

MAZI NCIS QUALIFIED LONG SHORT HEDGE FUND



Minimum Disclosure Document

31 October 2024

Fund Information

| | |
|--------------------------------|---|
| Inception Date | April 2014 |
| Fund Size | R 8.4 million |
| NAV PU (Class B) | 9 377.96 |
| Total Units | 89 611.04 |
| ASISA Classification | South African-Long Short Long Bias Qualified Investor Hedge Fund |
| Benchmark | STeFI |
| Risk Profile | Moderate to High |
| Minimum Lump Sum | R1 million |
| Minimum Monthly Investment | R100,000 |
| Service Fee (annual excl. VAT) | 0.25% |
| Income Declaration | March, June, September, December |
| Leverage Ratio | Maximum of 4 times Net Asset Value |
| Performance Fee (excl. VAT) | 20% of performance above STeFI |

Investment Objective

The fund is a Qualified Investor Hedge Fund aiming to provide investors with long-term positive real returns that are uncorrelated to the South African Capital markets. The benchmark for the portfolio is the STeFI composite index. 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) of the total net asset value of the portfolio. The fund may invest in derivative instruments.

Investment Approach

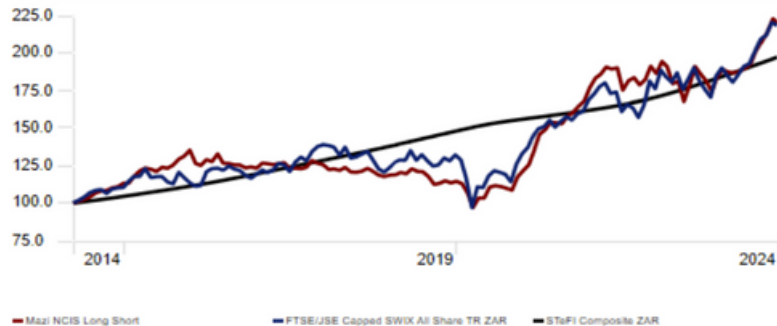
The investment approach is rooted in detailed fundamental analysis of the underlying investments focusing on: sustainability of the business model, quality of management, corporate governance, predictability of cashflows, Balance Sheet strength and a compelling valuation.

Fees (incl VAT)

| | |
|-------------------------------|-------|
| Service Fee | 0.28% |
| Performance Fee | 0.00% |
| Total Expense Ratio (TER) | 2.77% |
| Transaction Costs (TC) | 0.60% |
| Total Investment Charge (TIC) | 3.37% |

*The fee class is annualised, for a rolling 3 year period from 1 July 2021 to 30 June 2024.

Cumulative Performance Since Inception*



| | Fund | STeFI | Capped SWIX |
|----------------------------|--------|--------|-------------|
| October 2024 | -1.49% | 0.68% | -0.91% |
| Year to date* | 16.22% | 7.05% | 14.84% |
| Rolling 12 months | 25.99% | 8.53% | 28.01% |
| Since inception annualised | 7.70% | 6.61% | 7.64% |
| Since inception | 87.06% | 96.93% | 58.30% |

| | |
|------------------------|--------|
| Highest annual return: | 45.24% |
| Lowest annual return: | -8.85% |

| | Long | Short | Net | Gross |
|--------------|--------|--------|--------|--------|
| Equity | 80.84% | -4.18% | 76.66% | 85.02% |
| Property | 6.20% | 0.00% | 6.20% | 6.20% |
| Fixed Income | 6.89% | 0.00% | 6.89% | 6.89% |
| | 93.93% | -4.18% | 89.75% | 98.11% |

* For illustrative purposes only, the above graph illustrates cumulative growth per R100 invested since inception, net of annual fees and with distributions reinvested. Performance since April 2016 was when the portfolio was established as a CIS** (previously in an unregulated structure).

** CIS is an abbreviation for "Collective Investment Scheme", which is a pooled investment scheme registered with the FSCA ("Financial Services Conduct Authority"). Source(s) of Return: STeFI and CPI - Bloomberg; Fund - fund administrators (Apex Fund Services South Africa Ltd since April 2016) and Investment Manager.

Fund Service Providers

| | |
|-----------------|---------------------------------------|
| Prime Broker | Peregrine Securities |
| Risk Management | Novare CIS (RF) (Pty) Ltd |
| Administrator | Apex Fund Services South Africa Ltd |
| Auditor | PKF Cape Town, a member of PKF SA Inc |
| Trustees | FirstRand Bank Ltd |

Historical Performance (last 10 years)



| | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC | Total |
|------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------------|
| 2024 | -0.83% | -0.32% | 0.62% | 1.04% | 1.51% | 4.74% | 2.82% | 3.00% | 4.27% | -1.49% | | | 16.22% |
| 2023 | 4.36% | -1.78% | -5.97% | 0.92% | -7.38% | 6.08% | 7.36% | -2.69% | -2.48% | -3.92% | 5.73% | 2.53% | 1.41% |
| 2022 | 3.60% | 1.37% | 2.61% | -0.68% | 0.40% | -7.79% | 3.57% | 1.14% | -2.26% | 1.99% | 4.90% | -2.59% | 5.71% |
| 2021 | 3.23% | 7.27% | 8.32% | 2.01% | 3.33% | -0.19% | -0.46% | 3.41% | 1.41% | 2.68% | 1.90% | 5.37% | 45.24% |
| 2020 | -1.38% | -5.28% | -9.25% | 6.49% | 0.00% | 7.02% | 0.94% | -0.61% | -0.98% | -1.08% | 8.06% | 3.55% | 6.23% |
| 2019 | 0.21% | 1.27% | -0.69% | 2.78% | -1.40% | -0.24% | -2.68% | -4.42% | 0.71% | 1.46% | -1.20% | 0.89% | -3.47% |
| 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% | -5.49% |
| 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% |
| 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% |
| 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% |
| 2014 | | | | 1.25% | 1.23% | 1.50% | 2.55% | 1.31% | 0.28% | 1.56% | 0.70% | 2.04% | 13.11% |

Shaded performance returns indicate performance returns before the completion of the conversion to the CIS structure.

Risk Statistics

| | Mazi NCIS Long Short | JSE All Share Total Return |
|---------------|----------------------|----------------------------|
| Max Drawdown | -28.23 | -21.72 |
| Std Deviation | 10.64 | 14.03 |
| Sharpe Ratio | 15.00 | 0.24 |
| Bear Beta | 0.75 | 1.00 |
| Bull Beta | 0.45 | 1.00 |

Source of Risk Statistics: Morningstar.

Manager Commentary

For the quarter the fund gained 10.5%, while the All Share and Capped Shareholder Weighted Index (Capped Swix) both gained 9.6%. For the year to date the fund is up 18% while both indices are up 15.9%

The quarter was driven by continued positive sentiment towards South Africa following the formation of the Government of National Unity. The consumer discretionary, industrial, financial and property sectors all performed well, while resource, energy and consumer staple sectors underperformed. In the portfolio our best performing positions were Momentum Group, Discovery, Pepkor, Truworths and Naspers, while the main detractors were all in the Resource sector.

This quarter saw the beginning of what we think will be a multi-quarter rate cutting cycle. Coupled with the sentiment tailwind, which we expect to turn into actual tailwinds early in 2025, we are positioning the fund towards more discretionary and South Africa facing (industrial and construction) companies and reducing less volatile consumer staple areas.

At quarter end the fund's net equity exposure was 78% , while gross exposure was 104%.

Income Distribution History

| Declared | Payment Date* | Cents per Unit |
|------------------------------------|----------------|----------------|
| 30 June 2024 | 1 July 2024 | 136.80 |
| 31 March 2024 | 1 April 2024 | 44.69 |
| 31 December 2023 30 September 2023 | 1 January 2024 | 30.00 |
| | 1 October 2023 | 446.58 |

*Actual cash payment date to investor differ (if applicable), pending finalisation of the monthly valuation of the portfolio.

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.

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.

Glossary

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| Performance Fee | The fund charges a performance fee of 20% of the amount by which it outperforms the hurdle rate, STeFI. The performance fee is payable quarterly in arrears. A high water mark principle is applied in the performance fee calculation. |
| 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. |
| Total expense ratio (TER) | TER reflects the percentage of the average Net Asset Value (NAV) of the portfolio that was incurred as charges, levies and fees related to the management of the portfolio. A 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. |
| Total investment charge (TIC) | The sum of the TER and transaction costs is shown as the Total Investment Charge. Since Fund returns are quoted after the deduction of these expenses, the TER and Transaction costs should not be deducted again from published returns. |
| 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 of a dataset relative to its 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 (Bull and Bear) | 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. |

Investor Information

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|--|--|
| Leverage: Sources, value and providers of leverage | The fund employs short positions in equities and market indices as leverage. Short positions as a percentage of fund value at quarter end: 10.0% Provider(s) of leverage are the fund's asset manager: Mazi Asset Management |
| Exposure Limit | Effective exposure is limited to 4 times the value of the fund. |
| Highest Exposure Value over the quarter | The maximum allowable exposure is 4 times the value of the fund. The maximum exposure over the quarter : 1.2 |
| Exposure value at quarter end | 1.1 times the value of the fund. The maximum allowable exposure is 4 times the value of the fund. |
| Re-hypothecation strategy | The Prime Broker is prohibited from rehypothecating and from repledging any securities that form part of the fund's collateral. |
| Stress testing applied | A series of stress tests are performed that changes the underlying price or yield of every security in the portfolio and revalues each one from first principles, according to the size of the user-defined stress. We also determine what percentage of the portfolio can be closed out over time bands. |
| Counterparty Exposure | Not applicable since no CFDs are used (Contracts for Difference) |
| TIC: Period (Annualised, rolling three-year period): 01 April 2021 to 31 March 2024 | 1. TER 2.96% + TC 0.58% =TIC 3.55% as at 31 March 2024. 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. 2. 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. Inclusive in the TER, the stated performance fee percentage of the net asset value of the class of portfolio was recovered. 3. 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. |
| Changes to portfolio liquidity risk over the quarter | None |

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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