Matrix Novare Equity Fund

Minimum Disclosure Document and Quarterly Investor Report – 30 June 2020

Investment Objective

The Fund's investment objective is to deliver capital growth over the long-term. It aims to outperform its benchmark, the FTSE/JSE Shareholder Weighted Total Return Index (SWIX) over time.

Investment Process

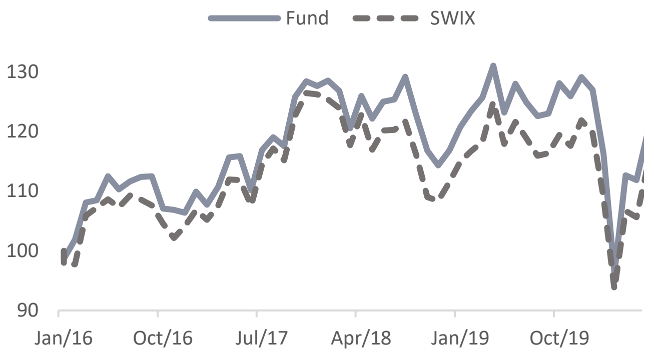
The process is primarily focused on bottom-up stock picking. The Investment Manager's core philosophy is that earnings ultimately drive share price performance over time. The process aims to achieve the Funds objective through taking active stock and sector risk relative to the benchmark (SWIX).

Fund Profile

The Fund is a general equity collective investment scheme (CIS) with a broad mandate to invest primarily in shares listed on the Johannesburg Stock Exchange (JSE). The Fund aims to be fully invested in a diversified portfolio of equity securities at all times and may invest in listed equity derivatives in compliance with regulations. The Fund does not invest in foreign securities markets.

Net Fund Performance – Class C[1]

Cumulative Growth of R100 invested at inception.



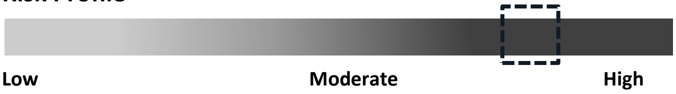
Returns[1]	Fund %	SWIX[2] %
3 Month	24.3	22.1
Year to Date	-7.3	-6.3
Latest 1 Year	-6.4	-6.1
Latest 3 Year	2.8	2.0
Since Inception	4.1	3.0
Highest Annual Return[3]	20.0	21.2
Lowest Annual Return[3]	-8.4	-11.7

Risk Measures (since inception)	Fund	SWIX[2]
Sharpe Ratio[4]	-0.2	-0.2
Standard Deviation p.a (%)	16.5	15.5
Sortino Ratio[5]	-0.7	-1.1
Correlation	1.0	1.0
Positive Months (%)	57.4	51.9

Investor Profile

This Fund is suitable for investors seeking equity exposure to provide capital growth over the long-term. Investors should expect returns to be volatile, particularly over shorter time periods. It is therefore suitable for investors with a time horizon of at least three years. This fund can be used as an equity building block in a diversified portfolio.

Risk Profile

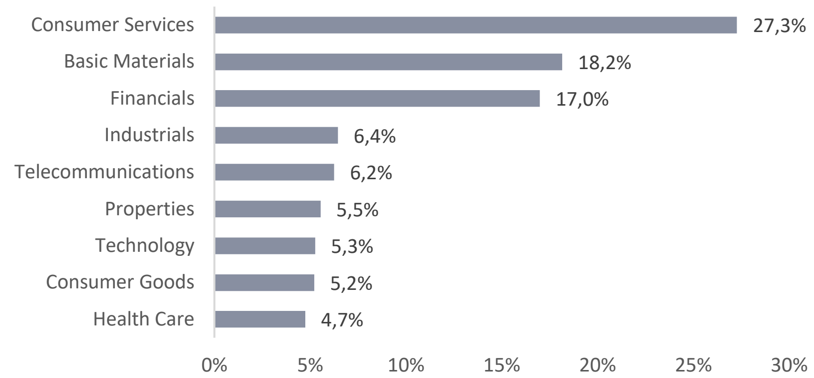


Fund Information:	Class C
ASISA Fund Classification	South African – Equity - General
Benchmark	FTSE/JSE SWIX All Share (J403T)
Fund Size	R250.2 million
Regulation 28 Compliant	No
Class Inception Date	1 August 2016
Fund Inception Date	1 January 2016
ISIN Number	ZAE000212130
Minimum Lump Sum Investment	R5 000
Minimum Debit Order investment	R500 per month
Participatory Interests (Units) in Issue	1 696 314
Net Quarterly Units Subscriptions/ (Redemptions)	0.00
NAV per Participatory Interest (cents)	1 057.92
Income Declaration Dates	June, December
Previous Distributions (cents per unit)	Jun 2020: 11.41 Dec 2019: 22.98
Daily Pricing Information	www.morningstar.co.za
Annual Management Fee	0.75% per annum (excl. VAT)
Performance Fee[6]	15% sharing ratio above the Performance Hurdle (SWIX +1%)
Maximum Manager Fee	Capped at 1.5% per annum (excl. VAT)
Total Investment Charge (incl. VAT)	As at 31 March 2020
Management Fees	0.86%
Performance Fees	0.05%
Other Fees	0.08%
Total Expense Ratio (TER)	0.99%
Transaction Costs	0.57%
Total Investment Charge (TIC)	1.56%

Matrix Novare Equity Fund

Minimum Disclosure Document and Quarterly Investor Report – 30 June 2020

Sector Allocation



Top 10 Holdings (%)

Naspers Limited	18.0
Anglogold Ashanti Limited	5.9
Prosus	5.3
British American Tobacco PLC	5.2
Firstrand Limited	4.9
Anglo American PLC	3.9
Bidvest Group Limited	3.8
Standard Bank Group	3.7
Aspen Pharmacare	3.5
MTN Group	3.2

Manager Commentary: June 2020

Risk assets have been surfing the liquidity wave brought about by QE infinity from the Fed, ECB and many other central banks. However, countries may have to deal with the risk of a "second wave" of Covid-19 infections as politicians ease the stringency measures. Until now, the US has been the prime example of a "second wave" meeting up with the broadening "first wave" of infections.

The challenge for investors is to distinguish the temporary from the permanent effects associated with the Covid-19 pandemic and the attendant policy response. To be sure, it is the governments' decisions to enter into varying degrees of lockdown that have caused the supply and demand shocks across the globe. Investors must also discern what markets are discounting as permanent and what part of the hit is temporary.

The rebound in macro data, such as US non-farm payrolls and retail activity, and the surge in economic surprise indices (again most notably for the US) indicate that much of the demand shock was temporary and due to the restrictions. However, the economic scarring could be longer lasting. Household incomes may be permanently lower, while job losses may lag the recession. In addition, behavioural change – whether due to the need for precautionary savings or reduced travel and activity as a health protection measure – could depress the pace of growth in the coming quarters.

For South Africa, the recovery will also be constrained by an uncompetitive economy due to overregulation, lack of reliable power supply, and concentrated/monopolistic network industries. Importantly, the pandemic has brought forward the long-feared fiscal cliff, which will force the government into austerity at time when the economy can least afford it. Structural reform is long overdue, but these reforms often entail short-term pain for long-term gain, which then reduces the political appetite to implement reforms.

In the short term, a resumption of capital inflows may partially mask South Africa's ills. A steady rand, anchored inflation expectations, and a wide output gap should allow for further monetary policy easing. Timing has become less certain, but as we have learnt from macro and markets, there are leads and lags. In the end, lower cash and real rates, even if gradual, reduce the hurdle for investment further along the risk frontier.

Market developments

Listed property (13.4%) took pole position in June, followed by equities (7.7%), which was the only other asset class to beat cash (0.5%). Fixed-rate bonds (-1.1%) and inflation-linked bonds (-0.8%) came under pressure from elevated fiscal risk and even higher issuance.

Following the market rout in 1Q20, equities (23.2%) rebounded sharply in Q2, followed by listed property (20.4%), where the performance was off a very low base. Fixed-rate bonds posted a respectable 9.9%, double the return from inflation-linked bonds (4.7%), as all the asset classes managed to outperform cash (1.5%).

FX markets were range bound in June, as initial dollar weakness proved temporary. The risk-on associated with the reopening of the US economy gave way to concerns about a renewed escalation of Covid-19 infections in the US. The dollar ended the month down 1.1%, while the EM FX performance was wide-ranging. USD/ZAR fell to 16.60, but ended the month close to 17.40, leaving the rand 18% weaker year-on-year. Based on our estimates the rand is moderately undervalued, but sustained gains will depend on the dollar weakening further and the global growth recovery gaining more traction.

A "second wave" of Covid-19 infections, most notably in the US, countered the benefit from unprecedented monetary stimulus leaving the S&P 500 only 1.8% higher in June. Even so, higher commodity prices, competitive exchange rates, and improving global data supported EM equities. The MSCI EM index gained 7.4%, substantially outperforming the MSCI World index (2.7%). SA was an outperformer in June, with the MSCI SA index returning 10.4% in dollar terms. The reopening of the economy triggered a reversal in sectoral performance as lockdown beneficiaries gave way to improving retail demand. The 7.7% rise in the ALSI was driven by Technology (13.3%) and Basic Materials (8.8%) – most notably Chemicals (41.3%) and Gold Mining (20.0%). Consumer Services (7.1%), Consumer Goods (4.5%) and Financials (4.2%) put in moderate performances, while Telecommunications (1.1%), Industrials (-1.5%), and Health Care (-1.5%) were the laggards.

Portfolio performance and positioning

The fund gained 24.6% in 2Q20, outperforming the 22.1% rise in the FTSE/JSE SWIX.

After a strong rebound in April, the momentum in the local equity market petered out in May amid domestic policy uncertainty, a still strict Level 4 lockdown, and the recovery in the exchange rate. An accelerated lifting of lockdown restrictions to a revised Level 3, a range-bound rand, stabilising earnings forecasts, and another repo rate cut by the SARB gave equities a renewed boost towards the end of the quarter.

Our overweight positions in Sasol, AngloGold, and Aspen were the notable alpha generators in 2Q20, benefiting from the either the defensive characteristics during the prolonged lockdown or from the rebound in the commodity prices. While our holdings in Naspers and Anglo American benefited the absolute performance of the fund, our underweight positions detracted from the relative performance. The largest detractors in relative terms were the underweight in Platinum and overweight in Bidvest, which was flat in a very strong market.

During the quarter, we increased our allocations to Sanlam, Standard Bank, Growthpoint, Bidvest, and BHP. We reduced our holdings in Sasol, Mondi, Capital and Counties, and British American Tobacco. We sold out of our holdings in AB Inbev.

Disclosure

Any forecasts or market commentary, whether express or implied, are not guaranteed to occur and may change without notification at any time after publication.

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.

The portfolio will not change its investment strategy or investment policy without prior approval from the FSCA and investors. The ballot procedure as indicated in CISCA will be followed. The liquidity risk management policy is available on request.

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. All returns for periods greater than 12 months are annualised. With regards to the funds historical performance for the period 31 December 2015 up until 31 July 2016 the returns for Class A have been used in the calculations. Class C returns have been used from 31 August 2016 to current as a result of Class A being closed.
2. FTSE/JSE SWIX All Share (J403T) Index (Source: JSE).
3. These are the highest or lowest full calendar year returns since inception of the fund.
4. The Sharpe ratio is the average return earned in excess of the cash rate per unit of volatility or total risk.
5. 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.
6. Performance based fees will only be charged on performance in excess of the Benchmark plus 1% (Performance Hurdle), measured over trailing 365 days.