

ABOUT THE FUND

Risk rating	Conservative
Establishment of CIS portfolio	2016/04/01
Class inception date	2016/04/01
Portfolio class	A1
AUM	R 132,799,527.23
NAV cents per participatory interest	13,454.8696
Number of participatory interests	445,197.61
Portfolio classification	Retail Investor Hedge Fund
ASISA Category	SA - Long Short Market Neutral Hedge Fund RIF
Scheme name	Novare CIS in Retail Investor Hedge Funds
Legal structure	CIS trust structure
Benchmark*	Cash (STFCAD)
Objective**	Cash (STFCAD) +4%
Minimum lump sum	R 50 000.00
Minimum monthly investment	R 1 000.00
Annual service fee	0.25% (excl VAT)
Annual management fee	1.50% (excl VAT)
Performance fee	20% (excl VAT)
Income declaration	Quarterly (March - June - September - December)
Total expense ratio (TER)	3.62%
Transaction costs (TC)	0.44%
Total investment charge (TER + TC)	4.06%

* STFCAD is the STeFi Call Deposits Index (STFCAD code from Morningstar).

** The objective is to outperform the benchmark net of the total investment charge.

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, the stated performance fee percentage of the net asset value of the class of portfolio was recovered (if applicable).

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 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.

LIQUIDITY PROFILE

The portfolio provides investors with daily redemption liquidity. The liquidity of assets in the portfolio aligns to the redemption period.

TRANSACTIONS AND VALUATIONS

Redemption frequency: Daily

Redemption notice period: 14h00 each business day

Pricing date: 15h00 each 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 that 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.

INVESTMENT OBJECTIVE

The objective of the SouthernCross NCIS Market Neutral Retail Hedge Fund is to provide investors with investment gains and total return in South Africa Rand terms. Short-term volatility of the returns may be reduced by the use of hedging instruments and/techniques, strategy diversification, allocation and active risk management. The return target for the fund is Cash (STeFi Call Deposit Index) + 4%.

INVESTMENT PROFILE

The SouthernCross NCIS Market Neutral Retail Hedge Fund invests in equity and equity-derived instruments in a manner that seeks to eliminate market exposure from the portfolio. The fund is suitable for investors with a medium- to long-term investment horizon. It is a conservative risk/return fund for investors seeking growth in excess of cash returns whilst preserving capital. In addition, it provides compounded returns and aims to avoid large drawdowns, with the explicit objective of providing positive returns over every rolling three-month period. The fund seeks to utilise an active trading approach to exploit arbitrage and other market neutral opportunities in the equity market. The portfolio will be permitted to utilise derivatives, in order to hedge the net exposure, sector exposure, or for active risk management. Such derivative positions will not be utilised for speculative trades. Long and short equity exposure through Contract for Difference (CFD) OTC derivatives, or similar, will be permitted. The use of leverage in the portfolio will be limited by means of a Value at Risk (VaR) limit of 20% of NAV, measured at 99% confidence level of a month period.

RISK PROFILE

This portfolio is managed within what are regarded to be conservative investment parameters. This portfolio aims to deliver capital growth over the short to medium term at a low level of volatility.

INCOME DISTRIBUTION IN THE PAST 12 MONTHS

DECLARATION DATE	PAYMENT DATE	CENTS PER UNIT
28/06/2024	01/07/2024	0.00
28/03/2024	02/04/2024	1.10
29/12/2023	02/01/2024	0.28
29/09/2023	02/10/2023	0.50

PERFORMANCE

12 months	14.97%
3 years annualised	10.56%
5 years annualised	8.35%
Annualised return since inception	8.85%

ASSET ALLOCATION

Asset class	Net	Long
Equity	24.55%	55.43%
Fixed Income	48.53%	48.53%
Property	0.52%	0.52%
Funds	75.66%	75.66%

RISK STATISTICS

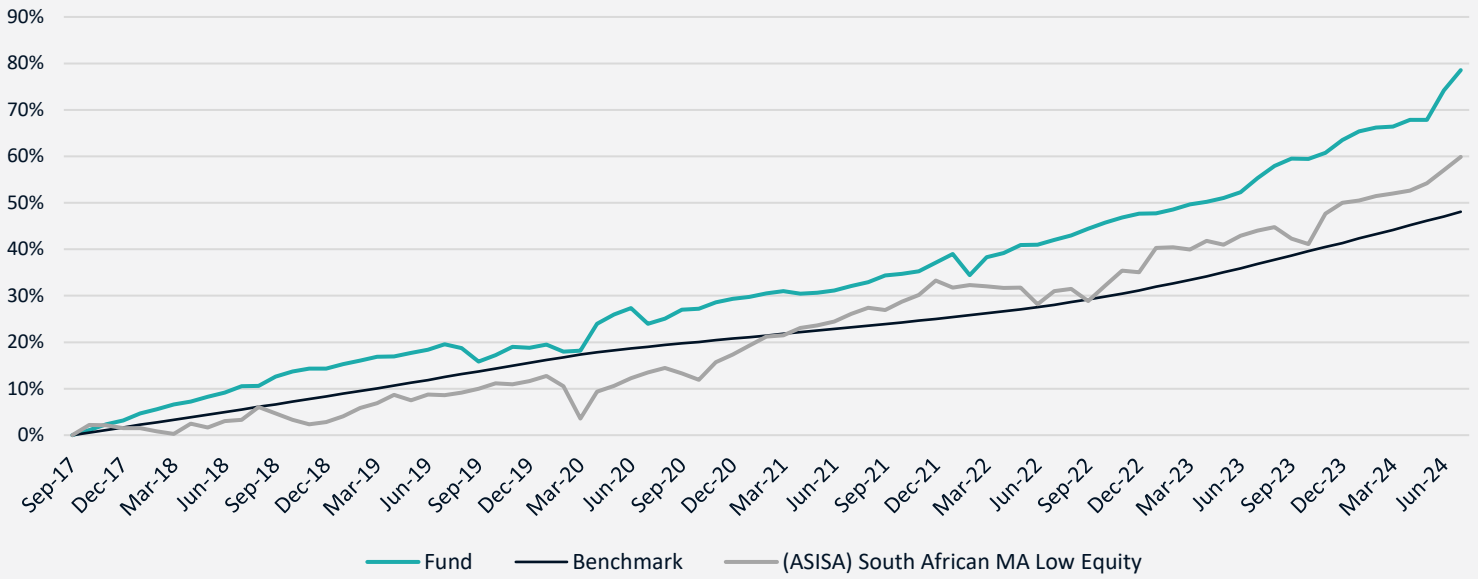
Sharpe ratio	0.79
Sortino	1.32
Maximum monthly drawdown	-3.25%
Standard deviation	3.73%

Source of risk statistics: Maitland, Bloomberg at 31 July 2024

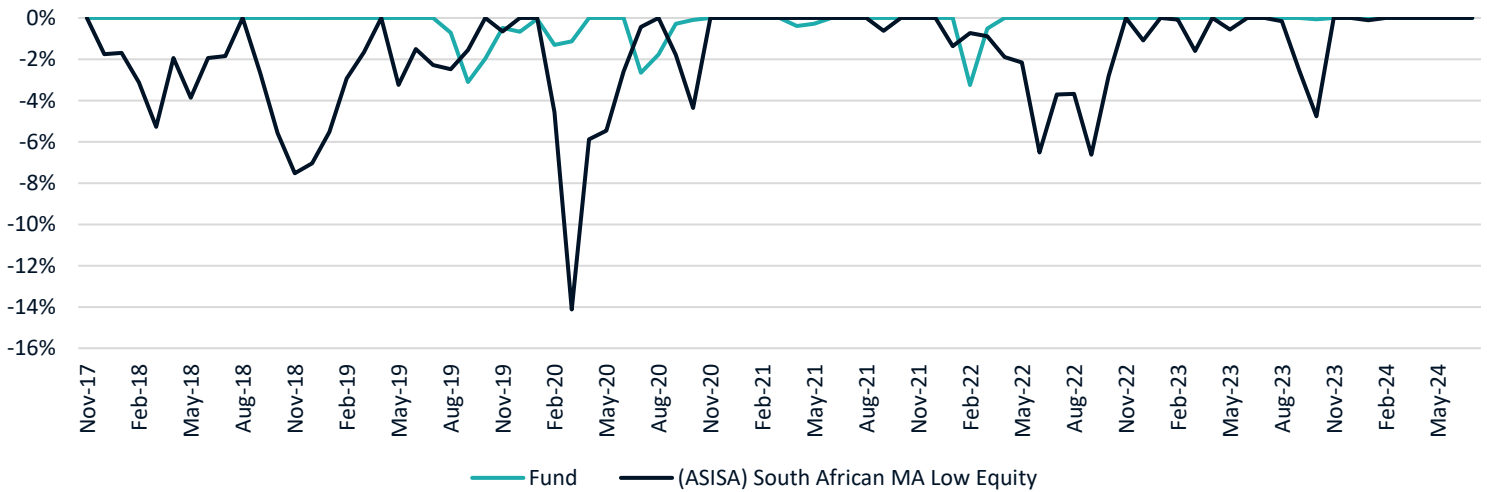


YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2017										1.08%	1.24%	0.80%	3.15%
2018	1.49%	0.88%	0.95%	0.60%	0.95%	0.82%	1.31%	0.06%	1.79%	0.98%	0.56%	0.00%	10.86%
2019	0.81%	0.70%	0.70%	0.06%	0.63%	0.57%	1.01%	-0.71%	-2.40%	1.17%	1.51%	-0.18%	3.88%
2020	0.61%	-1.26%	0.17%	4.84%	1.62%	1.12%	-2.66%	0.91%	1.51%	0.19%	1.05%	0.62%	8.91%
2021	0.31%	0.58%	0.36%	-0.39%	0.12%	0.39%	0.74%	0.63%	1.07%	0.29%	0.37%	1.40%	6.01%
2022	1.34%	-3.25%	2.83%	0.67%	1.21%	0.09%	0.74%	0.65%	0.99%	0.92%	0.75%	0.56%	7.65%
2023	0.08%	0.55%	0.74%	0.36%	0.54%	0.82%	1.99%	1.68%	1.04%	-0.06%	0.84%	1.69%	10.75%
2024	1.13%	0.51%	0.12%	0.86%	0.03%	3.74%	2.52%						9.21%

CUMULATIVE RETURN SINCE INCEPTION



CUMULATIVE DRAWDOWN



Publication date: 14/08/2024

INVESTMENT PROFILE

Collective Investments (Unit Trusts) are generally medium to long term investments, but a hedge fund may have 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 us or from your financial adviser. Hedge fund of funds invest into other portfolios of collective investment schemes, and the underlying portfolios may levy their own charges, which could result in a higher fee structure for the hedge fund of funds. 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. 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. While CIS in hedge funds differ from CIS in securities (long only portfolios) the two may appear similar, as both are structured in the same way, and are subject to the same regulatory requirements. 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.

BORROWING HEDGE FUNDS

A manager of a retail investor hedge fund must maintain a repurchase policy, for which must provide a level of liquidity for the portfolio that would enable the manager to repurchase participatory interests within one calendar month of receipt of an investor instruction to repurchase.

COMMODITIES

For hedge funds that include commodity securities, the extent of exposure to physical delivery is not permitted.

PRICES

The latest prices are published daily to Finswitch.

PERFORMANCE FEES

The portfolio levies a performance fee of 20 % of the amount by which it outperforms the hurdle rate of STEFI Call Deposit Rate. The performance fee is payable quarterly and calculated daily. The High-Water Mark principle is applied in the performance fee calculation. The PERFORMANCE FEE FAQ DOCUMENT is available on request from us.

PERFORMANCE RETURNS

Lump-sum performance returns are being quoted. Income distributions, prior to 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 performance is calculated for the A1 fee class. 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.

THIRD PARTY NAMED PORTFOLIOS

For the third party named portfolios, the manager has entered into a co-named agreement with the third party. The manager retains full legal responsibility for the third party named portfolio. The assets of the portfolio are managed by an external financial services provider (FSP), being the investment manager. For co-named portfolios, the FSP has no intention of becoming a manager. There may be potential conflicts of interest, which must be managed in accordance with the conflicts of interest management policy.

STRUCTURE OF THE PORTFOLIO

The portfolio was launched as a collective investment scheme trust arrangement on 01 April 2016, and did not exist 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 prescribed in CISCA and the Deed, will be followed.

ADDITIONAL INFORMATION

For additional information on the portfolio, refer to the following documents, available on our website [www.southerncrosscapital.co.za], from your financial adviser, or on request from the Manager, free of charge.

- Application forms
- Annual report
- Fee schedule
- Performance fee FAQ
- Quarterly General Investor Report

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.novare.com. 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.

COUNTERPARTIES AND PRIME BROKERS

The fund utilises Absa Bank Ltd as prime broker. The fund has counterparty exposure to the prime broker in respect of derivative and cash positions. The prime broker has a soft dollar arrangement with the investment manager.

A portion of the capital is held with respective prime brokers and accurately reflects the economic loss that the hedge fund is exposed to if the counterparty defaults on its obligations. It is calculated as any initial or variation margin posted to, and held by, a counterparty; the verifiable market value of the derivative, including any excess collateral any net exposure to a counterparty generated through a securities lending or repurchase agreement; and counterparty exposures created through the reinvestment of collateral.

COUNTERPARTY EXPOSURE (end of period)

Absa Bank Limited: 10.92%
Society Generale: 6.58%

EXPOSURE, LEVERAGE AND COUNTERPARTY INFORMATION (QUARTER END)

Total exposure calculation method: Value at Risk
Total exposure level (permitted): 20% of net asset value
Total exposure level (end of period): 13.396%
Total exposure level (highest during period): 16.223%
Leverage use: The use of leverage in the portfolio will be limited by means of a Value at Risk (VaR) limit of 20% of NAV, measured at 99% confidence level of a month period (21 days).

LEVERAGE

The portfolio achieve leverage through the use of derivatives and short selling of physical stock

METHODOLOGY FOR CONDUCTING STRESS TESTING

Daily stress testing is conducted by varying input parameters for pricing purposes. These calculations are performed on the latest portfolio. Hypothetical market environments are simulated where asset prices exhibit extreme moves. The results are imported into a proprietary data warehouse from where reports are monitored by our risk management team independently of the investment team. The results are then communicated to the investment team, executive management and compliance. The methodology for conducting stress-testing is to changes the underlying price or yield of every security in the portfolio and re-values each one from first principles, according to the size of the user-defined stress.

RE-HYPOTHECATION OF ASSETS

Re-hypothecation of assets:

The practice by prime brokers of using, for their own purpose, assets that have been posted as collateral by the investment manager is restricted. The prime brokers do not re-hypothecate or take part in any form of re-pledging of securities forming any part of the collateral.

CHANGES TO LIQUIDITY RISK PROFILE

The liquidity risk profile remains unchanged and redemption requirements have been met within the prescribed time frame.

CONTACT DETAILS

CIS MANAGER

The portfolio is owned by Novare CIS (RF) (Pty) Limited (Novare CIS) with Registration No. 2013/191159/07. 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).
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Postal Address: PO Box 4742, Tygervalley, 7736, South Africa
E-mail Address: clientservice@novare.com
Website: www.novarecis.com
Contact details: 0800 668 273 (0800 Novare)
Directors: Mr DA Roper, Mr JS du Preez, Mr GL Carter, Mr A du Toit, Ms N Smith.

TRUSTEE/CUSTODIAN/DEPOSITORY

The appointed trustee is First Rand Bank Limited with registration No. 1929/001225/06. The trustee/custodian is registered as a trustee of collective investment schemes, in terms of the Collective Investment Schemes Control Act.
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
E-mail Address: Trusteeservices@rmb.co.za
Website Address: www.rmb.co.za
Contact Details: +27 11 282 8000

INVESTMENT MANAGER

SouthernCross Capital (Pty) Ltd, with registration No. 2016/379848/07 incorporated under the laws of South Africa, is the appointed investment manager. The investment manager is an authorised Financial Services Provider (FSP) with FSP number 48121, as 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.
Physical Address: 3rd Floor, La Concorde Building, Main Road, Paarl, South Africa, 7646
Postal Address: 3rd Floor, La Concorde Building, Main Road, Paarl, South Africa, 7646
E-mail Address: info@southernccrosscapital.co.za
Website Address: www.southernccrosscapital.co.za
Contact Details: +27 21 879 1158
Directors: Mr WH Landman, Mr JD Potgieter, Mr NJ Landman, Mr C Janse van Rensburg

PRIME BROKER

The appointed prime broker is Absa bank Limited with registration number 1986/004794/06
Physical Address: 15 Alice Lane Sandown Sandton 2196
Postal Address: 15 Alice Lane Sandown Sandton 2196
E-mail Address: PrimeServices@absacapital.com
Website Address: <http://cib.absa.co.za/>
Contact Details: +27 11 895 5189

FUND ADMINISTRATOR

Apex Fund Services South Africa Limited (formerly Maitland Group South Africa Limited)
Physical Address: Apex House, River Park, Gloucester Road, Mowbray, 7700, Cape Town, South Africa
Postal Address: PO Box 3149, Cape Town, 8000, South Africa
E-mail Address: kams@maitlandgroup.co.za
Website Address: <https://www.apexgroup.com>
Contact Details: +27 21 681 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
Postal Address: P.O. Box 5700, Tyger Valley, 7536
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