

AW CAPITAL NCIS MARKET NEUTRAL RETAIL HEDGE FUND

Minimum disclosure document
31 May 2020

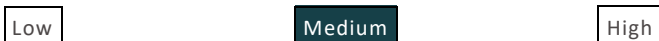
NOVARE[®]
CIS

Issued: 12 June 2020

PORTFOLIO STRATEGY

The AW Capital NCIS Market Neutral Retail Hedge Fund (“the portfolio”) is a long/short equity hedge fund which targets positive returns on capital invested irrespective of market direction. The portfolio is primarily focused on achieving capital preservation, through implementation of investment strategies in the South African equity market, which will make use of alternative investment techniques, to minimise exposure to the direction of the South African All Share Index. The portfolio has a strong focus on long term capital appreciation, targeting an absolute return in excess of cash. The portfolio aims to provide returns with lower volatility and lower drawdowns than the South African equity market. A hurdle of STeFI will be applicable to this portfolio. Positions can be entered on both a relative and directional basis. The strategy combines several disciplines, which include top-down macro factors, fundamental analysis and technical analysis. The directional bias often depends on the view on the market, and the risks and rewards, at that time. The portfolio aims to be aggressive and agile when trading the portfolio, which leads to high portfolio turnover. Risk management is critical to the performance of the portfolio, and the risk/return of the positions and portfolio are constantly monitored. The portfolio may also invest in participatory interests or any other form of participation in portfolios of collective investment schemes. The portfolio may from time to time, invest in, or enter into, listed and unlisted financial instruments (derivatives). The portfolio may make foreign investments. 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. The portfolio is mandated to have between -50% and 50% net equity exposure. There are no additional mandate investment limitations.

RISK PROFILE



EFFECTIVE EXPOSURE *

Gross Exposure	145.9%
Net Exposure	22.0%

*The gross exposure is the absolute value of the portfolio's long and short positions. The net exposure is the percentage difference between the portfolio's long and short positions

COUNTERPARTY EXPOSURE **

Peregrine Equities (Pty) Ltd	2.2%
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** Counterparty risk is the risk that the other party to a transaction may not be able to perform their obligations.

Transaction cut-off time 17:00 10th business day before month end

Benchmark CPI + 4%

ASSET ALLOCATION

Asset allocation on a non-look through basis



PORTFOLIO FACTS

Hurdle	Short Term Fixed Interest Composite Index (STeFI)
Inception Date (unregulated fund)	1 August 2016
Launched as CIS Trust arrangement	1 August 2016
Portfolio size	R53 503 158
Participatory interest	11 011.62
Portfolio strategy	Equity long/short Market Neutral strategy
Portfolio manager	Shane Watkins
Domicile	South Africa
Currency	Rand
Fee class	Class B2, distributing
Price per unit	12 979.28 cents
Annual service fee	1.0% p.a. (excluding VAT)
Initial fee/Exit fee	0.00%
Portfolio classification	Equity Long Short Retail Hedge Fund
Minimum investment	R50 000 lump sum
Minimum Monthly investment	R1 000 lump sum
Performance fee	20% (excluding VAT) on outperformance of the benchmark
Income distribution dates	Bi-Annual, 01 January to 30 June and 1 July to 31 December
Distributions over the last 12 months	161.76 cents per participatory interest as at 31 December 2019 145.11 cents per participatory interest as at 30 June 2019
Highest Exposure over the last 3 months	Highest – +181.40%
Valuation time and date	17:00 on the last day of the month
Pricing frequency	Monthly



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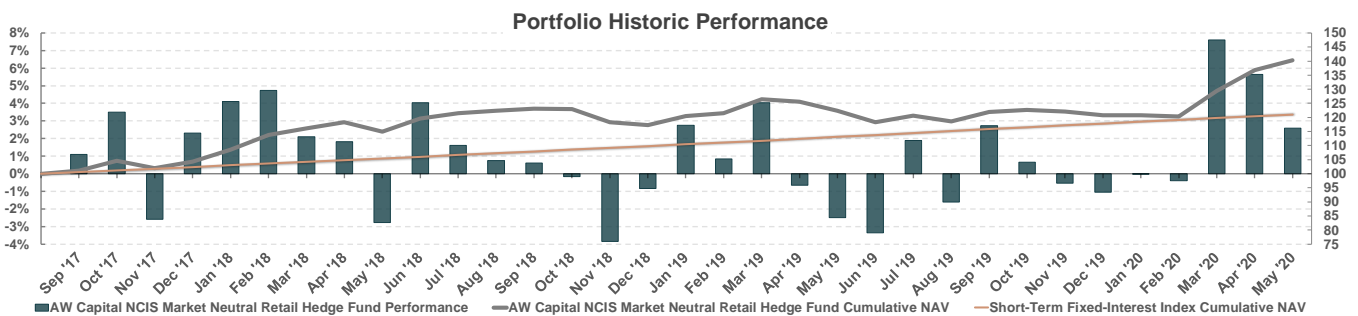
PERFORMANCE INFORMATION

Returns to 31 May 2020	AW Capital NCIS Market Neutral Retail Hedge Fund	Short-Term Fixed-Interest Index	JSE All Share Index
12 Month	14.57%	6.99%	-5.96%
YTD	16.17%	2.70%	-10.12%
Since Inception Annualised	13.10%	7.18%	-0.69%
Since Inception Cumulative	40.28%	21.02%	-1.89%

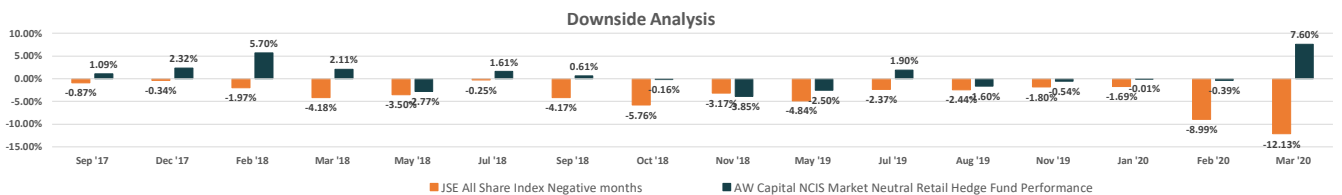
Portfolio Details	AW Capital NCIS Market Neutral Retail Hedge Fund	Short-Term Fixed-Interest Index	JSE All Share Index
Volatility	9.3%	0.1%	16.7%
Sharpe Ratio*	0.7	0.0	-0.4
Sortino Ratio**	1.8	0.0	-1.0
% Positive Months	60.6%	100.0%	51.5%
Max Monthly Drawdown	-3.9%	-	-12.1%

* Sharpe Ratio is a measure for calculating risk-adjusted return. It is the average return in excess of the risk-free rate per unit of total risk

**Sortino Ratio differentiates harmful volatility from total overall volatility by using the asset's standard deviation of negative asset returns, called downside deviation.



Net Monthly Performance Since Inception	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2017									1.09%	3.49%	-2.59%	2.32%	
2018	4.11%	4.74%	2.11%	1.82%	-2.77%	4.03%	1.61%	0.75%	0.61%	-0.16%	-3.85%	-0.83%	12.45%
2019	2.76%	0.84%	4.03%	-0.66%	-2.50%	-3.35%	1.90%	-1.60%	2.72%	0.66%	-0.54%	-1.04%	2.99%
2020	-0.01%	-0.39%	7.60%	5.65%	2.59%								13.24%



The graph above reflects the actual cumulative percentage performance of the portfolio and notional performance of the benchmark, based on a lump sum contribution on the launch date of the portfolio. Performance is shown net of all portfolio charges and expenses and includes the reinvestment of distributions.

Performance from 1 August 2016 to 30 August 2017 is shaded in grey in the above table, as this fund was run by a different Investment Manager in that period. Performance shown is net of all fees, including management, performance and administration fees.

Total Expense Ratio (TER) and Transaction Costs (TC)

The TER is a calculation of the charges, levies and fees incurred in the management of this fund as a percentage of the average NAV (net asset value). 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. The TER does not include Transaction Costs, which are shown separately. Transaction Costs are a necessary cost in administering the fund and impacts fund 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 – FSCA requirement:

One year, as at financial year-end, as per Board Notice 92 of 2014

Period (annualised)	01 June 2017	to	31 July 2018
Distributing	Total Expense Ratio (TER)	Transaction Costs (TC)	Total Investment Charges (TER + TC)
	1.52%*	0.87%*	2.38%*
	of the value of the fund was incurred as expenses relating to the administration of the fund.	of the value of the fund was incurred as costs relating to the buying and selling of the assets underlying the fund.	of the value of the fund was incurred as costs relating to the investments of the fund.

*The AW Capital NCIS Market Neutral Retail Hedge Fund has not been managed for longer than 12 months and as such the above ratios are not a true reflection of the fund's TERs, but are a best estimate of the figures

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General Hedge Fund

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. For a detailed description of these risks, please refer to the HEDGE FUND RISK DISCLOSURE DOCUMENT, available on the website www.allweather.co.za.

Borrowing Hedge Funds

A retail investor hedge fund can borrow up to 10 percent of the value of the portfolio, for redemptions of participatory interests.

Commodities

For hedge funds that include commodity securities, the extent of exposure to physical delivery is 0%.

Prices

The latest prices and TER are published monthly and are made available on our website www.allweather.co.za.

Performance fees

The portfolio levies a performance fee of 20% of the amount by which it outperforms the hurdle rate [StEfi]. The performance fee is payable quarterly and calculated over the quarter. The High-Water Mark principle is applied in the performance fee calculation. The PERFORMANCE FEE FAQ DOCUMENT is available on request from us or is available on the website www.allweather.co.za.

Performance returns

Recurring investment 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 fee class B2. 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.

Valuations and transaction cut-off times

The portfolio is valued monthly on T+3 after the last day of the month. The Pricing Date is the last day of the month. Redemption instruction must be received at least 30 days prior to the pricing date, failing which, the next pricing date will apply. No instruction will be processed unless all requirements have been met and supporting documentation has been provided.

Structure of the portfolio

The portfolio was established as a collective investment scheme trust arrangement on 27th of June 2016, with the conversion process being completed on 1st of August 2016. All prior information was in an unregulated environment.

Additional information

For additional information on the portfolio, refer to the following documents, available on our website www.allweather.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

Hedge funds use complex hedging strategies that include the use of leverage to increase the exposure of the portfolio beyond the capital that is employed to an investment. Leveraging includes the use of derivatives. Derivatives derive their value from the value of an underlying asset. In order to use this strategy Hedge Funds enter into agreements with Prime Brokers, which allows the fund to make use of the leverage. All Weather has an agreement with Legae Persec (Pty) Ltd, who are the portfolio's Prime Broker.

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.

Encumbered or re-hypothecated

Re-hypothecation refers to the practice whereby the prime broker uses the securities of the portfolio as collateral for the prime broker's own purposes. The prime broker mandate in place does not permit the re-hypothecation of assets.

Methodology of stress testing

The methodology for stress testing is based on a regulatory requirement to test the impact on the performance of the portfolio under outlier events based on historical correlations. Stress testing is conducted by Novare CIS, who has the capabilities to stress test portfolio information through their risk management system. Various stressed environments have been created and their impact assessed on the Portfolio.

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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).

Physical Address: 3rd Floor, The Cliffs, Office Block 1, Niagara Way, Carl Cronje Drive, Bellville, 7530

Postal Address: PO Box 4742, Tyger Valley, 7736, South Africa

E-mail Address: clientservice@novare.com

Website: www.novare.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: 011 282 8000

Investment Manager

All Weather Capital (Pty) Ltd, with registration No. 2007/008520/07 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 36722, 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: 6A Sandown Valley Crescent, Sandton, 2196

Postal Address: 6A Sandown Valley Crescent, Sandton, 2196

E-mail Address: info@allweather.co.za

Website Address: www.allweather.co.za

Contact Details: +27 11 722 7382

Directors: J Oliphant, S Watkins, F Makwetla and T Naidu

Prime broker

Registered name: Legae Peresec (Pty) Ltd

Registration number: 1999/010976/07

Physical Address: 6A Sandown Valley Crescent, Sandton, 2196

Postal Address: 6A Sandown Valley Crescent, Sandton, 2196

E-mail Address: pb@legaeperesec.co.za

Website Address: <https://direct.peregrine.co.za/>

Contact Details: 011 722 7552

Fund administrator

Maitland Hedge Fund Services Proprietary Limited with registration No. 2013/008687/07 is the appointed administrator of the portfolio.

Physical Address: Maitland House 1, River Park, Gloucester Road, Mowbray, 7700, South Africa

Postal Address: PO Box 3149, Cape Town, 8000, South Africa

E-mail Address: ClientServicesHF@maitlandgroup.co.za

Website Address: www.maitlandgroup.com

Contact Details: 021 681 8000

Auditor

PKF Cape Town, a member of PKF South Africa Inc.

Physical Address: Tyger Forum A, 2nd Floor, 53 Willie van Schoor Avenue, Tyger Valley, Cape Town, South Africa

Postal Address: PO Box 5700, Tyger Valley, 7536

E-mail address: inge.potgieter@pkf.co.za

Website address: www.pkf.co.za/capetown

Contact details: +27 21 914 8880

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