

## TRINOMIAL RCIS VEGA QI HEDGE FUND

**31 MARCH 2021**

### GENERAL INFORMATION

<b>Investment Manager</b>	Trinomial Capital Proprietary Limited
<b>Management Company</b>	RealFin Collective Investment Schemes (RF) Proprietary Limited ("RCIS")
<b>Inception Date</b>	02 July 2018
<b>CIS Establishment Date</b>	06 June 2018
<b>Fund Class</b>	Class D2
<b>NAV Price (cpu)</b>	12,351.0400
<b>Fee Class Units</b>	118,009.73
<b>Fund AUM</b>	R 67.408 Million
<b>Fund Category</b>	CIS Qualified Investor Hedge Fund
<b>Structure</b>	Registered SA CIS in Hedge Funds
<b>Minimum Investment</b>	R 1,000,000
<b>Additional Lump Sum</b>	R 100,000
<b>Risk Profile</b>	Medium - High
<b>Benchmark</b>	STeFI
<b>Subscriptions</b>	Monthly
<b>Redemptions</b>	1 calendar month notice
<b>Portfolio Currency</b>	ZAR
<b>Portfolio Valuation</b>	23h00 of the last day of each month
<b>Transaction Cut-Off Time</b>	12h00 on the 2 <sup>nd</sup> last business day of the month
<b>Initial Fee</b>	-
<b>Annual Management Fee</b>	0.75% (ex VAT)
<b>Annual Performance Fee</b>	20.00% (ex VAT)
<b>Income Distribution</b>	First day of March each year
<b>Value Distributed</b>	12.21525 cents (1 March 2021)
<b>Administrator</b>	Maitland Hedge Fund Services Proprietary Limited
<b>Prime Broker</b>	Rand Merchant Bank
<b>Trustee</b>	FirstRand Bank Limited (acting through its RMB Trustee Services Division)
<b>Auditor</b>	Price Waterhouse Coopers

### INVESTMENT OBJECTIVE

The portfolio aims to deliver absolute returns in excess of the return of the Short Term Fixed Interest ("STeFI") Composite Index on a rolling 12 month basis.

### INVESTMENT STRATEGY AND MANDATE

The portfolio will consist of investments in various financial instruments including without limitation; derivatives instruments based on fixed income or equity securities and/or currencies. The portfolio may create leverage in the portfolio by borrowing funds, using short positions or engaging in derivative transactions, repurchase transactions and securities lending transactions. The portfolio is entitled to lend or borrow script.

### INVESTMENT COMMENTARY

In March large-scale rollouts of Covid-19 vaccines had a positive influence on markets in general, however Emerging Markets underperformed with China seeing a major decline. Lockdown restrictions in Europe became more restrictive with a third wave of Covid-19 infections.

The US 10-year bond yield rose to a high of 1.7% during the month, continuing the global sell-off in bonds. The US TIPS real yield took the lead to weaken from -1.1% to -0.6%, which resembles the 2013 "paper tantrum". This contradicts the reasoning that the sell-off was sparked by inflationary fears and raises questions regarding the market sentiment. Fed Chair Jerome Powell helped dampen the expectation of earlier hikes with dovish comments at the March meeting and the dot-plot graph only seeing interest hikes at the end of 2023.

In South-Africa the MPC voted unanimously to keep interest rates on hold, indicating the end of the cutting cycle. The QPM is still forecasting 2 hikes in the 2nd Quarter of 2021. FRA's started pricing in more hikes regardless of the dovish statement by the governor. ZAR strengthened at the end of the month, after initial weakness. Furthermore, future fuel price hikes on the back of a stronger oil price might put upward pressure on inflation. The FRA curve is currently pricing in a series of hikes over the next few years, with 25bps hikes priced in for 5 out of 8 meetings going forward. Foreign holdings of SA debt dropped to a 5 month low.

The volatility in the yield curve continued, with the 3-7-year sector of the yield curve ending the month flat, while the 12+year sector experienced a weak period, returning -4.25%. The ALBI returned -2.5% for the month. Bonds had a negative influence on fund performance, while vega positions payed off. The fund remains long volatility and a relative small received position in the 3 to 10 year area of the curve.

RISK ANALYSIS	FUND	STeFI	ALBI	ALSI
Gain Periods	30	33	23	19
Loss Periods	3	0	10	14
Best Month	3.26%	0.64%	7.01%	13.98%
Worst Month	-0.36%	0.28%	-9.73%	-12.13%
Standard Deviation	0.88%	0.12%	2.62%	5.28%
Annualised Standard Deviation	3.05%	0.40%	9.09%	18.30%
12 Month Return	10.89%	4.57%	16.96%	53.98%

RETURN ANALYSIS (NET OF FEES)	FUND	STeFI
1 Month Return	0.37%	0.33%
3 Month Return	0.53%	0.90%
6 Month Return	2.49%	1.88%
12 Month Return	10.89%	4.57%
Since Inception (Cumulative)	32.73%	18.20%
Since Inception (Annualised)*	10.84%	6.27%
Highest Annual Return (12 Month Rolling Return)	18.11%	7.14%
Lowest Annual Return (12 Month Rolling Return)	10.89%	4.57%

\* Annualised Return - The average rate earned by the investment over a year in the period measured.

### MONTHLY RETURNS (NET OF FEES)\*

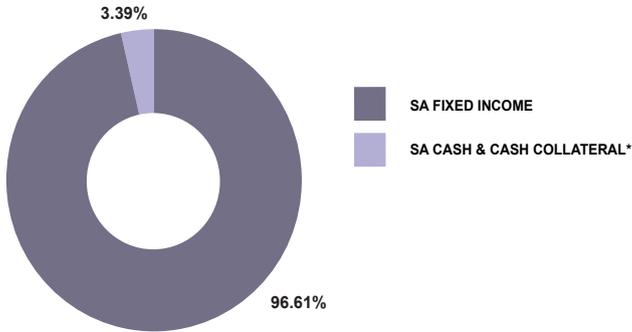
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD	BM
2021	0.09%	0.07%	0.37%										0.53%	0.90%
2020	1.25%	0.19%	3.02%	3.26%	2.79%	1.37%	-0.36%	0.43%	0.48%	0.33%	0.70%	0.91%	15.29%	5.39%
2019	2.12%	0.43%	0.29%	1.03%	0.40%	1.78%	0.77%	0.76%	0.74%	0.65%	0.83%	0.76%	11.07%	7.29%
2018	-	-	-	-	-	-	0.23%	-0.14%	0.48%	-0.04%	1.62%	0.94%	3.11%	3.60%

\* The return from inception to 2020/05/31 is the performance Class B1, the performance from 2020/06/01 reflects the performance of Class D2

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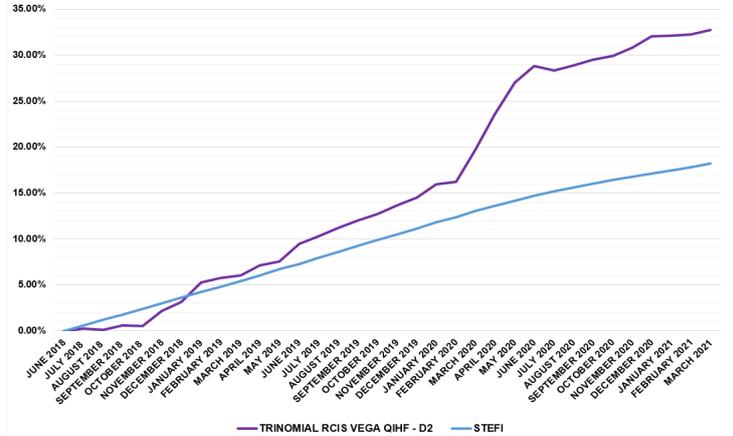
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### ASSET ALLOCATION



\* Includes fixed income derivatives exposure

### CUMULATIVE RETURN (SINCE INCEPTION)



### COUNTERPARTY EXPOSURE | TOP 5

Counterparty	%
Republic Of South Africa	93.47%
FirstRand Bank Limited	6.53%

### FEE BREAKDOWN

Fee Component	%
Total Expense Ratio (TER)	6.12%
Transaction Costs (TC)	0.02%
Total Investment Charge (TIC)	6.14%

\* TER Includes a performance fee of 4.72%

\* TER, TC and TIC calculations as at quarter-end: 31 December 2020

### INVESTMENT RESTRICTIONS

- Interest Rate Risk Limit** - The change in net asset value ("NAV") due to a parallel change of the yield curve by 1 basis point, excluding all resets prior to the next meeting of the SA Reserve Bank's MPC, should not exceed 0.10% of NAV.
- Vega Risk Limit** - The change in NAV due to a move of 10% in yield volatility, shall not be more than 0.30% of NAV for a short Vega position and 1% for a long Vega position.
- Bucket Risk Limit** - Individual buckets will be identified in the internal risk calculations. The change in NAV due to 1 basis point move in any semi-annual bucket shall not exceed 0.30% of NAV, notwithstanding the Interest Rate Risk Limit.
- The Value At Risk approach will be used to determine the Portfolio's total exposure, at a 95% confidence level and potential loss over the following month will not exceed 20% of the Portfolio's net asset value.
- The Portfolio may not invest in crypto currencies (derivatives on crypto currencies), crowdfunding and/or loan platforms.

### RISK PROFILE

#### Medium - High

- Generally these portfolios hold more risk exposure than any lower risk profiled these portfolios but less than high risk portfolios.
- The expected volatility is higher than low risk portfolios, but less than high risk portfolios.
- The probability of losses are higher than that of the low risk portfolios, but less than high risk portfolios.
- Expected potential long term investment returns could be lower than high risk portfolios due to lower risk exposure, but higher than low risk portfolios.

### ADDITIONAL RISK DISCLOSURES - AS AT QUARTER ENDED 31 MARCH 2021

As required in terms of Section 27 of Board Notice 52. Any questions pertaining to the technical nature of the disclosures may be directed to [clientservices@realfin.co.za](mailto:clientservices@realfin.co.za)

<b>Leverage:</b>	The fund achieves leverage by borrowing funds, using short positions and engaging in derivative transactions, repurchase transactions and securities lending transactions.
<b>VAR (limit 20%):</b>	0.82%
<b>Max VAR for quarter:</b>	0.97%
<b>Assets encumbered as collateral:</b>	100.00%
<b>Re-hypothecated assets:</b>	Re-hypothecation of the fund's assets is prohibited.
<b>Changes in liquidity:</b>	The fund's redemption period remained unchanged.
<b>Stress testing:</b>	Stress testing was conducted to assess the fund's sensitivity to stressed market conditions

### DEFINITIONS & METHODOLOGIES

- Collateral** - Collateral is the placement of an asset with a counterparty in order to secure an obligation.
- Counterparty exposure** - Counterparty (credit) exposure represents the potential loss the Fund would experience in the event a counterparty defaults on its obligations.
- Leverage** - Leverage is a strategy used to increase the Fund's exposure beyond the capital employed.
- Re-hypothecated assets** - Re-hypothecation is the re-use of collateral by the prime broker.
- Stress Testing** - To assess the Fund's sensitivity to various market conditions, stress scenarios are created by simulating the impact of historic financial crises, increasing investor repurchase levels and decreasing liquidity of the fund's underlying assets.
- VAR** - Value at risk (VAR) is a statistical measure of a fund's financial risk over a specific period. VAR is calculated using historical data to determine the maximum potential loss over a month, 95% of the time, and is expressed as a percentage of the Fund's net asset value.

### CONTACT INFORMATION

#### MANAGEMENT COMPANY

<b>RealFin Collective Investment Schemes (RF) Proprietary Limited</b>	
<b>Registration Number</b>	2013/170284/07
<b>Physical Address</b>	1st Floor, 4 Silverwood Close, Steenberg Office Park, Tokai, Cape Town, 7945
<b>Postal Address</b>	Suite 25, Private Bag X16, Constantia, 7848
<b>Telephone Number</b>	+27 21 701 3777
<b>Email Address</b>	<a href="mailto:clientservices@realfin.co.za">clientservices@realfin.co.za</a>
<b>Website</b>	<a href="http://www.realfin.co.za">www.realfin.co.za</a>

#### INVESTMENT MANAGER

<b>Trinomial Capital Proprietary Limited</b>	
<b>Registration Number</b>	2017/371628/07
<b>Physical Address</b>	1 Van de Graaff Street, Stellenbosch, 7600
<b>Telephone Number</b>	+27 82 561 1887
<b>Email Address</b>	<a href="mailto:linda@trinomial.co.za">linda@trinomial.co.za</a>
<b>Website</b>	<a href="http://www.trinomial.co.za">www.trinomial.co.za</a>
<b>FSP Number</b>	48839

#### TRUSTEE

<b>FirstRand Bank Limited (RMB Trustee Services Division)</b>	
<b>Physical Address</b>	3 Merchant Place, Ground Floor, Cnr Fredman & Gwen Streets, Johannesburg, 2001
<b>Telephone Number</b>	+27 87 577 8730
<b>Email Address</b>	<a href="mailto:trusteeservices@rmb.co.za">trusteeservices@rmb.co.za</a>
<b>Website</b>	<a href="http://www.rmb.co.za">www.rmb.co.za</a>

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### IMPORTANT INFORMATION

RealFin Collective Investment Schemes (RF) Proprietary Limited ("RCIS") is registered and approved by the Financial Sector Conduct Authority (FSCA) as a manager of Collective Investment Schemes approved in terms of the Collective Investment Schemes Control Act. This document is for information purposes only and does not constitute or form part of any offer to issue or sell or any solicitation of any offer to subscribe for or purchase any particular investments. The information contained in the MDD does not constitute financial advice as contemplated in terms of the Financial Advisory and Intermediary Services Act, and should be read in conjunction with the RCIS Fund Information Document which can be found on the RCIS website [www.realfin.co.za](http://www.realfin.co.za). Opinions expressed in this document may be changed without notice at any time after publication. We therefore disclaim any liability for any loss, liability, damage (whether direct or consequential) or expense of any nature whatsoever which may be suffered as a result of or which may be attributable directly or indirectly to the use of or reliance upon the information.

### DISCLOSURES

- Collective Investment Schemes are generally medium-to long-term investments.
- The **Trinomial RCIS Vega QI Hedge Fund** should be considered an investment with a time horizon of longer than a year.
- The value of participatory interests (units) may go down as well as up.
- Past performance is not necessarily a guide to future performance.
- Where different classes of participatory interests apply to certain Portfolio's, they would be subject to different charges.
- Collective investments are traded at ruling prices and can engage in borrowing and scrip lending.
- A schedule of fees and charges and maximum commissions, is available on request from RCIS.
- RCIS does not provide any guarantee in respect to the capital or the return of the portfolio.
- RCIS may suspend repurchases for a period, subject to regulatory approval, to await liquidity.
- RCIS may borrow up to 10% of the market value of the portfolio where insufficient liquidity exists in a portfolio, or where assets cannot be released to withdraw or cancel participatory interests.
- RCIS reserves the right to close the fund to new investors if we deem it necessary to limit further inflows in order for it to be managed in accordance with its mandate.
- Forward pricing is used.
- In terms of the Collective Investment Schemes Control Act, No.45 of 2002 (CISCA), RMB Custody and Trustee Services (A division of FirtRand Bank Limited) has been appointed by RCIS as the Trustee of **Trinomial RCIS Vega QI Hedge Fund**.
- The portfolio is valued at **23H00 on the last day of each month**.
- Investment and Redemption Instructions will be processed according to: The transaction cut-off time as well as the Subscription and Redemption guidance stipulated within the General Information section of the Minimum Disclosure Document.
- Any capital gain realised on the disposal of a participatory interest in a collective investment scheme is subject to Capital Gain Tax (CGT).
- A money market portfolio is not a bank deposit account. The price of a participatory interest is a marked-to-market value. The total return to the investor is made up of interest received and any gain or loss made on any particular instrument, in most cases the return will merely have an effect of increasing or decreasing the daily yield. In the case of abnormal losses it can have the effect of reducing the capital value of the portfolio. Excessive withdrawals from a money market portfolio may place the portfolio under liquidity pressure and in such circumstances a process of ring-fencing of withdrawal instructions and managed pay-outs over time may be followed.
- Where foreign securities are included in a portfolio, this may impose potential constraints on liquidity and the repatriation of funds. The portfolio can be impacted by macroeconomic risks, political risks, foreign exchange risks, tax risks, settlement risks and potential limitations on the availability of the market information. Fluctuations or movements in exchange rates may cause the value of underlying offshore investments to go up or down.
- A Fund of Funds Portfolio only invests in other portfolio's of collective investment schemes which levies its own charges, which could result in a higher cost structure for these portfolios.
- RealFin Collective Investment Schemes (RF) Proprietary Limited has entered into a co-naming agreement with and delegated the investment management function to **Trinomial Capital Proprietary Limited (FSP 48839)**.
- RCIS retains full legal responsibility for **Trinomial RCIS Vega QI Hedge Fund** and performs Risk Management oversight.
- Application forms can be obtained via the RCIS website [www.realfin.co.za](http://www.realfin.co.za) and any additional information can be requested from RCIS at [manco@realfin.co.za](mailto:manco@realfin.co.za)
- The RCIS complaints policy is available on the RCIS website [www.realfin.co.za](http://www.realfin.co.za)
- RCIS has a Conflict of interest policy, Protection of Personal Information Policy and Treating Clients Fairly Policy which is available on request.

### HEDGE FUND RISK DISCLOSURE

The risks and characteristics within represent some of the more general risks and characteristics prevalent in hedge fund portfolios. The list below should not be seen as exhaustive. As more risks and characteristics are identified that were not initially mentioned, these will, as they become more prevalent, be included herein.

**Investment strategies may be inherently risky** - Hedge fund strategies may include leverage, short-selling and short-term investments. In addition, hedge fund portfolios often invest in unlisted instruments, low-grade debt, foreign currency and other exotic instruments. All of these expose investors to additional risk. However, not all hedge fund managers employ any or all of these strategies and it is recommended that investors consult their advisors in order to determine which strategies are being employed by the relevant manager and which consequent risks arise.

**Leverage usually means higher volatility** - Hedge fund managers may use leverage. This means that the hedge fund manager borrows additional funds, or trades on margin, in order to amplify his investment decisions. This means that the volatility of the hedge fund portfolio can be many times that of the underlying investments. The degree to which leverage may be employed in any given hedge fund portfolio will be limited by the mandate the client has with the manager. The limits laid down by the mandate should be carefully reviewed in making an investment decision.

**Short-selling can lead to significant losses** - Hedge fund managers may borrow securities in order to sell them short, in the hope that the price of the underlying instrument will fall. Where the price of the underlying instrument rises, the client can be exposed to significant losses, given that the manager is forced to buy securities (to deliver to the purchaser under the short sale) at high prices.

**Unlisted instruments might be valued incorrectly** - Hedge fund managers may invest in unlisted instruments where a market value is not determined by willing buyers and sellers. The hedge fund manager may have to estimate the value of such instruments, and these estimates may be inaccurate, leading to an incorrect impression of the fund's value. Investors should ensure that objective valuations are performed for all instruments in a portfolio and that the manager utilises the services of a competent administrator.

**Fixed income instruments may be low-grade** - Hedge fund managers may invest in low-grade bonds and other fixed interest investments. These investments are more likely to suffer from defaults on interest or capital. They are also more likely to have volatile valuations when the market changes its view on credit risk. The mandate should also limit the extent (i.e. lowest acceptable rating and maximum percentage exposure) to which low-grade debt can be acquired by the client. Investors should review the mandate to gain an appreciation of the maximum possible exposure applicable to the relevant mandate.

**Exchange rates could turn against the fund** - A hedge fund manager might invest in currencies other than the base currency. For example, a South African hedge fund manager might invest in UK or US shares. The portfolio is therefore exposed to the risk of the rand strengthening or the foreign currency weakening.

**Other complex investments might be misunderstood** - In addition to the above, hedge fund managers might invest in complex instruments such as, but not limited to, futures, forwards, swaps, options and contracts for difference. Many of these will be derivatives, which could increase volatility. Many will be "over-the-counter", which could increase counterparty risk. Many exotic instruments may also be challenging for the manager to administer and account for properly. Investors should inquire into how these instruments are objectively and independently valued.

**The client may be caught in a liquidity squeeze** - Given their often short-term nature, hedge fund managers need to be able to disinvest from or close certain positions quickly and efficiently. But market liquidity is not always stable, and if liquidity were to decrease suddenly, the hedge fund manager might be unable to disinvest from or close such positions rapidly or at a good price, which may lead to losses.

**The prime broker or custodian may default** - Hedge fund managers often have special relationships with so-called "prime" brokers. These are stockbrokers that provide the required leveraging and shorting facilities. Prime brokers usually require collateral for these facilities, which collateral is typically provided using assets of the relevant client, and consequently such collateral might be at risk if the prime broker were to default in some way. A similar situation could occur with the custodian of the client's funds.

### TRANSACTION CUT-OFF TIMES

In order for a monthly **Investment Instruction** to be processed, your Investment form must be sent **before 12h00 on the 2nd last business day of the month ("Cut Off Date")** for your Investment application to be processed on the **1st business day of the following month**. Your funds need to be reflecting in our bank account **before 12h00 ("Cut off")** on the **1st business day of the proceeding month** and proof of payment sent to [clientservices@realfin.co.za](mailto:clientservices@realfin.co.za). Any funds received after the Cut Off shall be retained by the Manager in a separate account and shall be invested (together with any interest which has accrued thereon) on the next available Investment Date.

In order for your participatory interests in the Portfolio to be redeemed at the relevant request date ("**Redemption Date**"), your Redemption instruction must be submitted to RCIS **before 12h00 on the 2nd last business day** of the month for processing at the **end of the following calendar month** (For Hedge Funds which have a 1 Calendar month's notice period) such date being the Redemption Date.

Hedge fund redemptions are processed at the end of each month. All redemptions must be submitted in writing and will be executed following receipt and acceptance of such instruction. Please note in the case of Monthly traded Hedge Fund redemptions, settlement may take up to **15 business days**.

### PERFORMANCE CALCULATION

CIS prices are calculated on a net asset basis, which is the total value of all the assets in the portfolio including any income accruals and less any permissible deductions (brokerage, STT, VAT, auditor's fees, bank charges, trustee and custodian fees and the annual management fee) from the portfolio divided by the number of participatory interests (units) in issue. Performance has been calculated using NAV to NAV figures with actual portfolio ongoing fees taken into account. Income is reinvested at the reinvestment date. Different classes of participatory interests apply to these portfolio's and are subject to different fees and charges. Actual Investment performance will differ based on the initial advice fee, ongoing advice fee, investment date, the date of reinvestment of distributions and dividend withholding tax. Initial advice fees have not been taken into account. Cumulative performance figures are calculated using lump sum investment amounts. Income distributions, prior to the deduction of applicable taxes, are included in the performance calculation. Performance calculations are available on request from RCIS.

### PERFORMANCE FEES

Performance fees shall be calculated separately for each class at each Valuation Point. Performance fees are accrued and are payable at the end of the relevant Performance Fee Measurement Period. The calculation is based on whether the respective Class has achieved a return greater than the Fee Hurdle and where applicable, above the high watermark. A detailed description of how performance fees are calculated and applied for this portfolio is available on request from RCIS.

### TER

The Fund's 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. Calculations are based on actual data where possible and best estimates where actual data is not available.

### TC

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 may be impacted by many factors over time including market returns, the type of Financial Product, the investment decisions of the investment manager and the TER.