

Mazi NCIS Market Neutral Retail Hedge Fund



MINIMUM DISCLOSURE DOCUMENT

As of 31/10/2018

FUND INFORMATION

Inception Date	November 2006
Establishment of CIS***	April 2016
AUM	R25.3 million
NAV Per Unit(Class B)	8971.02
Nu of Participatory Interests(Part B)	281996.41
ASISA Classification	Retail Hedge Fund
Benchmark	STeFI
Risk Profile	Moderate
Minimum Lump Sum	R50 000
Minimum Monthly Investment	R1000
Management Fee (annual excl VAT)	1.5%
Income Declaration	Bi Annual (June, December)
Leverage Ratio	Maximum of 2 times
Total Expense Ratio	2.19%
Performance Fee	22.8% of performance above STeFI

FUND'S SERVICE PROVIDERS

Prime Broker	Peregrine Securities
Risk Management	Novare CIS (RF) (Pty) Limited
Fund Administrator	Maitland Hedge Fund Services (Pty) Limited
Fund Auditor	Price Waterhouse Coopers
Trustees	Firststrand Bank Limited

FUND EXPOSURE QUARTER END

Gross Exposure	138
Total Net Exposure	45%
Net Equity Exposure	38%
Net Real Estate Exposure	1%
Net Fixed Interest Exposure	6%

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 fortunes of the South African Capital markets.

The benchmark of the portfolio is the STeFI composite index. The fund is managed to generate positive returns over rolling 12-month periods irrespective of the directional performance of the equity markets. The fund prioritises capital preservation and strives for returns in excess of CPI plus 2% over any 36 month period while maintaining low volatility.

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). Effective net equity exposure is capped at a maximum of 40%. Effective exposure is the difference between long and short positions (a short position results from selling securities which the fund borrows to buy back later at a price that the fund believes will be lower than the price it sells it for).

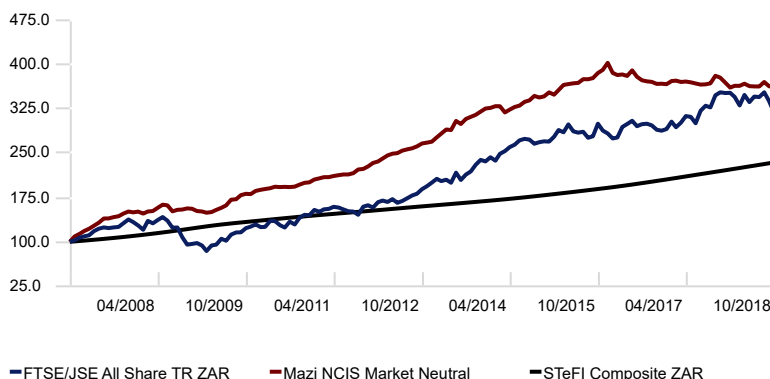
The fund is mandated to use derivative instruments

INVESTMENT APPROACH

Our investment process is firmly rooted in fundamental analysis. Our approach is predominantly bottom-up and sector agnostic. Key investment criteria include:

- Quality of management;
- Good corporate governance and transparency;
- Cashflow and balance sheet strength;
- Business strategy and sustainability of business model;
- Attractive valuation.

CUMULATIVE GROWTH BASE R100 FROM INCEPTION; Performance from April 2016 is for the CIS which was established then.
For illustrative purposes only net of annual fees and with distributions reinvested.



Note : Returns from April 2016 for CIS

***CIS: Collective Investment Scheme which is a pooled investment scheme registered with the FSCA.

Source of Returns for ALSI, STeFI and CPI : Morningstar Direct
Source of Fund Returns : Mazi Asset Management

HISTORICAL MONTHLY PERFORMANCE

Performance for illustrative purposes only. Investment performance takes all ongoing fees into account and is based on distributions being reinvested. Performance from April 2016 is for the CIS which was established then.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year	ALSI TR	STeFI	CPI
2018	-2.29	0.83	-0.02	1.01	-1.15	-0.12	-0.02	2.10	-1.94	-0.40			-2.08	-9.38	6.00	4.51
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	20.95	7.56	4.72
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	2.63	7.37	6.53
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	5.13	6.47	4.83
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	10.88	5.91	5.95
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	21.43	5.19	5.26
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	26.68	5.54	5.55
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	2.57	5.73	5.86
2010	1.01	0.71	0.70	1.33	-0.33	0.20	-0.18	0.38	1.77	1.55	0.42	2.34	10.31	18.98	6.93	3.46
2009	-0.49	-1.38	0.76	2.46	2.25	2.62	5.96	0.43	4.03	1.25	-0.25	2.97	22.40	32.13	9.13	6.29
2008	-2.29	2.44	0.53	3.58	3.34	-0.68	-6.27	1.67	0.34	1.24	-0.41	-2.47	0.60	-23.23	11.69	9.58

	Q3 2018	1 Year	3 Years	5 Years	7 Years	Inception
Mazi NCIS Market Neutral	-0.29	-5.03	-2.11	2.46	7.13	11.30
ALSI TR	-7.58	-8.37	2.06	5.96	10.40	10.13
STeFI Comp	1.77	7.26	7.36	6.84	6.43	7.34
CPI	1.21	4.91	5.36	5.33	5.37	5.98

Risk Profile and Statistics

Moderate Risk Profile

Risk Terminology

	Max Drawdown	Std Dev	Sharpe Ratio	Bear Beta	Bull Beta
Mazi NCIS Market Neutral	-10.37	6.61	0.58	0.19	0.17
ALSi TR	-40.44	14.63	0.25	1.00	1.00

Highest and Lowest Annual Returns from Inception

	Fund	ALSI
Lowest	-9.0%	Lowest -37.6%
Highest	51.1%	Highest 48.3%

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 about an 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.

Income Distribution History

Declaration	Payment	Cents per unit
30 Jun 2017	31 Jul 2017	469.07
31 Dec 2017	31 Jan 2018	103.16
30 Jun 2018	31 Jul 2018	101.42

Note : Returns from April 2016 for CIS

Additional information on the proposed investment is available free of charge on <http://www.novare.com> and <http://www.mazi.co.za>. This includes brochures, application forms and reports.

PORTFOLIO MANAGER FUND COMMENTARY(Quarter End)

As South Africa moved into recession following the second quarter GDP contraction of 0.7% emerging markets as measured by the MSCI Emerging Market Index continued to languish due to rising US interest rates, a stronger dollar and global trade concerns.

The SWIX Index lost 3.3% for the quarter and is now 8% lower year to date, while the All Share index lost 2.2% for the quarter and is 3.8% lower year to date.

Though the fund's positioning towards a recovering South African economy was not ideal, it gained 0.1% for the quarter as our short book cushioned the losses in our long book. We were particularly pleased with a few of our pair trades, specifically a long position in Dischem against a short in Clicks. Long held positions in Old Mutual and PSG also contributed handsomely. The main detractor to performance was Aspen, where reduced future earnings expectations (for us and the market) coupled with a substantial multiple derating caused the stock to lose 40% of its value.

We have slightly reduced our net long exposure but remain positioned for a recovery in South Africa (as has been highlighted previously). We expect the upcoming investment summit, scheduled for the end of October, coupled with more detail around the previously announced stimulus measures during the mid-term budget to provide some support for the local market, but suspect we will only see real follow through after the general elections next year. At the end of the quarter the fund's net exposure was 45% and gross exposure 138%.

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 investment is available on the Investments Manager's Website www.mazi.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 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.novare.com

First Rand Bank Limited Registration No.1929/001225/06 is the appointed trustee, contact number: 011 282 8000. PricewaterhouseCoopers is the auditor for the portfolio. Maitland Hedge Fund Services is the fund administrator of the portfolio. Risk management of the portfolio is done by Novare CIS.

Should you have any queries or complaints please contact: Novare CIS (on 0800668273 (0800novare) or via email clientservice@novare.com.

Directors: Ms R Miles, Mr DA Roper, Mr L de Wit, Mr GL Carter and Mr JF Basson.



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.

The fund is priced monthly. Prices are not published

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.

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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.

Nothing in this document will be considered to state or imply that the Fund is suitable for a particular type of investor.

The Management Company and the Investment Manager have entered into a co-naming agreement regarding the administration of the co-named Fund. The Management Company retains full legal responsibility for the co-named Fund and performs risk management over the portfolio.