

Novare Capital Preserver FoF - A2

Quarterly General Investor Report

As at 30 September 2023

INVESTMENT OBJECTIVE

The portfolio aims to offer investors steady capital growth over the medium to long-term.

INVESTMENT POLICY

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 scheme. The portfolio is a conservatively managed fund of funds. The portfolio's equity exposure will be limited to a maximum of 10%. The investments to be included in the portfolio will, apart from assets in liquid form, consist solely of participatory interests or any other form of participation in portfolios of collective investment schemes or other similar collective investment schemes, investing in the equity, bond, property and money markets. The manager will be permitted to invest, on behalf of the portfolio, in offshore investments, as legislation permits. The portfolio will comply with all prudential requirements and regulations controlling retirement funds, or such other applicable legislation, as may be determined for retirement funds. There are no additional mandate stipulations.

INVESTMENT STRATEGY

The investment strategy follows a bottom-up approach that focuses on both qualitative and quantitative measures in the manager research process to ensure the best possible portfolio mix to achieve the targeted return. The portfolio construction will ensure a blend that adheres to governing regulations as well as the preferred asset allocation mix for the portfolio. Tactical asset allocation actions are taken (when necessary) should potential threats or opportunities arise that can influence the portfolio's risk and return profile. Tactical asset allocation will only be implemented on the collective view of the investment committee.

TRANSACTIONS AND VALUATIONS

Redemption frequency: Daily
Redemption notice period: 14h00 each business day
Portfolio valuation: 17h00 each business day
Pricing date: 10h00 the following business day
Pricing frequency: Daily
Transaction cut-off time: The daily cut-off for receipt of instructions is 14h00. No instruction will be processed unless all requirements have been met and supporting documentation has been provided. Instructions received before the cut-off will be processed the same day and will receive the same day's price. Instructions received after cut-off will be processed the next business day. Redemptions are paid out within five business days.

FEES

Fee class A2

This fee class is only available via independent service providers. 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)	0.50%
Performance Fee (Included in TER)	N/A
Total Expense Ratio (TER) Incl. VAT	1.75%
Transaction Costs (TC) Incl. VAT	0.01%
Total Investment Charge (TIC) Incl. VAT	1.77%

Annual service charge The current annual management fee is 1.05% p.a. (excl. VAT).

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	South African - Multi-Asset - Income		
Legal structure	CIS trust arrangement		
Scheme name	Novare Collective Investments Scheme in Security		
Portfolio inception date	01 May 2011		
Fee class inception date	30 April 2012		
Risk profile	This portfolio is managed within what are regarded to be conservative investment parameters. The return objective of this portfolio is to achieve steady capital growth over the medium to long-term combined with a reasonable level of income, while minimising volatility of investment returns in the short-term.		
Investment horizon	Suitable for investors with a long-term investment horizon.		
Benchmark	CPI + 2 % net of fees		
Portfolio size			R 139,946,253.39
NAV cents per participatory interest			1,267.57
Number of participatory interests			395,820.90
Minimum monthly investment			R 500.00
Minimum lump sum			R5,000.00
Income declaration			Bi-annual (June - December)
Accounting period dates			01 July - 31 December, 01 January - 30 June

LIQUIDITY PROFILE

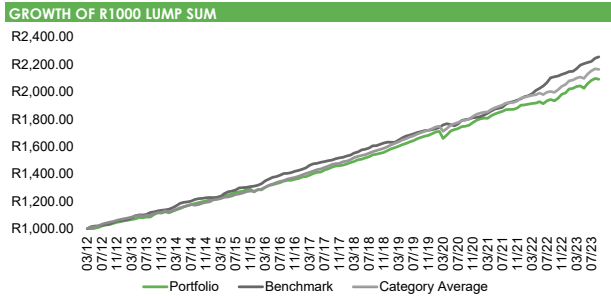
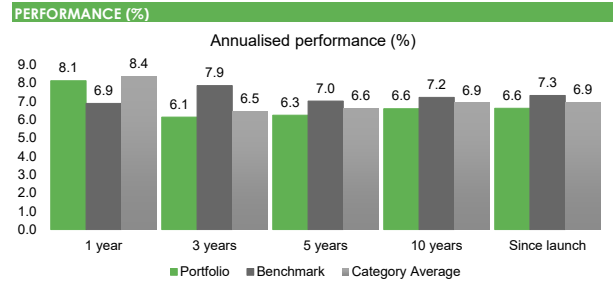
The portfolio is managed and constructed in a manner that makes provision for daily liquidity. The ability of the portfolio to repurchase is dependent upon the liquidity of the securities and cash of the portfolio. A manager may suspend repurchases for a period, subject to regulatory approval, to await liquidity. Investors will be notified of any such arrangements.

INCOME DISTRIBUTION IN THE PAST 12 MONTHS

Date of distribution	Date of payment	Amount (cents per participatory interest)
31 December 2022	02 January 2023	31.50
30 June 2023	04 July 2023	38.27

Total expense ratio (TER) 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 is the stated performance fee percentage of the net asset value of the class of portfolio that was recovered (if applicable).

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 BREAKDOWN

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2023	1.46%	0.20%	0.73%	0.17%	-0.84%	1.71%	1.10%	0.71%	-0.31%				5.00%
2022	0.14%	0.29%	0.25%	0.12%	0.56%	-0.79%	1.09%	0.52%	-0.51%	0.97%	1.49%	0.50%	4.71%
2021	0.57%	0.29%	-0.02%	1.03%	0.75%	0.49%	0.47%	0.71%	0.05%	0.08%	0.48%	1.09%	6.15%
2020	0.76%	0.23%	-2.98%	1.45%	1.77%	0.62%	0.39%	0.84%	0.19%	0.44%	1.08%	0.94%	5.80%
2019	0.87%	0.52%	0.64%	0.70%	0.53%	0.75%	0.50%	0.86%	0.61%	0.51%	0.41%	0.69%	7.86%
2018	0.58%	0.62%	0.59%	0.82%	0.27%	0.65%	0.54%	0.94%	0.29%	0.37%	0.47%	0.84%	7.20%
2017	0.85%	0.15%	0.74%	0.89%	0.64%	1.04%	1.04%	0.61%	0.80%	0.64%	0.09%	0.36%	4.88%
2016	1.21%	-0.03%	1.42%	0.92%	0.57%	0.57%	0.53%	0.77%	0.51%	-0.01%	0.56%	0.41%	7.70%
2015	0.85%	0.77%	0.48%	0.58%	0.30%	0.49%	1.00%	0.36%	0.26%	1.15%	-0.01%	-1.44%	4.88%
2014	-0.62%	0.97%	0.94%	0.86%	0.97%	0.81%	0.65%	0.72%	0.55%	0.54%	0.40%	0.71%	7.75%
2013	0.65%	0.37%	0.55%	0.40%	0.92%	-0.18%	0.46%	0.02%	1.66%	1.20%	-0.25%	0.88%	6.86%
2012				-0.25%	0.52%	0.65%	1.07%	0.65%	0.35%	0.75%	0.83%	0.43%	5.11%

Highest calendar annual performance since launch: 7.9% (2019)
 Lowest calendar annual performance since launch: 4.7% (2022)

ASSET ALLOCATION (INCLUDING DERIVATIVE EFFECT)

	Local	Offshore	Total
Bonds	60.43%	7.21%	67.64%
Cash	29.25%	-0.25%	28.99%
Commodities	0.00%	0.00%	0.00%
Equities	1.93%	0.00%	1.93%
Money market	0.00%	0.00%	0.00%
Property	1.06%	0.02%	1.08%
Participatory interests (unclassified)	0.00%	0.35%	0.35%
Other	0.00%	0.00%	0.00%

RISK STATISTICS

Alpha	-0.70%
Beta	-0.09
Sharpe ratio	0.26
Standard deviation (%)	1.94%
Maximum drawdown	-2.98%
Sortino ratio	0.32
Information ratio	-0.29
Tracking error (as at (04/2012 - 09/2023))	2.45%

Source of risk statistics: eVestment as at 30 September 2023

HINDERLYING TOP 5 EFFECTIVE EXPOSURES

Matrix SCI SA Stable Income Fund
Nedgroup Investments Flexible Income Fund
Sanlam Select Strategic Income Fund
Prescient Income Provider Fund
BCI Income Plus Fund

FUND COMMENTARY

Global

September 2023 may be considered one of the worst months of the year. Equity markets across the globe performed poorly. Global equity markets fell for the second consecutive month, with the MSCI World index returning -4.3% for the month, resulting in a negative quarter of -3.4%. Although in negative territory, emerging market stocks outperformed their counterparts in developed markets. Emerging market (EM) stocks returned -2.5% for the month, with China being the biggest detractor. Chinese stocks listed in Shanghai, Hong Kong, and the US have all declined year-to-date in US-dollar terms.

India's stock market, represented by the NSE Nifty 50 Index, was up 1.5% for the month and was the only major global equity market to produce a positive return in US-dollar terms. The market benefited from foreign investors shifting away from Chinese equities, as the latter market is still plagued by uncertainty that continues to drag down the performance of emerging market assets.

Further pain was inflicted on developed market (DM) equities by China when an American multinational technology company, Apple, saw its market value plummet by US\$200 billion over two days at the beginning of September due to news that China would ban the use of iPhones in Chinese government offices.

While the current decline in inflation data was in line with expectations, a rising oil price renewed concerns about inflationary pressures. The focus shifted from how much higher interest rates could go to how long rates would remain elevated and how many rate cuts might eventually come. Some major central banks, such as those in the US, Switzerland, England, and Japan, chose to keep rates unchanged in September, which may be a sign that we are approaching the peak of this hiking cycle.

Brent crude oil rallied 10% during the month to reach US\$95 per barrel, leaving it 27% higher for the third quarter of 2023. This could be attributed to the Organization of the Petroleum Exporting Countries (OPEC) and their allies, including Russia (collectively known as OPEC+), continuing to restrict the oil supply.

Risk aversion and rising US yields led to investors flocking to the safety of the US dollar, making it stronger against most currencies in September.

Local

The South African stock market followed the global equity markets lower, also for the second consecutive month, erasing all year-to-date gains. The JSE All Share (ALSI) was down -2.5% for the month in the local currency, resulting in a -3.5% decline for the third quarter of 2023. The losses were also felt in the local bond market, where the All Bond Index (ALBI) fell by 2.3% in September and -0.3% for the quarter.

The local currency held up relatively well, depreciating only by -0.2% against the generally strong US dollar. Higher US yields continued to strengthen the dollar in September, while uncertainty regarding China's outlook kept emerging market assets on the back foot.

South Africa successfully hosted a BRICS conference in August, even without the physical appearance of the Russian president. This was a notable relief for domestic risk assets. South Africa managed to secure a loan of \$3 billion from the New Development Bank (NDB), a BRICS-funded institution.

South African inflation has been gradually decreasing in the past few months, moving towards the mid-point of the South African Reserve Bank's (SARB's) target range. This led the SARB to maintain the repo rate at 8.25% during its September meeting.

Load shedding levels were erratic throughout the third quarter, intensifying at some points to Stage 6 (shedding 6000 megawatts of supply). However, Eskom provided a more positive outlook for the summer months, as units that had been on long-term planned outages were set to come back online.

The Novare Capital Preserver FoF returned 5.44% YTD as of the end of September, slightly ahead of its Peer Group average of 5.43%. The strongest performance has come from the BCI Income Plus Fund and the Matrix SCI Stable Fund yielding 8.79% and 6.76% YTD, respectively. The Coronation Bond Fund has had a lag on the overall fund performance returning only 1.10% YTD.

DISCLOSURES

GENERAL

Collective Investment Schemes (Unit Trusts) are generally medium to long-term investments. 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. Collective investment schemes are traded at ruling prices and can engage in borrowing and scrip lending (i.e. borrowing and lending of assets). The collective investment scheme may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. The ability of the portfolio to repurchase is dependent upon the liquidity of the securities and cash of the portfolio. A manager may suspend repurchases for a period, subject to regulatory approval, to await liquidity, and the manager must keep the investors informed about these circumstances. 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 all fees and charges, inclusive of VAT and maximum commissions, is available on request from Novare or from your financial adviser. 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.

PRICES

The latest prices and TER are published Daily in the Business Times and 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.

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 (if applicable)

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 them more efficiently, in accordance with their mandates.

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.
 Telephone number: 021 681 8000

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.
 Telephone number: 021 914 8880

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.

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