Matrix Novare Balanced Fund

Minimum Disclosure Document and Quarterly Investor Report – 30 September 2020

Investment Objective

The Fund's investment objective is to deliver capital growth, with limited risk of capital loss, over the long-term. It aims to outperform its benchmark, the SA CPI + 5% over rolling 3 year periods.

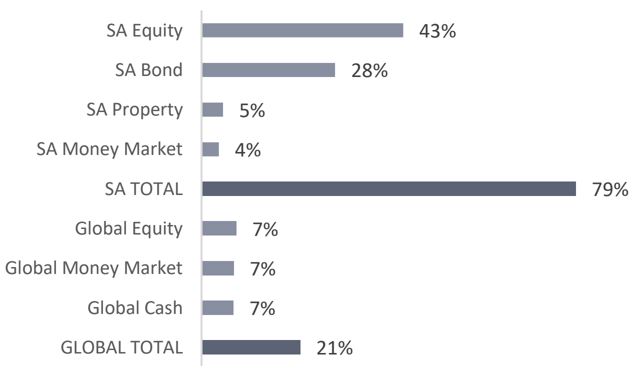
Investment Process

To achieve the investment objective, the Fund's portfolio will invest in a combination of equities, fixed income, property and cash, in both domestic and international markets. A macro orientated active asset allocation process is combined with the relevant asset class's investment process, with the latter being fundamental of nature.

Fund Profile

The Fund is a multi-asset high equity collective investment scheme, with a broad mandate to invest across the asset classes. The Fund may be invested with up to 75% exposure to equity markets and will generally have a high equity exposure. The Fund may allocate up to 30% to international market exposure, with a further 10% to Africa (ex South Africa) and will comply with the Regulation 28 limits governing retirement funds.

Asset Allocations



Returns[1]	Fund %	CPI+5[2]%	SWIX[2] %	ALBI[2]%
3 Month	-1.8	2.5	-0.3	0.9
Year to Date	-2.1	6.4	-6.6	3.6
Latest 1 Year	0.2	8.2	-2.2	5.3
Since Inception	1.9	9.4	-3.2	6.1

Risk Measures (since inception)	Fund	SWIX	ALBI
Sharpe Ratio[3]	-0.3	-0.5	-0.1
Standard Deviation p.a (%)	12.2	18.1	9.3
Sortino Ratio[4]	-1.6	-2.5	-0.3
Correlation	1.0	0.9	0.5
Positive Months (%)	58.1	51.6	61.3

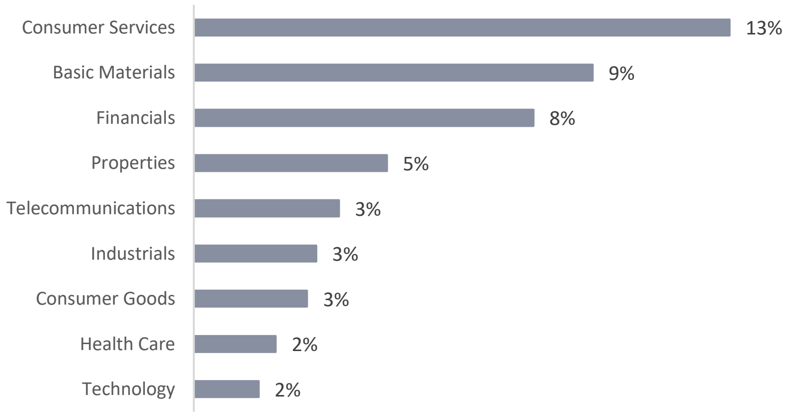
Investor Profile

The Fund is suitable for investors seeking capital growth, with limited risk of capital loss over the long term. It is suitable for investors with an investment horizon of at least 3 years. It could be utilised as a stand-alone diversified fund for retirement savings or as part of a portfolio of multi-asset funds.

Risk Profile

Fund Information:	Class A2
ASISA Fund Classification	South African – Multi Asset – High Equity
Benchmark[5]	SA CPI + 5%
Fund Size	R30.9 million
Regulation 28 Compliant	Yes
Fund Launch Date	1 March 2018
Class Launch Date	1 March 2018
ISIN Number	ZAE000253027
Minimum Lump Sum Investment	R5 000
Minimum Debit Order investment	R500 pm
Participatory Interests (Units) in Issue	3 197 846
Net Quarterly Units Subscriptions/(Redemptions)	142 802
NAV per Participatory Interest (cents)	965.29
Income Declaration Dates	June, December
Previous Distributions (cents per unit)	Jun 2020: 15.68 Dec 2019: 21.38
Daily Pricing Information	www.morningstar.co.za
Annual Management Fee	0.8% per annum (excl. VAT)
Total Investment Charge (incl. VAT)[6]	As at 30 June 2020
Management Fees	0.92%
Other Costs	0.32%
Total Expense Ratio (TER)	1.24%
Transaction Costs	0.41%
Total Investment Charge (TIC)	1.65%

SA Equity Sector Allocation



Top 10 SA Equity Holdings (%)

Naspers Limited	7.8
GrowthPoint Property Limited	2.8
British American Tobacco plc	2.7
Firstrand Limited	2.5
Anglogold Ashanti Limited	2.5
MTN Group Limited	2.0
Anglo American plc	2.0
Standard Bank of SA Limited	1.8
Bidvest Group Limited	1.7
The Foschini Group Limited	1.6

Manager Commentary: September 2020

We highlight that the Management Company is currently undertaking an investor ballot seeking approval for the fund's migration to the Sanlam Collective Investments CIS scheme with effect from 2 November 2020. For further information please contact the Management Company or the Investment Manager.

Market participants have broadened their focus beyond Covid and vaccine developments to include the absence of a second fiscal package in the US and escalating uncertainty around the US election. In addition, various countries are facing a resurgence of Covid-19 infections and the threat of renewed lockdowns, despite the substantially lower fatality rate. This comes at a time when the rebound is starting to lose some steam, but without obvious signs of imminent further monetary policy easing.

The primary uncertainty for financial markets is the upcoming US elections. Not only is Biden being favoured as the next POTUS, based on various polls and predictions, but also the most likely outcome is that he wins with a "blue wave" - i.e. that the Democrats take control of the Senate alongside the House of Representatives. Generally, US markets have been jittery on the prospect of a "blue wave" given prospects of tax hikes to fund higher spending and re-regulation. Yet one could argue that a US government that is aligned will be more effective in getting things done (relatively speaking), while redistribution could potentially lead to more equal and sustainable growth.

From an EM (and by derivation an SA perspective), a Biden/Democratic victory would be good news given stronger fiscal stimulus (but with the attendant financial repression to keep the debt burden manageable), reduced hostility towards China (potentially), and a slower pace of de-globalisation. While this would be a net positive in the medium term, the dynamics around the election process itself is a concern for risky assets.

For SA investors, the immediate focus is on the fiscal position and the upcoming Medium Term Budget Policy Statement (MTBPS). The reopening of the economy has resulted in a steady, albeit slow, recovery in tax receipts. Yet a lot of damage has been done, with the budget deficit still set to be more than double that of the previous fiscal year. Stats SA reported 2.2m job losses in 2Q20, which aligns with the results from various private sector and academic surveys. Over and above the hole in government's income statement due to government policy, the MTBPS will have to focus on spending priorities. Wage bill reform and the sustainability of State Owned Entities are the main priorities and will require tough trade-offs. As it stands, SAA is set to get R10.4bn at some point, but the requirement that this is in a fiscally neutral manner means that budgets must be cut elsewhere.

Beyond the numbers, some developments have been positive. Renewables, municipal power procurement, and self-generation are being prioritised to deal with the electricity constraints over the next three years, while hopes have resurfaced that the spectrum auction might be concluded in the current fiscal year. Moreover, following on from revelations at the Zondo Commission, there have been high-profile arrests related to various corruption cases.

Market developments

Cash (0.4%) was king in September, as all the major South African asset classes ended the month in the red. Property (-3.0%) fared the worst, followed by equities (-1.6%), inflation-linked bonds (-1.5%), and fixed-rate bonds (-0.1%). For the quarter ending September, fixed-rate bonds (1.5%) beat inflation-linked bonds (1.2%) and cash (1.2%), while equities (0.7%) and property (-14.1%) fell short.

While the US dollar depreciated by 3.6% during 3Q20 amid falling real yields and the Fed's adoption of average inflation targeting (AIT), the greenback rallied 1.8% in September as risk aversion increased. The rand gained 4.2% against the dollar in Q3, bucking the weakening trend of its EM peer group. USD/ZAR traded in a 16.20/17.70 range during Q3, ending the quarter marginally undervalued at 16.70 versus our fair-value range of 16.00 – 16.50.

US TIPS yields have been fairly steady around -1.0% since the end of July, while the 10-year nominal yield has been trading in a 50bp/80bp range. Upside inflation surprises and AIT were not enough to sustain the widening in breakeven inflation. EM local market yields have been trading sideways of late, with country-specific factors leading to some deviations. SA's 10-year yield traded around 9.30% during Q3, but ended the quarter around 30bp higher, leaving the market tactically cheap versus low inflation and the peer group.

The slowing pace of the economic rebound alongside the lack of a fiscal package in the US weighed on global equities during September. Yet the 3.8% and 5.1% declines in the S&P500 and Nasdaq, respectively, were not enough to offset the July to August gains, leaving the markets 8.9% and 11.2% higher for the quarter. The MSCI World Index lost 3.5% in September, but gained 7.9% during the quarter. In both instances, EM outperformed with the MSCI EM index losing 1.6%, but gaining 9.6% over the respective periods. The MSCI South Africa Index was a relative laggard for the quarter, gaining only 3.7%, while the loss in September was a modest 0.9%. The ALSI and the SWIX both lost 1.6% in September, while the ALSI eked out a paltry 0.7% gain in Q3 the SWIX lost 0.3%. The underlying performances were wide-ranging during Q3: basic materials (6.0%), consumer services (4.7%), and telco's (3.3%) were relative outperformers, while consumer goods (-0.2%), industrials (0.3%), financials (-1.6%), technology (-6.1%), and health care (-7.2%) were the laggards. This reflects the uneven impact the lockdown and subsequent reopening has had on the various sectors of the economy.

Portfolio performance and positioning

The fund's performance (-1.6%) in 3Q20 was driven largely by the decline in domestic property (-1.2% contribution), domestic equity (-0.6%), and foreign cash (-0.4%). Despite the stronger rand over the quarter, foreign equity (0.2%) was accretive to performance, alongside domestic bonds (0.3%) and domestic cash (0.1%). During the quarter, we lowered our exposure to domestic cash in favour of floating rate debt.

Fixed-rate government bond valuations are still relatively attractive, but heightened uncertainty around the fiscal outlook warrants caution ahead of the MTBPS. Even so, the sovereign risk premium provides reasonable compensation for this fiscal risk, in contrast to the compressed spreads in the credit market in the face of deteriorating credit fundamentals. In our view, equity market valuations are a better reflection of the weakened macro backdrop, yet provide greater upside as pessimism may be overdone when considering that the economy is opening up more rapidly than initially planned. We continue to favour SA equity over offshore equity given the more defensive earnings profile of the local market, the positive translation gains of the weaker rand, and the rebound in commodity prices. While the rand is no longer obviously undervalued, there is scope for moderate further gains. Offshore equity, most notably the US market, is also vulnerable to US election risk related to contestation and a long delay in the final results.

Important information:

Management Company

Novare CIS (RF) Proprietary Limited (Novare CIS) (the 'management company') (Registration No.2013/191159/07) is an authorized Management Company registered according to the Collective Investment Schemes Control Act (CISCA) and regulated by the Financial Sector Conduct Authority (FSCA). Directors: Mr. DA Roper, Mr. JS du Preez, Mr. GL Carter, Mr. A du Toit, Ms. N Smith. Contact details: P.O. Box 4742, Tyger Valley, 7736, South Africa. Call Centre: 0800 668 273 (0800 Novare). Email: clientservice@novare.co.za. Website: www.novare.com

Investment Manager

Matrix Fund Managers Proprietary Limited (the 'investment manager') (Registration No: 2007/028504/07) is an authorised financial services provider under the Financial Advisory and Intermediary Services Act - FSP No: 44663. Directors: Mr. R Briesies, Mr. RA Coombe, Ms. R Dean, Mr. NR Naidoo, Mr. LW Pretorius. Contact details: Postnet Suite 80, Private Bag X1005, Claremont, 7735, South Africa. Telephone: +27 21 673 7800, Email: info@matrixfm.co.za and Website: www.matrixfundmanagers.co.za Matrix Fund Managers is supervised by the FSCA and is a member of the Association for Savings and Investment South Africa (ASISA).

Complaints and Conflicts of Interest

The complaints policy and procedure, as well as the conflicts of interest management policy, are available on the management company's website. Associates of the management company may be invested within certain portfolios, and the details thereof are available from the management company.

Trustee/Custodian/Depository

FirstRand Bank Limited. Registration number: 1929/001225/06. 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.Telephone number: 011 282 8000. E-Mail address: Trusteeservices@rmb.co.za. Website: www.rmb.co.za. The trustee/custodian is registered as a trustee of collective investment schemes, in terms of the Collective Investment Schemes Control Act.

Fund Administration

Maitland Group South Africa Limited. Registration number: 1981/009543/06. Physical address: Maitland House 1, River Park, Gloucester Road, Mowbray, 7700. Tel. number: 021 681 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. Contact details: +27 21 914 8880.

Co-Naming Agreement

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.

Performance

Collective Investment Schemes in Securities (CIS) are generally medium to long-term investments. The value of units may go down as well as up and past performance is not necessarily a guide to future performance. The Management Company does not provide any guarantee in respect of the capital or the performance of the Fund. Performance figures are provided for illustrative purposes and are for lump sum investments with income distributions reinvested. Actual investor performance may differ as a result of the investment dates, reinvestment dates, dividend withholding tax and other factors.

Fund Mandate

The Fund may be closed to new investors at any time in order for it to be managed more efficiently in accordance with its mandate. CIS's are traded at ruling prices, the CIS may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity.

Unit Prices

Unit prices are calculated on a net asset value basis, which is the total market value of all assets in the Fund including any income accruals and less any permissible deductions from the Fund divided by the number of participatory interests (units) in issue. Forward pricing is used and fund valuations take place at approximately 15:00 each business day. Purchase and redemption requests must be received by the Management Company by 14:00 each business day to receive that day's price. Unit trust prices are available daily on www.morningstar.co.za

Fees

Permissible deductions include manager fees, brokerage and other market related costs, Securities Transfer Tax (STT), auditor's fees, bank charges and trustee fees. A schedule of fees, charges and maximum commissions is available on request from the Management Company.

Total Expense Ratio (TER) and Total Investment Charge (TIC)

The TER is the annualised percentage of the Fund's average assets under management that has been used to pay the Fund's actual expenses over the past 3 years (or shorter periods, where applicable). The TER includes the annual management fees that have been charged (both the base fee and any performance related fee), VAT and other expenses. The TER does not include transaction costs. As expenses vary, the current TER cannot be used as an indication of future TER's. A high TER ratio does not necessarily imply a poor return nor does a low TER imply a good return. Instead, when investing, the investment objective of the Fund should be consistent with the investor's objective and compared against the performance of the Fund. The TER should then be used to compare whether the Fund's performance offers value for money. Transaction Costs (including brokerage, STT, STRATE and FSCA Investor Protection Levies and VAT thereon) are shown separately. Transaction Costs are a necessary cost in administering the Fund and impact Fund returns. They 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. The sum of the TER and Transaction Costs is shown as the Total Investment Charge.

Additional Information

Additional information such as daily fund prices, brochures, application forms, a schedule of fund fees and the annual report is available on our website, www.matrixfundmanagers.com or by contacting us.

Footnotes:

1. Based on the completed monthly data, all returns for periods greater than 12 months are annualized.
2. Consumer Price Index (CPI), JSE Composite All Bond Index (ALBI) & FTSE/JSE SWIX All Share (J403T) Index (Source: JSE).
3. The Sharpe ratio is the average return earned in excess of the cash rate per unit of volatility or total risk.
4. The Sortino ratio is a variation of the Sharpe ratio that differentiates harmful volatility from total overall volatility by using the assets standard deviation of negative asset returns, called downside deviation.
5. The Consumer Price Index (CPI) is a measure of monthly prices for a range of consumer products and services. The year-on-year percentage change in the CPI is recorded as the rate of inflation. The Headline CPI, as calculated by Stats SA, is used for the benchmark calculation and it is released with a one-month lag.
6. The TIC is for the period 1 March 2018 up until 30 June 2020. For more information refer to Important Information above.