

Abax Bao NCIS Market Neutral

Retail Hedge Fund: Class B



Quarterly General Investor Report, 30 September 2023

NOVARE[®]

About the Fund

The Fund is a market neutral hedge fund and specialises in equity and derivative trading in the South African equity market.

The Fund traded as the Abax Bao Hedge Fund until 29 February 2016. With effect from 1 March 2016 the Fund is being managed as a Retail Investor Hedge Fund in accordance with the Collective Investment Schemes Control Act.

Investment Manager: Abax Investments Proprietary Limited (Abax), Registration number: 2000/008606/07 is an authorised Financial Services Provider (FSP856) under the Financial Advisory and Intermediary Services Act (No.37 of 2002), to act in the capacity as investment manager.

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Novare CIS (RF) (Pty) Limited (Novare CIS), Registration No.2013/191159/07, is 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. Novare CIS is responsible for the overall management, compliance and administration of unit holders' investments in the Fund.

Fund Details

Establishment of CIS Date	01/03/2016
Inception Date	01/04/2011
Fund Size (Rm)	198
Total Strategy Size (Rm)	449
Unit Price	16,266
Number of Participatory Interests	961,743

Risk Measures

Highest VAR during the Quarter	0.83
Quarter End VAR	0.77
Liquidity Current Quarter	1.71
Liquidity Previous Quarter	1.79
Total Expense Ratio (incl.VAT)	1.58

Counterparty Exposure

Counterparty	Description of Exposure	Exposure (% NAV)
Rand Merchant Bank	Net cash and Securities pledged as Collateral Positions	24.71
First National Bank	JSE Trustees (Cash)	0.01
SAFEX	Net Cash (Margin Account)	2.45
YieldX	Net Cash (Margin Account)	N/A

Definitions

Value-at-Risk (VaR): Value at Risk (VaR) is a widely used technique used to measure the risk of loss, or to estimate the probability of portfolio losses, based on the statistical analysis of historical price trends and volatilities. VaR is the expected maximum loss that a portfolio can realize at a given level of confidence. Regulation in BNS2 states that VaR be calculated as an historical calculation at a 99% confidence level. In order to generate an appropriate historical value, 252 data points shall be used.

The Fund uses the Value-at-Risk approach of measuring the fund's risk. The maximum level is 20% potential loss over a one month holding period.

Leverage: The Fund uses Rand Merchant Bank as the prime broker and achieves leverage through derivatives and short selling of physical stock.

Re-hypothecation: The practice by prime brokers of using, for their own purpose, assets that have been posted as collateral by the investment manager.

The prime broker is restricted from re-hypothecating or any form of re-pledging of securities forming any part of collateral.

Counterparty exposure: a value that best reflects the hedge fund's exposure to a relevant counterparty and accurately reflects the economic loss that the hedge fund is exposed to if the counterparty defaults on its obligations.

Stress Testing Methodology:

Stress testing: is a generic term used to describe various techniques (quantitative and/or qualitative) utilised to gauge vulnerability to exceptional but plausible events. Stress testing involves choosing scenarios (risk factor shocks) and passing those scenarios to the valuation model to understand the effect of the hypothetical scenario at a given point.

Liquidity stress testing: aims to identify how quickly a fund can repay prescribed levels

of repurchases. Based on those levels, what is the time taken for repayment and if repayment can be made within 30 and 90 days. The shortfall identifies the monetary value "missed" in terms of the repayment, as well as the days taken for the repurchase to take place. The stressed environment will be applied through different levels of repurchase amounts taking place on the entire funds positions.

The Fund's liquidity limit calculated on the average weighted days basis is 5 days. The Fund has a calendar month's redemption notice period.

Total Expense Ratio (TER): reflects the percentage of the average Net Asset Value (NAV) of the Fund that was incurred as charges, levies and fees related to the management of the Fund calculated over a period of a financial year by the manager of the Fund.

Disclaimer:

Collective Investment Schemes in Securities (CIS) should be considered as medium to long term investments. The value may go up as well as down and past performance is not necessarily a guide to future performance. CIS's are traded at the ruling price and can engage in scrip lending and borrowing. Fund Performance has been calculated using net NAV to NAV numbers with income reinvested. There is no guarantee in respect of capital or returns in a portfolio.

This information is not advice, as defined in the Financial Advisory and Intermediary Services Act (NO.37 of 2002). Please be advised that there may be representatives acting under supervision.

For any additional information such as fund prices, fees, brochures, minimum disclosure documents and application forms please contact Abax.