redemptions are paid out within five business days after the valuation has been finalised.

FEES

Fee class B2

The fee class can be accessed directly via the Management Company, Novare CIS. Please contact Novare CIS for further details.

Total investment charge of the fee class, annualised, for a rolling 3 year period from 01 July 2020 to 30 June 2023

Underlying Portfolios TER (Included in TER)	3.14%
Performance Fee (Included in TER)	0.00%
Total Expense Ratio (TER) Incl. VAT	3.96%
Transaction Costs (TC) Incl. VAT	0.38%
Total Investment Charge (TIC) Incl. VAT	4.34%

Annual service charge The current annual management fee is 0.69% p.a. (excl.)

Performance fee Performance fees are not levied on the portfolio.

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.

	Conservative	Moderate	Aggressive
ABOUT THE PORTFOLIO			
Portfolio classification	Qualified Investor Hedge Fund of Funds		
ASISA classification	South African - Multi-Strategy Qualified Investor Fund		
Legal structure	CIS trust structure		
Scheme name	Novare CIS in Qualified Investor Hedge Funds		
Portfolio inception date	01 April 2003		
CIS launch date	01 February 2016		
Fee class inception date	01 February 2016		
Investment Manager	Novare Investments (Pty) Limited		
Risk profile	This portfolio is managed within what are regarded to be moderate investment parameters. This portfolio aims to deliver capital growth over the medium to long-term at a moderate level of volatility.		
Investment horizon	Suitable for investors with a long-term investment horizon.		
Benchmark	CPI + 3.5% net of fees		
Portfolio size	R 607,105,313.87		
NAV cents per participatory interest	15,088.54		
Number of participatory interests	27,700.83		
Minimum monthly investment	R 100,000.00		
Minimum lump sum	R 1,000,000.00		
Income declaration	Bi-annual (June - December)		
Accounting period dates	01 July - 31 December, 01 January - 30 June		

LIQUIDITY PROFILE

The portfolio provides investors with three months redemption liquidity. The liquidity of assets in the portfolio aligns to the redemption period.

INCOME DISTRIBUTION IN THE PAST 12 MONTHS

Date of distribution	Date of payment	Amount (cents per participatory interest)
31 December 2022	03 January 2023	67.07
30 June 2023	04 July 2023	140.75

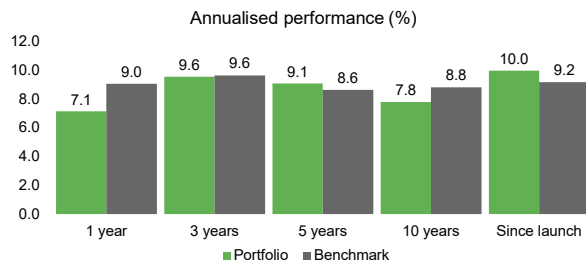
EXPOSURE, LEVERAGE AND COUNTERPARTY INFORMATION

Total exposure calculation method	Value At Risk
Total exposure level (permitted)	30% of net asset value
Total exposure level (end of period)	0.96%
Total exposure level (highest during period)	0.96%
Leverage use	The use of leverage in the portfolio will be limited by means of a Value at Risk (VaR) limit of 30% of NAV, measured at 99% confidence level of a month period (21 days).
Counterparty exposure calculation method	As Fund of Hedge Funds do not make use of a prime broker, counterparty exposure is derived through the underlying managers.

Total expense ratio (TER) TER is the percentage of the value of the portfolio that

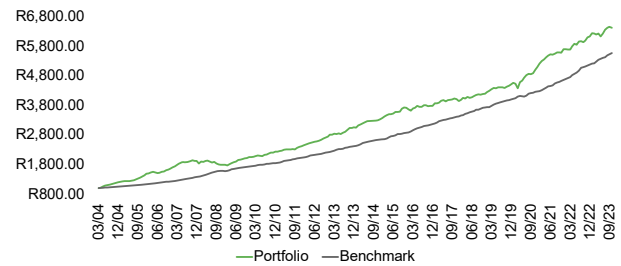
Total investment charge (TIC) TIC is the percentage of the portfolio that was incurred as costs relating to the investment of the portfolio. It is the sum of the total expense ratio (TER) and transaction costs (TC), including VAT.

PERFORMANCE (%)



Source of performance returns: eVestment as at 31 October 2023
Returns prior to 01/02/2016 was in an unregulated structure.

GROWTH OF R1000 LUMP SUM



Returns prior to 01/02/2016 was in an unregulated structure.

PERFORMANCE BREAKDOWN

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2023	1.71%	-0.11%	-0.52%	0.51%	-1.63%	1.65%	1.98%	1.06%	0.52%	-0.56%			4.63%
2022	0.00%	-0.19%	-0.14%	1.93%	1.48%	-0.43%	1.82%	0.11%	-0.51%	0.93%	1.73%	0.66%	7.60%
2021	2.22%	1.77%	0.99%	1.39%	0.97%	0.82%	-0.15%	0.47%	0.83%	0.10%	-0.33%	2.27%	11.92%
2020	1.35%	-0.72%	-3.52%	4.83%	1.16%	2.02%	1.90%	0.91%	-0.19%	0.52%	2.64%	1.67%	13.08%
2019	1.22%	1.01%	1.17%	1.01%	-0.05%	0.68%	-0.15%	0.11%	-0.47%	0.87%	0.81%	0.93%	7.35%
2018	1.09%	1.52%	-0.35%	1.11%	-0.56%	0.39%	0.96%	0.91%	0.55%	-0.34%	0.44%	0.46%	6.35%
2017	2.20%	0.01%	0.58%	1.62%	0.40%	-0.88%	0.96%	0.29%	0.29%	0.90%	-0.75%	-1.45%	4.19%
2016	-1.38%	-1.07%	1.95%	0.47%	1.91%	-0.92%	-0.08%	1.67%	-0.10%	-0.83%	0.22%	0.17%	1.96%
2015	1.37%	1.77%	1.13%	1.04%	0.03%	0.41%	1.56%	0.06%	0.25%	2.80%	1.03%	-0.25%	11.75%
2014	-0.48%	2.55%	1.01%	1.13%	1.42%	0.82%	0.38%	-0.05%	0.22%	0.22%	0.29%	0.95%	8.76%
2013	2.27%	0.07%	1.24%	-0.49%	1.03%	-0.98%	1.49%	1.40%	2.17%	1.99%	-0.01%	0.82%	11.50%
2012	1.22%	1.21%	1.10%	0.94%	0.66%	0.80%	0.64%	0.89%	1.02%	1.72%	1.36%	1.05%	13.36%
2011	-0.19%	1.17%	0.56%	1.17%	0.52%	0.20%	-0.21%	0.35%	-0.28%	2.27%	1.32%	0.99%	8.13%
2010	0.17%	0.43%	1.49%	0.95%	-0.88%	-0.07%	1.65%	0.68%	1.44%	1.74%	0.04%	1.38%	9.36%
2009	0.16%	-1.22%	1.90%	1.86%	1.98%	1.33%	2.49%	0.65%	1.05%	1.26%	0.51%	1.31%	14.06%
2008	-4.28%	3.47%	-0.60%	1.82%	0.82%	-1.71%	-1.84%	1.17%	-2.87%	-1.85%	-0.84%	0.36%	-6.41%
2007	2.79%	1.49%	2.59%	3.42%	1.93%	0.02%	0.45%	0.29%	0.97%	1.88%	-1.13%	-0.20%	15.39%
2006	3.60%	0.69%	2.19%	1.33%	-1.09%	-1.39%	0.41%	2.11%	0.84%	2.49%	1.89%	1.76%	15.75%
2005	1.50%	0.80%	1.00%	-0.20%	-0.30%	1.30%	1.00%	2.10%	2.20%	2.30%	3.90%	2.40%	19.47%
2004													

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

Highest calendar annual performance since launch 19.47% (in 2009)
Lowest calendar annual performance since launch -6.41% (in 2016)

RISK STATISTICS

Alpha	0.79%
Beta	-0.13
Sharpe ratio	0.69
Standard deviation (%)	4.19%
Maximum drawdown	-8.64%
Sortino ratio	1.02
Information ratio	0.18
Tracking error	4.51%

ASSET ALLOCATION

Fixed Income	0.00%
Cash	0.00%
Commodities	0.00%
Equities	0.00%
Property	0.00%
Participatory interests	100.00%
Other	0.00%

Source of risk statistics: eVestment as at 31 October 2023
Risk statistics period (04/2004 - 10/2023)

STRATEGY ALLOCATION

Cash	0.02%
Equity long/short	33.23%
Equity market neutral	28.89%
Fixed income arbitrage	26.17%
Multi-strategy	10.95%
Unit Trusts	0.00%

FUND COMMENTARY

Global

The world's equities markets dropped for a third straight month, bringing their total decline since the end of July to about 10%. The three-month stock market sell-off is accompanied by a 1% rise in US 10-year government bond rates, which in October reached 5% annualised for the first time in more than 16 years. With bonds and listed real estate down for the month, along with all of the main stock markets and business sectors, investors had nowhere to hide in October. As US economic data continued to defy predictions of a recession, rates gradually increased. Subsequent to the better-than-expected September retail sales in the US, the 3Q23 US GDP growth was revealed, rising 4.9% quarter over quarter compared to forecasts of 4.5%.

When Hamas launched an attack on Israel from the Gaza Strip in October, geopolitical risk contributed to the unfavourable atmosphere. As the US government intensified its efforts to prevent advanced semiconductor from entering China, tensions between the US and China also rose during the month. Concurrently, Chinese President Xi Jinping and Russian President Vladimir Putin reaffirmed their unity during a conference of world leaders held in Beijing.

Emerging markets underperformed developed markets, with a 1.8% year-to-date decline in 2023. Chinese businesses, notably those listed offshore (Hong Kong-listed Chinese companies -4.6% MoM, US-listed Chinese companies -6.5% MoM), had the worst performance. Between July and September, Brent crude oil increased by around 30%, mostly due to pledges from Saudi Arabia and Russia to maintain tight supplies. However, worries about the weak US demand for gasoline and inventory building contributed to part of the strength being reversed, with the commodity down 8% for the month of October. The US dollar was stronger than most currencies in October due to rising US interest rates and risk aversion.

Local

October saw a third consecutive negative month for the South African stock market, matching the performance of global equity markets. The FTSE/JSE Capped SWIX Index down 2.9% for the month, pushing the index into negative territory and down 3.2% for the year to date in 2023.

The headline inflation rate in South Africa increased by 5.4% year over year in the most recent data, which was expected given the ongoing impact of rising food and energy prices. Comparatively, core inflation—which does not include these volatile categories—slowed to 4.5% annually, falling short of forecasts of 4.7%. Thanks to rising US interest rates and widespread risk aversion, the US dollar has been strong over the past few months. The rand did, however, fare somewhat better, joining a select group of currencies that saw a gain against the US dollar in October. However due to a difficult start to the year, the rand is still among the poorer performers in 2023 against the US dollar, down 8.6% YTD. In October, the long-term borrowing rate also resisted the worldwide trend, slightly declining to 12.3% p.a. despite generally rising global bond yields.

DISCLOSURES

GENERAL

Collective Investments (Unit Trusts) are generally medium to long-term investments, but a hedge fund may have short-term strategies and practices. The value of participatory interests (units) or the investment may go down as well as up. Past performance is not necessarily a guide to future performance. Hedge funds trade at ruling prices and prices may fluctuate post-publication. Hedge funds can engage in scrip borrowing and scrip lending. The manager does not provide any guarantee, either with respect to the capital or the return of a portfolio. Any forecasts and/or commentary in this document are not guaranteed to occur. Different classes of participatory interests apply to these portfolios and are subject to different fees and charges. A schedule of fees and charges, with maximum commissions, is available on request from us or from your financial adviser. Hedge fund of funds invest into other portfolios of collective investment schemes, and the underlying portfolios may levy their own charges, which could result in a higher fee structure for the hedge fund of funds. Forward pricing is used. For portfolios that include derivatives, there is no assurance that a portfolio's use of a derivative strategy will succeed. A portfolio's management may employ a sophisticated risk management process, to oversee and manage derivative exposures within a portfolio, but the use of derivative instruments may involve risks different from, and, in certain cases, greater than, the risks presented by the securities from which they are derived. Foreign securities within portfolios may have additional material risks, depending on the specific risks affecting that country, such as: potential constraints on liquidity and the repatriation of funds; macroeconomic risks; political risks; foreign exchange risks; tax risks; settlement risks; and potential limitations on the availability of market information. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. Investors are reminded that an investment in a currency other than their own may expose them to a foreign exchange risk. Hedge funds are collective investment schemes with a strategy that allows for leveraging and short selling strategies. Hedge fund strategies can result in losses greater than the market value of the fund, but investors' losses are limited to the value of the investment or contractual commitments. Hedge funds can also invest in illiquid instruments. While CIS in hedge funds differ from CIS in securities (long-only portfolios) the two may appear similar, as both are structured in the same way and are subject to the same regulatory requirements. The ability of a portfolio to repurchase is dependent upon the liquidity of the securities and cash of the portfolio. A manager may, in exceptional circumstances, suspend repurchases for a period, subject to regulatory approval, to await liquidity and the manager must keep the investors informed about these circumstances. Further risks associated with hedge funds include: investment strategies may be inherently risky; leverage usually means higher volatility; short-selling can lead to significant losses; unlisted instruments might be valued incorrectly; fixed income instruments may be low-grade; exchange rates could turn against the fund; other complex investments might be misunderstood; the client may be caught in a liquidity squeeze; the prime broker or custodian may default; regulations could change; past performance might be theoretical; or the manager may be conflicted. For a detailed description of these risks, please refer to the HEDGE FUND RISK DISCLOSURE DOCUMENT, available on our website www.novarecis.co.za.

BORROWING HEDGE FUNDS

The qualified investor hedge funds can borrow up to 0% of the value of the portfolio, for redemptions of participatory interests.

COMMODITIES

For hedge funds that include commodity securities the extent of exposure to physical delivery is 0%.

PRICES

The latest prices and TER are made available on our website www.novarecis.co.za.

PERFORMANCE RETURNS

The performance is calculated for the fee class, not the portfolio. Lump-sum performance returns are being quoted. Income distributions, prior to the deduction of applicable taxes, are included in the performance calculations. NAV to NAV figures have been used for the performance calculations, as calculated by the Manager at the valuation point defined in the deed, over all reporting periods. Investment performance calculations are available for verification upon request by any person. Reinvestment of income is calculated on the actual amount distributed per participatory interest, using the ex-dividend date NAV price of the applicable class of the portfolio, irrespective of the actual reinvestment date. The individual investor performance may differ, as a result of initial fees, the actual investment date, the date of reinvestment and dividend withholding tax. The rate of return is calculated on a total return basis and the following elements may involve a reduction of the investor's capital: interest rates, economic outlook, inflation, deflation, economic and political shocks or changes in economic policy. Annualised returns are period returns re-scaled to a period of one year. This allows investors to compare returns of different assets that they have owned for different lengths of time. All period returns greater than one year have been annualised. Returns for periods less than one year have not been annualised. A cumulative return is the aggregate amount an investment has gained or lost over time, independent of the period of time involved. Actual annual figures are available to the investor on request.

STRUCTURE OF THE PORTFOLIO

The portfolio was established as a collective investment scheme trust arrangement on 27 November 2015, with the conversion process being completed on 01 February 2016. All prior information 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 ballot procedure, as prescribed in CISCA and the Deed, will be followed.

ADDITIONAL INFORMATION

For additional information on the portfolio, refer to the following documents, available on our website www.novarecis.co.za, from your financial adviser, or on request from the Manager, free of charge.

- Application forms
- Annual report
- Fee schedule
- Performance fee FAQ (if applicable)
- Quarterly General Investor Report (available one month after quarter-end)

COMPLAINTS AND CONFLICTS OF INTEREST

The complaints policy and procedure as well as the conflicts of interest management policy are available on our website www.novarecis.co.za. Associates of the manager may be invested within certain portfolios, and the details thereof are available from the manager.

CLOSURE OF THE PORTFOLIO

The manager has the right to close certain portfolios to new investors in order to manage it more efficiently and in accordance with their mandates.

COUNTERPARTIES AND PRIME BROKERS

As Fund of Hedge Funds do not make use of a prime broker, counterparty exposure is derived through the underlying managers, furthermore, there are no collateral or asset-reuse

FUND OF FUNDS

A fund of funds is a portfolio that invests in portfolios of collective investment schemes (unit trusts) that levy their own charges, which could result in a higher fee structure for the fund of funds.

MANAGEMENT COMPANY

Novare CIS (RF) (Pty) Limited

Registration number: 2013/191159/07

Physical address: 3rd Floor, The Cliffs Office Block, 1 Niagara Way, Tyger Falls, Carl Cronje Drive, Bellville, 7530.

Postal address: P.O. Box 4742, Tyger Valley, 7736, South Africa.

Telephone number: 0800 668 273 (0800 Novare), E-Mail address: clientservice@novare.com. Website: www.novarecis.co.za

Directors: Mr DA Roper, Mr JS du Preez, Mr GL Carter, Mr A du Toit, Ms N Smith

The manager is registered as a manager of collective investment schemes, in terms of the Collective Investment Schemes Control Act. The manager is a member of the Association for Savings and Investment South Africa (ASISA).

TRUSTEE/CUSTODIAN/DEPOSITORY

FirstRand Bank Limited

Registration number: 1929/001225/06

Physical address: 1st Floor, Nr.3 Jeppe Place, Bank City, Corner of Jeppe and Simmonds Streets, Johannesburg, 2000.

Postal address: 1st Floor, Nr.3 Jeppe Place, Bank City, Corner of Jeppe and Simmonds Streets, Johannesburg, 2000.

Telephone number: 011 282 8000. E-Mail address: Trusteeservices@rmb.co.za. Website: www.rmb.co.za

The trustee/custodian is registered as a trustee of collective investment schemes, in terms of the Collective Investment Schemes Control Act.

ADMINISTRATOR

Apex Fund Services South Africa Limited

Registration number: 1981/009543/06

Physical address: Apex House 1, River Park, Gloucester Road, Mowbray, 7700

Postal address: PO Box 3149, Cape Town, 8000, South Africa.

Telephone number: 021 681 8000. E-Mail address: kams@mailandgroup.co.za. Website: <https://www.apexgroup.com>

AUDITOR

PKF Cape Town, a member of PKF South Africa Inc.

Registration number: 2013/188449/07

Physical address: Tyger Forum A, 2nd Floor, 53 Willie van Schoor Avenue, Tyger Valley, Cape Town, South Africa

Postal address: P.O. Box 5700, Tyger Valley, 7536.

Telephone number: 021 914 8880. E-Mail address: inge.potgieter@pkf.co.za. Website: www.pkf.co.za/capetown

INVESTMENT MANAGER

Novare Investments (Pty) Limited

Registration number: 2000/018539/07. FSP number: 757

Physical address: 3rd Floor, The Cliffs Office Block, 1 Niagara Way, Tyger Falls, Carl Cronje Drive, Bellville, 7530.

Postal address: P.O. Box 4742, Tyger Valley, 7736, South Africa.

Telephone number: 021 914 7730. E-Mail address: clientservice@novare.com. Website: www.novare.com

The investment manager is an authorised Financial Services Provider (FSP), as an investment manager and/or a hedge fund FSP, in terms of Section 8 of the Financial Advisory and Intermediary Services Act (FAIS). This information is not advice, as defined in FAIS. Please be advised that there may be representatives acting under supervision.

The information contained in this report is provided in good faith and has been derived from sources believed to be reliable and accurate. However, no representation or warranty, express or implied, is made in relation to the accuracy or completeness of this information.