

FUND MANAGERS Ulf Brinkmann, Vanessa Hofmeyr

## FUND OBJECTIVE AND PHILOSOPHY

The Bacci SNN Protected Equity QI Hedge fund aims to achieve a steady yield above the rate of inflation, consisting of a combination of dividends, and option premium income, combined with capital appreciation of the underlying holdings over the long term. The portfolio will have a medium-high risk profile and is suitable for investors whose primary focus is achieving a steady yield above inflation whilst also participating in upside with the equity market. In order to achieve its objective the portfolio will invest in a diverse range of instruments including, but not limited to, equity, equity-related securities, money market instruments, fixed interest securities, property securities, bonds, debentures, options, warrants, debt instruments, preference shares, commodities, exchange traded funds, repurchase agreements, over the counter securities, forex, spot trades, swaps, forward rate agreements, contract for differences, futures and any other listed and unlisted financial instrument in line with conditions as determined by regulations from time to time.

## FUND STRATEGY

The Bacci SNN Protected Equity QI Hedge Fund is a long/short equity portfolio targeting returns over the longer term.

## FUND MANAGER COMMENTARY

Global equities continued to perform strongly this month, with many of the major indices reaching new highs. Developed market equities in particular were beneficiaries from the ongoing stimulus as well as the re-opening of more economies due to effective vaccine rollout programs. While global growth remains strong, concerns of rising international interest rates, the tightening in Chinese tech sector regulation and lower commodity prices did weigh on the affected sectors. This in turn also held true for the South Africa equity market with Naspers and the resources shares bearing the brunt of these concerns.

After the disruption from the civil unrest in July, the recovery in domestic consumption seems to be back on track. South African economic growth expectations remain positive. The local market valuations are attractive, currently trading close to their historical lows when based on the forward earnings growth outlook. These low levels are largely a function of the resource sector valuations, which are discounting the potential of much lower commodity prices, and this may beg the question, of how much is already in the price. The financial and industrial sectors are currently at fair value, trading in line with the long-term average.

To be expected, the volatility in Naspers and the weakness in the resources sector did impact on the fund returns. Naspers, partly still due to the uncertainty of the regulatory changes in China (Tencent, being their largest holding and is one of the largest Chinese internet based businesses), was also impacted by the implementation of the share swap transaction between Naspers and Prosus. This overhang is now behind us. We remain holders of both stocks given their extremely cheap valuations which we believe is presenting an attractive opportunity at this point. In general, the reporting season has been solid and consistent for the holdings in the portfolio. We continue to identify attractive stock selection opportunities for the fund, both locally and abroad, to ensure that we can provide solid and consistent returns over time

Please note: The above commentary is based on reasonable assumptions and is not guaranteed to occur.

## RETURNS TO END OF AUGUST 2021

	FUND	HURDLE
1 Year	29.49%	10.00%
3 Years (Annualised)	7.91%	10.00%
5 Years (Annualised)	8.21%	10.00%
10 Years (Annualised)	10.39%	10.00%
*Since Inception	9.74%	10.00%
*Sharpe Ratio (Since)	0.40	
Maximum Drawdown	-15.35%	
Value at Risk (VaR) 95%	6.20%	

\*Returns in ZAR net of fees with distribution reinvested.

## TOTAL EXPENSE RATIO

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 TER's. Transaction Costs are a necessary cost in administering the financial product and impacts financial product returns. It should not be considered in isolation as returns will be impacted by many other factors over time including market returns, the type of financial product, the investment decisions of the investment manager and any performance fees.

## FUND INFORMATION

ASISA CLASSIFICATION	Qualified Investor Hedge Fund - South African - Long/Short Equity - Long Bias
ADMINISTRATORS	Sanne Fund Services SA (Pty) Ltd
AUDITORS	PricewaterhouseCoopers
INVESTMENT MANAGER	BACCI Trading (Pty) Ltd
FUND LAUNCH	01 December 2010
CISCA INCEPTION	01 October 2016
FUND SIZE	R3 million
NAV PRICE (As at month end)	R 273.78
NUMBER OF UNITS	18 703.97
HURDLE/BENCHMARK	10% nominal rate p.a
MINIMUM INVESTMENT	R1 million
MANAGEMENT FEE	1% per annum (excl Vat)
PERFORMANCE FEE (UNCAPPED)	0%
ENTRY FEE	0%

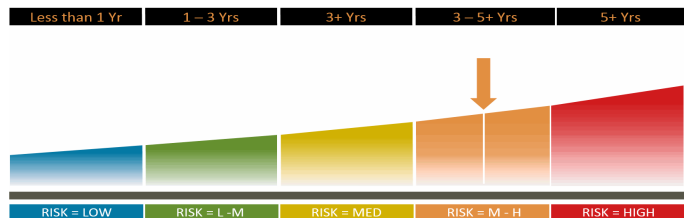
## RETURNS

	FUND	HURDLE
Current 12 month rolling return	29.49%	10.00%
Highest 12 month rolling return	51.95%	10.00%
Lowest 12 month rolling return	-13.65%	10.00%

## COST RATIOS (incl. VAT)

MANAGEMENT FEE	1.15%
ADMIN FEE	0.50%
TOTAL EXPENSE RATIO (TER%)	9.23%
TRANSACTION COSTS RATIO (TC%)	7.37%
TOTAL INVESTMENT CHARGES (TIC%)	16.60%
PERFORMANCE FEE (PF) INCLUDED IN TER	0.00%

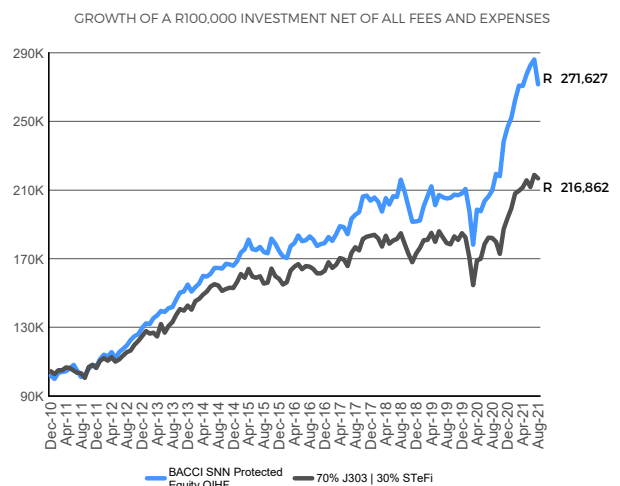
## RISK PROFILE



### Risk = Medium - High

This fund generally holds more equity exposure than low risk portfolios but lower than high risk portfolios. Expected potential long term investment returns can be lower than high risk portfolios due to lower equity exposure. In return the expected volatility is lower than a high risk.

## PERFORMANCE



Index Source: Bloomberg as of August 2021

Fund Source: Sanne Fund Services SA (Pty) Ltd August 2021

## INCOME DISTRIBUTIONS

Declaration Frequency: Annually	Cents per unit : (CPU)
December 2020	0.0

## HISTORICAL PERFORMANCE (NET OF FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2010	-	-	-	-	-	-	-	-	-	-	-	1.80%	1.80%
2011	-1.81%	3.49%	0.67%	0.30%	1.58%	2.01%	-3.19%	-3.55%	1.22%	3.38%	2.32%	-0.81%	5.41%
2012	3.93%	2.23%	-0.90%	2.33%	-3.06%	3.12%	1.59%	1.77%	2.69%	1.71%	0.88%	3.01%	20.86%
2013	1.97%	-0.30%	2.66%	1.13%	1.93%	-0.41%	1.57%	0.40%	3.25%	2.80%	0.27%	2.70%	19.42%
2014	-2.65%	1.74%	1.42%	2.87%	-0.32%	1.07%	2.07%	0.06%	-0.26%	1.70%	-0.26%	-0.38%	7.17%
2015	1.50%	2.96%	1.19%	3.16%	-3.03%	-0.32%	1.11%	-1.71%	-0.40%	4.91%	-1.67%	-2.42%	5.05%
2016	-1.78%	-0.56%	4.10%	1.01%	2.46%	-1.82%	0.31%	1.32%	-1.06%	-2.01%	0.54%	0.34%	2.69%
2017	1.94%	-1.20%	2.15%	2.56%	-0.33%	-2.16%	4.85%	1.30%	0.68%	4.70%	0.25%	-1.41%	13.87%
2018	0.87%	-1.19%	-2.85%	4.00%	-1.85%	2.38%	-0.18%	4.95%	-3.32%	-4.12%	-4.37%	0.02%	-6.01%
2019	0.39%	4.29%	2.89%	2.76%	-5.18%	3.03%	-0.68%	-0.33%	0.15%	0.87%	-0.17%	0.58%	8.58%
2020	1.20%	-5.89%	-10.05%	11.42%	-0.45%	2.97%	1.30%	1.71%	4.55%	-0.58%	9.34%	3.40%	18.48%
2021	2.26%	4.16%	3.16%	-0.11%	2.59%	1.84%	1.23%	-5.08%	-	-	-	-	10.18%

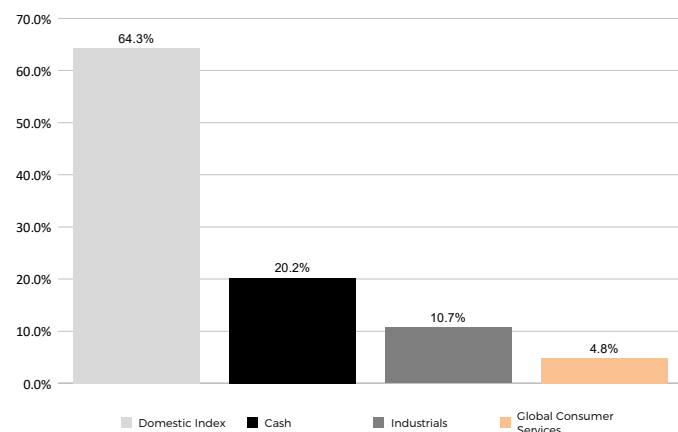
\*Historical performance prior to 1 October 2016 reflect returns achieved prior to the portfolio having been transitioned under the Collective Investment Schemes Control Act 45 of 2002.

\*The annualised total return is the average return earned by an investment each year over a given time period, since date of the launch of the fund. Actual annual figures are available from the manager on request. The performance figure given show the yield on a Net Asset Value ("NAV") basis. The returns figure is not a forecast. Performance is not guaranteed and investors should not accept it as representing expected future performance. Individual investor performance may differ as a result of initial fees, time of entry/actual investment date, date of reinvestment, and dividends withholding tax.\*The inception date for the portfolio is 1 December 2010. The performance figures until the end of September 2016 reflect performance achieved prior to CISCA regulation. The investment performance is for illustrative purposes only. The investment performance is calculated for a lump sum investment by taking the actual initial fees and all ongoing fees into account for the amount shown; income is reinvested on the reinvestment date. The highest and lowest 1 year returns represent the highest and lowest actual returns achieved during a 12 month rolling period year since the original launch date of the portfolio.

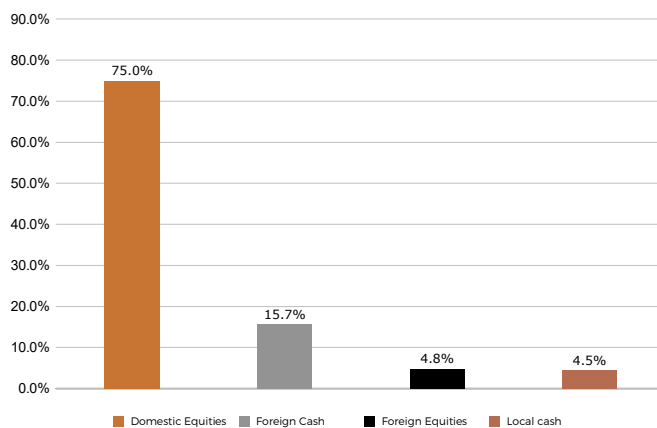
## PORTFOLIO VALUATION & TRANSACTION CUT-OFF

Portfolios are valued monthly. The cut off time for processing investment subscription is 10:00am on the last business day of any month prior to enable processing for investment on the first business day of the following month. Redemptions are subject to one calendar months' notice.

## NET SECTOR ALLOCATION



## ASSET ALLOCATION



INVESTMENT MANAGER	MANAGEMENT COMPANY	TRUSTEE
BACCI Trading (Pty) Ltd	Sanne Management Company (RF) (Pty) Ltd	FirstRand Bank Limited, (acting through its RMB Custody and Trustee Services Division)
Registration No: 2001/029132/07	Registration No: 2013/096377/07	
Bree Street Studios 17 New Church Street, Cape Town, 8001	Pier Place, Heerenracht Street, Foreshore, Cape Town, South Africa	3 Merchant Place Ground Floor Corner Fredman and Gwen Streets Sandton; 2146
Telephone: +27 21 434 7455 Fax: +27 21 434 7966 Email: info@bacci.co.za	Telephone: +27 21 202 8282 Fax: +27 21 202 8282 Email: information@sannegroup.com	Telephone: +27 87 736 1732
Website: www.bacci.co.za	Website: www.snnmanco.com	

## Fund Risk

**Leverage Risk** The Fund borrows additional funds, trades on margin or performs short sale trades to amplify investment decisions. This means that the volatility of a hedge fund portfolio can be many times that of the underlying investments due to leverage on a fund.

**Derivative Risk** Derivative positions are financial instruments that derive their value from an underlying asset. Derivatives are exposed to implicit leverage which could result in magnified gains and/or losses on the portfolio.

**Counterparty Credit Risk** Counterparty risk is a type of credit risk and is the risk of default by the counterparty associated with trading derivative contracts. An example of counterparty credit risk is margin or collateral held with a prime broker.

**Volatility Risk** Volatility refers to uncertainty and risk related to size of change of an instrument or portfolio. It is a statistical measure of the dispersion of returns for a given security or market index. Volatility is proportional to the directional exposure of a portfolio and is measured by Value at Risk (VaR) which is a statistical technique used to measure and quantify the level of volatility.

**Concentration and Sector Risk** A large proportion of total assets invested in specific assets, sectors or regions. Concentrated positions or concentrated sectors in a portfolio will material impact the returns of the portfolio more so than diversified portfolios.

**Correlation Risk** A measure that determines how assets move in relation to each other. Correlation risk arises when the correlation between asset-classes change. Correlation risk also arises when the correlation within an asset-class changes. Examples of correlation within asset classes include equity pairs trading, fixed income curve trading and commodities pairs trading.

**Equity Risk** Applies to investment in shares or derivatives based on shares. The market price of shares varies depending on supply and demand of the shares. Equity risk is the risk of loss due to the drop in the market price of shares. Equity risk can either be systematic risk which is risk to the entire market based on political and economic indicators or unsystematic risk which is company specific and includes risk relating to company profits, future prospects and general consensus on the company or sector.

**Currency/Exchange Rate Risk** Assets of a fund may be denominated in a currency other than the Base Currency of the fund and changes in the exchange rate between the Base Currency and the currency of the asset may lead to a depreciation of the value of the fund's assets as expressed in the Base Currency.

## Glossary

**Net Asset Value (NAV):** Means net asset value, which is the total market value of all assets in a portfolio including any income accruals and less and deductible expenses such as audit fees, brokerage and service fees.

**Annualised Return:** Is the weighted average compound growth rate over the performance period measured.

**Highest & Lowest Return:** The highest and lowest rolling twelve-month performance of the portfolio since inception.

**Total Expense Ratio (TER):** Reflects the percentage of the average Net Asset Value (NAV) of the portfolio that was incurred as charges, levies and fees related to the management of the portfolio. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TER's.

**Transaction Costs (TC):** Is the percentage of the value of the Fund incurred as costs relating to the buying and selling of the Fund's underlying assets. Transaction costs are a necessary cost in administering the Fund and impacts Fund returns.

**Total Investment Charge (TIC):** Should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of Fund, investment decisions of the investment manager.

**Total Investment Charges (TIC%) = TER (%) + TC (%):** The Total Investment Charges (TIC), the TER + the TC, is the percentage of the net asset value of the class of the Financial Product incurred as costs relating to the investment of the Financial Product. It should be noted that a TIC is the sum of two calculated ratios (TER+TC).

**Standard Deviation/Volatility:** The deviation of the return of the portfolio relative to its average.

**Drawdown:** The greatest peak to trough loss until a new peak is reached.

**Sharpe Ratio:** The ratio of excess return over the risk-free rate divided by the total volatility of the portfolio.

**Value at Risk (VaR):** Value at risk is the minimum loss percentage that can be expected over a specified time period at a predetermined confidence level.

## Disclaimer

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## Mandatory Disclosure

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Collective Investment Schemes are generally medium to long-term investments. The value of participatory interests (units) may go down as well as up. Past performance is not necessarily a guide to future performance. Collective investments are traded at ruling prices and can engage in scrip lending and borrowing. A schedule of fees, charges, and maximum commissions is available on request from the manager, as well as a detailed description of how the fees are calculated and applied. The manager does not provide any guarantee in respect to the capital or the return of the portfolio. Portfolios may be closed to new investors in order to manage it more efficiently in accordance with its mandate. Prices are published monthly on our website. Additional information, including key investor information documents, minimum disclosure documents, as well as other information relating to the portfolio, including the basis on which the manager undertakes to repurchase participatory interests offered to it, and the basis on which selling and repurchase prices will be calculated, is available, free of charge, on request from the manager. The value of an investment is dependent on numerous factors which may include, but not limited to, share price fluctuations, interest and exchange rates and other economic factors. Where funds are invested in off-shore assets, performance is further affected by uncertainties 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. The Manager ensures fair treatment of investors by not offering preferential fee or liquidity terms to any investor within the same strategy. The Manager is registered and approved by the Financial Sector Conduct Authority in terms of the Collective Investment Schemes Control Act 45 of 2002. BACCI Trading (Pty) Ltd (FSP No. 808) is authorised under the FAIS Act to provide discretionary investment management services to hedge funds. FirstRand Bank Limited is the appointed trustee. The Manager retains full legal responsibility for the third-party-named portfolio. There may be representatives acting under supervision.