

Novare Stable Fund - A1

Minimum Disclosure Document

As at 31 December 2018

INVESTMENT OBJECTIVE

The portfolio aims to provide investors with a high level of income and stable capital growth by investing in a broad spectrum of South African and offshore securities.

INVESTMENT POLICY

A collective investment scheme ("CIS") can be described as an investment vehicle that allows investors to pool their money into a portfolio, sharing in the risk and return of the portfolio in proportion to their participatory interest in the portfolio. The portfolio will be managed in compliance with prudential investment guidelines for retirement funds in South Africa, to the extent allowed for by the Act. The portfolio's equity exposure will be limited to a maximum of 40%. In order to achieve its objective, the portfolio will invest in a broad spectrum of South African and offshore securities. The investments to be included in the portfolio may comprise a combination of securities, such as assets in liquid form, interest bearing instruments, bonds, debentures, corporate debt, equity securities, property securities, preference shares, convertible equities, non-equity securities, and money market instruments. The manager may invest in participatory interests or any other form of participation in portfolios of collective investment schemes or other similar collective investment schemes. The portfolio may, from time to time, invest in listed and unlisted financial instruments. The portfolio may also include forward currency, interest rate, and exchange rate swap transactions, for efficient portfolio management purposes. The portfolio will comply with all prudential requirements and regulations controlling retirement funds, or such other applicable legislation, as may be determined for retirement funds. There are no additional mandate stipulations.

INVESTMENT STRATEGY

The investment strategy follows a bottom-up approach that focuses on both qualitative and quantitative measures in the manager research process to ensure the best possible portfolio mix to achieve the targeted return. The portfolio construction will ensure a blend that adheres to governing regulations as well as the preferred asset allocation mix for the portfolio. Tactical asset allocation actions are taken (when necessary) should potential threats or opportunities arise that can influence the portfolio's risk and return profile. Tactical asset allocation will only be implemented on the collective view of the investment committee.

TRANSACTIONS AND VALUATIONS

Redemption frequency: Daily
Redemption notice period: 14h00 each business day
Portfolio valuation: 15h00 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 the same 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.

FEES

Fee class	A1
This fee class is only available via independent service providers. Please contact Novare CIS for further details.	
Total investment charge of the fee class, annualised, for a rolling 1 year period from 09 August 2017 to 30 June 2018	
Annual service charge	1.25%
Underlying fund charge	0.55%
Performance Fee	0.00%
VAT	0.36%
Other charges	0.08%
Total expense ratio (TER) incl. VAT	2.24%
Transaction costs (TC) incl. VAT	0.15%
Total investment charges (TER + TC)	2.39%

Annual service charge The current annual management fee is 1.25% p.a. (excl. VAT).

Performance fee Performance fees are not levied on the portfolio.

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.

	Conservative	Moderate	Aggressive
ABOUT THE PORTFOLIO			
Portfolio classification	South African - Multi-Asset - Low Equity		
Legal structure	CIS trust arrangement		
Scheme name	Novare Collective Investments Scheme in Securities		
Portfolio inception date	01 August 2017		
Fee class inception date	27 October 2017		
Risk profile	This portfolio is managed within what are regarded to be conservative investment parameters. The return objective of this portfolio is to achieve steady capital growth over the moderate to long-term combined with a reasonable level of income.		
Investment horizon	Suitable for investors with a long-term investment horizon.		
Benchmark	CPI+ 3% net of fees		
Portfolio size		R	464 876 432.78
NAV cents per participatory interest			965.52
Number of participatory interests			8 159 101.65
Minimum monthly investment		R	500
Minimum lump sum		R	5 000
Income declaration			Bi-annual (June - December)
Accounting period dates			01 July - 31 December, 01 January - 30 June

LIQUIDITY PROFILE

The portfolio is managed and constructed in a manner that makes provision for daily liquidity. The ability of the portfolio to repurchase is dependent upon the liquidity of the securities and cash of the portfolio. A manager may suspend repurchases for a period, subject to regulatory approval, to await liquidity. Investors will be notified of any such arrangements.

INCOME DISTRIBUTION IN THE PAST 12 MONTHS

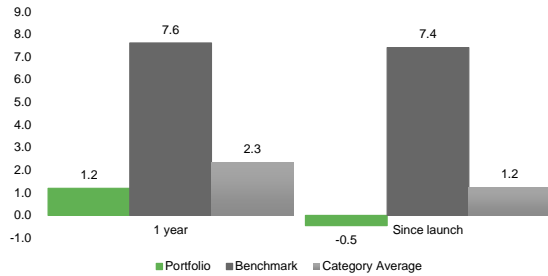
Date of distribution	Date of payment	Amount (cents per participatory interest)
31 December 2018	02 January 2019	17.79
30 June 2018	03 July 2018	12.81

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

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.

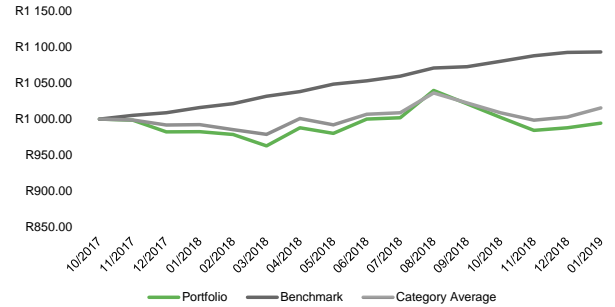
PERFORMANCE (%)

Annualised performance (%)



Source of performance returns: eVestment as at 31 January 2019

GROWTH OF R1000 LUMP SUM



PERFORMANCE BREAKDOWN

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2019	0.65%												0.65%
2018	0.04%	-0.39%	-1.63%	2.61%	-0.78%	2.02%	0.20%	3.79%	-1.80%	-1.84%	-1.79%	0.35%	0.58%
2017											-0.14%	-1.65%	

Highest calendar annual performance since launch 0.6% (2018)

Lowest calendar annual performance since launch 0.6% (2018)

ASSET ALLOCATION (INCLUDING DERIVATIVE EFFECT)

	Local	Offshore	Total
Bonds	38.16%	8.38%	46.54%
Cash	4.18%	2.51%	6.69%
Commodities	0.00%	0.00%	0.00%
Equities	25.25%	16.28%	41.53%
Money market	0.00%	0.00%	0.00%
Property	4.96%	0.24%	5.20%
Participatory interests (unclassified)	0.00%	0.00%	0.00%
Other	0.00%	0.04%	0.04%

RISK STATISTICS

Alpha	-7.87%
Beta	0.01
Sharpe ratio	-1.29%
Standard deviation (%)	5.99%
Maximum drawdown	-5.34%
Sortino ratio	-1.55%
Information ratio	-1.33%
Tracking error (as at 11/2017 - 01/2019)	0.06

Source of risk statistics

eVestment as at 31 January 2019

UNDERLYING TOP 5 EFFECTIVE EXPOSURES

NOVARE GLOBAL BALANCED FUND
NOVARE FLEXIBLE OPPORTUNITIES FUND
NOVARE INCOME FUND
NOVARE EQUITY FUND
MATRIX NOVARE EQUITY FUND

FUND COMMENTARY

Domestic

Local equities ended the month in positive territory amid markets oscillating between gains and losses. Investors had to navigate a host of developments such as global growth concerns and consequences regarding monetary, trade and political policy. The FTSE/JSE All Share Index rose in line with the optimistic global sentiment and returned 2.8% for the month. On a sector basis, the Resource 20 Index was up 2.7% for the month while the Industrial 25 Index gained 0.9%. The Financial 15 Index presented a notable return and was up 6.7% during the same period. After a significant underperformance in 2018, the SA listed Property Index started off the year on the right note, returning an impressive 9.1%.

The rand claimed the spot of the best-performing emerging market currency for the month of January. The currency appreciated 7.7% against the US dollar, 7.8% against the euro and 5.2% against the pound. The rand benefited from the favourable risk-on backdrop which was further boosted by the US Federal Reserve's more dovish stance. In terms of fixed income, vanilla bonds gave a positive performance as reflected in the All Bond Index which rose 2.9%. Inflation-linked bonds followed the same pattern as seen in December, with yields falling about 10 to 15 basis points across the yield curve. This came amid investor's inflation expectations declining.

As was widely expected, the South African Reserve Bank kept the repo rate unchanged at 6.75%. The central bank's inflation expectations have improved significantly with headline inflation for the 2019 year now estimated to average at 4.8% in 2019 (this is down from 5.5% previously). The inflation forecasts are based on the interest rate path that is generated by the central bank's internal projections model. The model now forecasts only one interest rate increase of 25 basis points, to reach 7% by the end of 2021. This is a decrease from the previous estimate of three rate hikes of 25 basis points each by end of 2020.

International

Global equities achieved an impressive performance for the month, with the MSCI Global Equity Index returning 7.8%. On Wall Street, the S&P 500 was up 7.8%, while the tech-heavy Nasdaq returned 9.7%. European markets joined in the rally with the FTSE 100 up 3.6%. The risk-on sentiment was also reflected in the performance of the MSCI Emerging Market Equity Index, which returned 8.7% for the month. A combination of solid earnings, a dovish U.S. Fed and news that the US-China trade talks were progressing well, boosted investor confidence. However, contradicting accounts on the progress of the negotiations kept markets see-sawing.

The announcement by the US Fed wherein it stated it will be halting further interest rate hikes and pause the reduction of its balance sheet contributed to the decline in global bond yields. This translated to higher global bond prices as reflected in the 1.5% increase in the Barclays Global Aggregate Bond index for the month. The European Central Bank also communicated a more cautious stance and announced that it will keep interest rates on hold.

Brent crude was 12.2% firmer for the month as OPEC-led supply cuts and US sanctions against Venezuela supported prices. Both gold and platinum returned 3.0% for the month.

Growth concerns were further validated by economic data such as the weak fourth-quarter GDP growth figures out of the eurozone that showed that Italy had fallen into a recession. In China, the pace of GDP growth slowed in 2018 but it still exceeds the target (of around 6.5%) set by the Chinese government. The better-than-expected US jobs print helped to ease some of the growth fears about the world's largest economy.

Following a parliamentary vote, Prime Minister Theresa May now has the opportunity to negotiate an alternative agreement to the Irish backstop while President Donald Trump temporarily re-opened the record-long partial closure of the US government.

DISCLOSURES

GENERAL

Collective Investment Schemes (Unit Trusts) are generally medium to long-term investments. 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. Collective investment schemes are traded at ruling prices and can engage in borrowing and scrip lending (i.e. borrowing and lending of assets). The collective investment scheme may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. The ability of the portfolio to repurchase is dependent upon the liquidity of the securities and cash of the portfolio. A manager may suspend repurchases for a period, subject to regulatory approval, to await liquidity, and the manager must keep the investors informed about these circumstances. 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 all fees and charges, inclusive of VAT and maximum commissions, is available on request from Novare or from your financial adviser. 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.

PRICES

The latest prices and TER are published Daily in the Business Times and are made available on our website www.novare.com.

PERFORMANCE RETURNS

The performance is calculated for the fee class, not the portfolio. Lump-sum performance returns are being quoted. Income distributions, prior to the 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 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.

ADDITIONAL INFORMATION

For additional information on the portfolio, refer to the following documents, available on our website www.novare.com, from your financial adviser, or on request from the Manager, free of charge.

- Application forms
- Annual report
- Fee schedule
- Performance fee FAQ (if applicable)
- Quarterly General Investor Report (if applicable)

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.

MANAGEMENT COMPANY

Novare CIS (RF) (Pty) Limited
 Registration number: 2013/191159/07
 Physical address: 3rd Floor, The Cliffs Office Block, 1 Niagara Way, Tyger Falls, Carl Cronje Drive, Bellville, 7530.
 Postal address: P.O. Box 4742, Tyger Valley, 7736, South Africa.
 Telephone number: 0800 668 273 (0800 Novare). E-Mail address: clientservice@novare.com. Website: www.novare.com
 Directors: Ms R Miles, Mr L de Wit, Mr GL Carter, Mr JF Basson

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).

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.

ADMINISTRATOR

Maitland Group South Africa Limited
 Registration number: 1981/009543/06
 Physical address: Maitland House 1, River Park, Gloucester Road, Mowbray, 7700.
 Telephone number: 021 681 8000

AUDITOR

PricewaterhouseCoopers South Africa (PWC)
 Registration number: 1998/012055/21
 Physical address: 4 Lisbon Lane, Waterfall City, Jukskei view, 2090, South Africa.
 Telephone number: 011 797 4000

INVESTMENT MANAGER

Novare Investments (Pty) Limited
 Registration number: 2000/018539/07. FSP number: 757
 Physical address: 3rd Floor, The Cliffs Office Block, 1 Niagara Way, Tyger Falls, Carl Cronje Drive, Bellville, 7530.
 Postal address: P.O. Box 4742, Tyger Valley, 7736, South Africa.
 Telephone number: 021 914 7730. E-Mail address: clientservice@novare.com. Website: www.novare.com

The investment manager is an authorised Financial Services Provider (FSP), as an investment manager and/or 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.

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