



## RCIS ACTIVE ARBITRAGE RETAIL HEDGE FUND

30 JUNE 2019

### VALUE AT RISK

**Value at risk (VAR)** is a statistical measure of a fund's financial risk over a specific period. The VAR of the Fund is calculated using historical data to determine the maximum potential loss over a month, 99% of the time. Such loss is expressed as a percentage of the Fund's net asset value.

Mandate limit	20%
Maximum for the quarter	2%
Value at quarter end	2%

### LIQUIDITY

The Fund's redemption period remained unchanged. Liquidity stress testing was conducted throughout the quarter to assess the Fund's ability to meet its repurchase requests in varying market conditions. Stress scenarios included increasing investor repurchase levels and decreasing liquidity of the Fund's underlying assets.

### LEVERAGE

**Leverage** is a strategy used to increase a fund's exposure beyond the capital employed. The Fund achieves leverage by borrowing funds, using short positions and engaging in derivative transactions.

### COLLATERAL ASSETS

**Collateral** is the placement of an asset with a counterparty in order to secure an obligation. At quarter end, the value of assets encumbered as collateral was 74% of the Fund's NAV.

**Re-hypothecation** is the re-use of collateral by the prime broker. Re-hypothecation of the Fund's assets is prohibited.

### PORTFOLIO STRESS TESTING

**Portfolio stress testing** was conducted throughout the quarter to assess the Fund's sensitivity to stressed market conditions. Stress scenarios were created by simulating the impact to historic financial crises.

### COUNTERPARTY CREDIT EXPOSURE

**Counterparty credit exposure** represents the potential loss the Fund would experience in the event a counterparty defaults on its obligations and is expressed as a percentage of the Fund's net asset value.

The Fund's primary counterparties are disclosed below.

ABSA Bank Limited	85%
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### CONTACT INFORMATION

#### MANAGEMENT COMPANY

RealFin Collective Investment Schemes (RF) Pty Ltd	
Registration Number	2013/170284/07
Physical Address	1st Floor, 4 Silverwood Close, Steenberg Office Park, Tokai, Cape Town, 7945
Postal Address	Suite 25, Private Bag X16, Constantia, 7848
Telephone Number	+27 21 701 3777
Email Address	clientservices@realfin.co.za
Website	www.realfin.co.za

#### INVESTMENT MANAGER

Nitrogen Fund Managers (Pty) Ltd	
Registration Number	1998/018686/07
Physical Address	1st Floor, Illovo Edge, Corner Harries and Frick Roa, Illovo, Sandton, Johannesburg
Telephone Number	+27 11 243 5046
Email Address	petrid@nitrogenfm.co.za
FSP Number	3983
Website	www.nitrogenfm.co.za

#### TRUSTEE

FirstRand Bank Ltd (acting through its RMB Custody & Trustee Services Division)	
Physical Address	Cnr Jeppe & Simmonds Streets, 3 First Place, Mezzanine Floor, Bank City, Johannesburg, 2001
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Email Address	trusteeservices@rmb.co.za
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