

MAZI NCIS LONG SHORT QUALIFIED HEDGE FUND



MINIMUM DISCLOSURE DOCUMENT

As of 31/01/2019

FUND INFORMATION

Inception Date	April 2014
Establishment of CIS***	April 2016
AUM	R5.1 million
NAV Per Unit(Class B)	8074.01
Nu of Participatory Interests(Part B)	62639.67
ASISA Classification	Qualified Hedge Fund
Benchmark	STeFI
Risk Profile	Moderate to High
Minimum Lump Sum	R1 million
Minimum Monthly Investment	R100 000
Management Fee (annual excl VAT)	1.5%
Income Declaration	Bi Annual (June and Dec)
Leverage Ratio	Maximum of 4 times
Total Expense Ratio	2.02%
Performance Fee	22.8% of performance above STeFI

FUND'S SERVICE PROVIDERS

Prime Broker	Rand Merchant Bank Limited
Risk Management	Novare CIS (RF) (Pty) Limited
Fund Administrator	Maitland Hedge Fund Services (Pty) Limited
Fund Auditor	Price Waterhouse Coopers
Trustees	Firstrand Bank Limited

FUND EXPOSURE

SEPTEMBER 18 DECEMBER 18

Gross Exposure	105%	98%
Total Net Exposure	63%	64%

Note : Returns from April 2016 for CIS

*** CIS, a Collective Investment Scheme, a pooled investment vehicle registered with the FSCA

INVESTMENT OBJECTIVE

The fund is a Qualified Investor Hedge Fund, aiming to provide investors with equity like real returns that are uncorrelated to the fortunes of the South African capital markets.

The benchmark of the portfolio will be the STeFI Composite Index. The investable universe of the fund includes listed equities, property collective investment schemes, property loan stock, real estate equity, money market instruments, bonds, fixed deposits, and other interest bearing securities, derivatives, and assets in liquid form. The fund may also invest in participatory interests or any other form of participation in portfolios of collective investment schemes. The fund may, from time to time, invest in, or enter into, listed and unlisted financial instruments. The investment manager may make foreign investments. The fund's leverage is limited to 4 times the total net asset value of the fund, at any given moment. As additional mandate stipulations, the fund prioritises capital growth, over the long term, and limits downside risk, over the short term. In addition, the fund targets returns in excess of CPI + 4%, over any 36 month period, at moderate levels of volatility. Effective equity exposure ranges between 50% and 80%. Foreign exposure is limited to 25%. The fund can take on debt, to fund investments. The effective exposure is the net position, taking long and short positions into account. A short position results from selling securities that the fund borrows, in the belief that the price will go down, which will allow the fund to buy the securities at a lower price than what it sold it for.

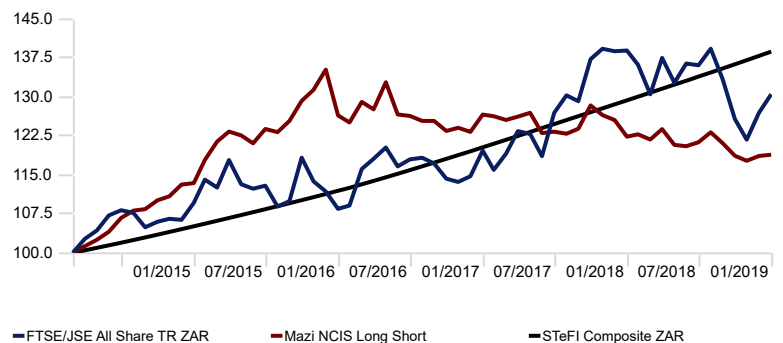
INVESTMENT APPROACH

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

For illustrative purposes only net of annual fees and with distributions reinvested. Returns from April 2016 are for the CIS (Collective Investment Scheme).



Source of Returns for ALSI, STeFI and CPI : Morningstar Direct

Source of Fund Return Data :

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.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year	ALSI TR	STeFI	CPI
2019	0.21												0.21	2.81	0.60	-0.18
2018	-2.54	0.37	-0.82	1.65	-2.45	-0.21	0.63	1.57	-1.68	-2.01	-0.82	0.79	-5.50	-8.53	7.25	5.18
2017	2.70	-0.25	-0.57	0.51	0.58	-3.07	0.22	-0.32	0.78	3.63	-1.45	-0.77	1.84	20.95	7.56	4.72
2016	-6.51	-1.07	3.16	-1.11	4.09	-4.67	-0.22	-0.76	0.00	-1.54	0.50	-0.64	-8.85	2.63	7.37	6.53
2015	0.25	3.92	3.01	1.58	-0.60	-1.24	2.28	-0.49	1.75	3.07	1.65	2.96	19.54	5.13	6.47	4.83
2014	—	—	—	1.25	1.23	1.50	2.55	1.31	0.28	1.56	0.70	2.04	—	10.88	5.91	5.95

PERFORMANCE / RETURNS

	YTD	1 Year	3 Years	From Inc
Mazi NCIS Long Short	0.21	-2.83	-2.03	3.64
ALSI TR	2.81	-6.06	6.36	5.66
STeFI Comp	0.60	7.25	7.41	7.00
CPI	-0.18	4.49	5.30	5.11

Risk Profile and Statistics

Moderate to High Risk Profile

	Max Drawdown	Std Dev	Sharpe Ratio	Bear Beta	Bull Beta
Mazi NCIS Long Short	-12.97	6.98	-0.42	0.63	0.37
ALSI	-12.56	10.90	-0.06	1.00	1.00

Risk Terminology

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 annualised 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.

Highest and Lowest Annual Returns from Inception

Fund	ALSI
Lowest Annual Return	-8.9%
Highest Annual Return	21.8%

Income Distribution History

Declaration	Payment	Cents per unit
30 Jun 2017	31 Jul 2017	469.07
31 Dec 2017	Not Applicable	0
30 Jun 2018	31 Jul 2018	82.02
31 Dec 2018	31 Jan 2019	122.22

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 L de Wit, Mr GL Carter and Mr JF Basson.



Note : Returns from April 2016 for CIS which was established April 2016.

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 - DECEMBER 2018

2018 marked the first year since the global financial crisis of 2008 that the South Africa equity market as measured by the SWIX and All Share indices lost ground. For the year the SWIX lost 11.7%, while the All Share index declined by 8.5%. Our fund retreated by 5.5% for the year of which 2.1% was lost in the final quarter. During both periods we performed better than the market though we did not meet our objective of delivering a positive result at worst.

Much of the market's decline for the year was due to the poor performance of historically defensive companies such as British American Tobacco, MTN and Aspen, while the biggest detractor was Naspers. We were not exposed to BTI or MTN but did own Aspen and Naspers. We continue to hold both. Naspers as a secular growth business. Aspen for a recovery to more reasonable levels as we are of the opinion the sell-off was overdone even though the growth thesis has deteriorated substantially.

As to positioning, the fund continues to be biased to a recovery in South Africa about which we have written all year. We have been wrong (we think early) but continue to expect a sustained recovery as corruption is rooted out and we start the process of rebuilding institutions, infrastructure and productive capacity. Given that this is an election year we expect heightened volatility as we approach the national election in May. We further expect president Ramaphosa and the ANC to win decisively, which we think will result in much quicker and more decisive steps from the president post the election.

As at year end the fund had a net exposure of 64% and gross exposure of 98%. Both measures are towards the middle of our historical ranges and we expect this will remain true as we approach elections.

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



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 every 3 months. In order to receive the month end prices the redemption instruction must be submitted to Novare CIS before 14h00 on the last business day 3 months preceding the month end.

The fund is priced monthly and 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.

This document is for information purposes only and does not constitute or form any part of any offer to issue or sell, or any solicitation of any offer to subscribe for or purchase any particular investment.

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.