

ABOUT THE PORTFOLIO

Inception Date	August 2016
Establishment of CIS portfolio (CISCA Date)	August 2016
AUM	R166,222 million
ASISA classification	South African: Worldwide Multi-Strategy Retail Hedge Fund
Benchmark*	SteFi Composite Index
Hurdle	SteFi Composite Index
Portfolio managers	Barry Ross, Flip du Plessis, Rick Walker
Income declaration	Bi-annual (June, Dec)

INVESTMENT DISCLOSURE

This report outlines all the necessary regulatory requirements as set out in BN52, Section 27.3, disclosures to the investor.

INVESTMENT OBJECTIVE

The portfolio is structured as a Retail Investor Hedge Fund (RIHF) and is positioned to earn positive returns as an absolute return product for investors with a medium to longer term investment horizon. The fund will aim to provide superior, risk adjusted returns to investors through the dynamic implementation of investment strategies across a variety of underlying asset classes, primarily fixed income securities. The benchmark of the portfolio can be considered as Cash (SteFi Composite Index).

RISK PROFILE



The risk indicator is based on historical data and may not be a reliable indication of the future risk profile of the portfolio. The risk category shown is not guaranteed and may change over time. The lowest category does not mean the investment is risk free. There may be other special areas of risk relating to the investment including liquidity risk, credit risk, market risk, and settlement risk. The Manager does not provide financial advice. Our risk indicator does not imply that the portfolio is suitable for all types of investors. Please consult your financial adviser.

INVESTMENT PROFILE

A collective investment scheme ("CIS") can be described as an investment vehicle which allows investors to pool their money together into a portfolio, sharing in the risk and return of the portfolio in proportion to their participatory interest in the portfolio. The majority of the portfolio will typically be comprised of domestic fixed income strategies, complimented by building blocks comprised of global fixed income, currencies and select commodity opportunities. The portfolio may also invest in, or enter into, equities, listed and unlisted financial instruments (derivatives) and may make foreign investments. The use of leverage in the portfolio will be limited by means of a Value at Risk (VaR) limit, the same which subjects the portfolio's total exposure to 20% of the portfolio's net asset value (NAV), using a 99% confidence interval measured over the following month's business days. There are no additional mandate investment limitations

RISK STATISTICS (Since Inception)

	Portfolio	SteFi
Max Annual (12-month) Return	18,84%	7,68%
Min Annual (12-month) Return	1,39%	3,77%
Sharpe Ratio	1,02	1,04
Standard Deviation	5,31%	0,43%

RISK MEASURES

Risk Analysis	Fund	SteFi
Downside Deviation ¹ (since inception min zero)	0,81%	0,01%
Largest Monthly Drawdown	-5,07%	0,00%
Average Monthly Drawdown	-0,91%	0,00%
Largest Cumulative Drawdown	-5,07%	0,00%
Total Gain / Total Loss	5,30	n/a
Average Gain / Largest Loss	0,29	n/a
Average Gain / Average Loss	1,61	n/a
Sharpe Ratio ²	1,02	1,04
Sortino Ratio ³	0,52	1,94

- Downside Deviation** is calculated since inception, with the return on cash (SARB repo rate) used as the minimum amount of return (MAR).
- Sharpe Ratio** is calculated by using an excess return above cash (SARB repo rate).
- Sortino Ratio** is calculated by using an excess return as defined in the Sharpe Ratio above, and a minimum amount of return (MAR) as defined in the Downside Deviation above.

Regulatory Measure	
Method	Value-at-Risk (VaR) Approach
Limit	20%*
Exposure at quarter end	5,32%
Max exposure during quarter	10,40%

*VaR calculated over 21 days at 99% confidence level using a 2000 day history

LEVERAGE

Total Leverage	Value
Total Portfolio Leverage	622,84%

Providers of Leverage	Contribution%
JSE DEBT MARKET	15,28%
JSE CLEAR PTY LIMITED	8,85%
CHICAGO MERCHANTILE EXCHANGE	25,96%
CHICAGO BOARD OF TRADE	16,18%
TSEFUT	4,30%
NEW YORK BOARD OF TRADE	4,56%
TMX	23,61%
OTHER	1,27%
TOTAL	100,00%

Leverage by Product Type	Contribution%
INTEREST RATE CAP FLOOR	0,14%
FIXED-COUPON BOND	0,00%
BOND OPTION	0,00%
FLOATING RATE NOTE	1,61%
FUTURE OPTION	4,77%
FORWARD RATE AGREEMENT	0,42%
INFLATION LINKED BOND	13,67%
FUTURE	79,39%
TOTAL	100,00%

Prime Brokers	
Name of Prime Broker(s)	ABSA, FirstRand
Re-use of collateral	Permitted
Leverage achieved	Derivatives; Repo Trading Bonds

Re-use (Re-hypothecate) collateral assets	
The practice by which prime brokers re-use the collateral posted by the investment manager to service other arrangements. Re-use of ceded cash in the portfolio permitted.	

Liquidity Risk Profile	
No significant liquidity risk changes since previous quarter. Liquidity aligns with redemption period.	

Stress Testing Methodology	
Market	Simulates the current holdings of the portfolio over historical periods of market stress
Liquidity	Increases investor redemptions and decreases market liquidity of positions
Collateral	Increased margin requirements by leverage provider

TOTAL EXPENSE RATIO

Total expense ratio and transaction cost breakdown - Class B1			
	Last Year Annualised	3 Years Annualised	
		1 Jul 2020 to 30 June 2023	
Total Expense Ratio (TER) (%)*	3,13%	3,50%	
Transaction Costs (TC, %)	0,64%	0,48%	
Total Investment Cost (TIC, %)	3,77%	3,98%	Sum of the two

Performance Fee (%)*	1,16%	1,48%
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*Performance Fee (%) included in the TER figure.

COUNTERPARTY EXPOSURE

Counterparty Credit Exposure	Contribution%
ABSA BANK LIMITED	2,44%
JSE DEBT MARKET	59,89%
CJS SECURITIES	9,70%
MACQUARIE GROUP LIMITED	27,19%
CHICAGO MERCHANTILE EXCHANGE	0,51%
CHICAGO BOARD OF TRADE	0,08%
TSEFUT	0,04%
JSE CLEAR PTY LIMITED	0,15%
NEW YORK BOARD OF TRADE	0,08%
OTHER	-0,08%
TOTAL	100,00%

IMPORTANT INFORMATION

Counterparty Exposure

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

Value-at-Risk (VaR) Approach

A measure of a maximum expected loss of a portfolio at a given confidence level over a specified time period, expressed as a percentage of the portfolio's net asset value.

Collateral Assets

Collateral is an asset that a borrower offers as a way for a lender to secure the loan. If the borrower stops making the promised loan payments, the lender can seize the collateral to recoup its losses.

Re-use (Re-hypothecate) collateral assets

The practice by which prime brokers re-use the collateral posted by the investment manager to service other arrangements.

Total Expense Ratio (TER)

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. 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. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER may not necessarily be an accurate indication of future TERs. Inclusive in the TER, the stated performance fee percentage of the net asset value of the class of portfolio was recovered.

Leverage

The use of securities, including derivative instruments, short positions or borrowed capital to increase the exposure beyond the capital employed to an investment. The total leverage amount is calculated across the entire portfolio. This total leverage amount is also split by the provider and product type and shown as a contribution percentage to total leverage.

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. Fund portfolio valuation is at 15h00 every business day. Transaction cut-off time is at 14h00 daily. Prices are published on data platforms and available from Novare on request. The Collective Investment is traded at ruling prices and can engage in borrowing and scrip lending.

Performance Calculations

Returns are calculated at a NAV to NAV basis and do not take any initial fees into account. Re-investment date of each distribution will be the 15th day of the following month or the next business day if the 15th does not fall on a business day. Annualised performance measures the total return on an investment over a period of time, reflected as a time weighted annual return. Income distributions, prior to deduction of applicable taxes are included in the performance calculation. Actual annual figures are available upon request.

Cost and Total Expense Ratio

The Total Expense Ratio (TER) of the weighted average underlying manager funds plus the Novare asset management fee totals will be available after 12 months from the establishment of the CIS portfolio. The underlying managers may charge performance fees and these will be subject to the fee structure approved by Novare Investments. The investment performance is for illustrative purposes only and is calculated by taking actual initial fees and all ongoing fees into account for the amount shown; and income is reinvested on the reinvestment date. The performance figures given show the yield on a NAV basis. The yield figure is not a forecast. Performance is not guaranteed and investors should not accept it as representing expected future performance. Individual investor performance may differ as a result of initial fees, time of entry/actual investment date, date of reinvestment, and dividends withholding tax. The annualised total return is the average return earned by an investment each year over a given time period. Actual annual figures are available from the manager on request. The highest and lowest one-year returns represent the highest and lowest actual returns achieved during any 12-month rolling period since the original launch date of the fund. Investors are advised that the annualised performance figures include returns earned during the relevant periods prior to the fund being regulated under CISC.



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Investment Manager

Marble Rock Asset Management (Pty) Limited (the 'Investment Manager') incorporated under the laws of South Africa, is an authorised financial services provider (FSP 45906) under the Financial Advisory and Intermediary Services Act 37 of 2002 and has been appointed by Novare CIS as the Investment Manager of the portfolio. Contact details: Contact details: Marble Rock, KWV Building, La Concorde 57 Main Street, Paarl, 7646, South Africa. Email: admin@marblerock.co.za. Website: www.marblerock.co.za.



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. Website: www.novarecis.co.za. Should you have any queries or complaints please contact: Novare CIS on 0800668273 (0800novare) or via email clientservice@novare.com. Directors: Mr DA Roper, Mr JS du Preez, Mr GL Carter, Mr A du Toit, Ms N Smith.

Prime Broker

The primary Prime Broker to the portfolio is **Absa Bank Limited** with registration number 1986/004794/06. Contact details: 15 Alice Lane, Sandown, Sandton, 2196.

Email: Prime.Services@absacapital.com. Website: <http://PrimeServices@absacapital.com>. Telephone: (011) 895 5189

Trustee/Custodian/Depository

Firststrand Bank Ltd is registered as a trustee of collective investment schemes, in terms of the Collective Investment Schemes Control Act. Telephone: (+27) 87 736 1732

CIS

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** facilitates the issue and sale of the participatory interest in the portfolio. 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 in order 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 Holdings has both a Conflict of Interest (COI) and a Treating Customers Fairly (TCF) Policy which respectively outlines the manner in which conflicts of interest are managed and customers are treated fairly, copies of the COI and TCF Policies are available on request. Novare CIS's schedule of fees and charges is available on request. Prices are available on all unit trust fund data information websites. The portfolio was established as a Collective Investment Scheme, 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 ballot procedure as indicated in CISCA will be followed. The level of counterparty exposure is restricted to funds that are administered by Novare Capital and the respective prime brokers of the underlying portfolio. The portfolio does not use the services of a prime broker but the underlying portfolios will be allowed to use a prime broker. The liquidity risk management policy is available on request, and covers all repurchase and redemption restrictions, both in normal and in exceptional circumstances. Quarterly reports will be distributed to clients via electronic communication, a month following quarter end. Annual reports will be made available upon request. Nothing in this document will be considered to state or imply that the Fund is suitable for a particular type of investor unless specifically indicated as such. 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.



Disclaimers

General Hedge Funds. Collective Investments (Unit Trusts) are generally medium to long term investments, but a hedge fund may also incorporate 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 the Management Company or from your financial adviser. 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. 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.

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