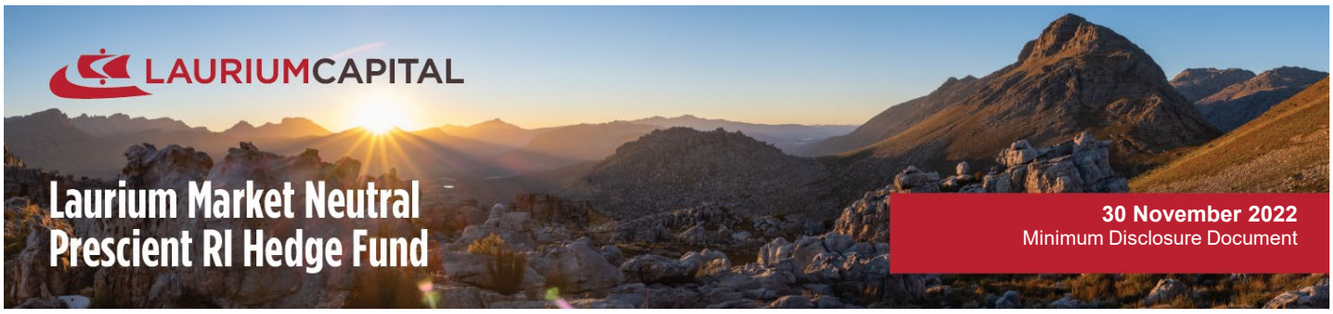


Laurium Market Neutral Prescient RI Hedge Fund

30 November 2022
Minimum Disclosure Document

General Information

Unit Price	162.38
No of units	52 470.96
Fund classification	SA Portfolios - Long Short Equity Hedge Funds - Market Neutral Hedge Funds
Benchmark	STeFI
Fund Managers	Gavin Vorwerg, Murray Winckler
Inception date	01 January 2009
Establishment of CIS	01 August 2016
Minimum lump sum	R100 000
Income distribution (annual)	2.28 cents per unit 01 April 2022
Fund size	R75m
Service charge	1.0% (ex VAT)
Annual performance fee*	20% (ex VAT)
Risk profile	Conservative
Subscriptions	Monthly
Redemptions	1 calendar month notice
Fund administrators	Maitland Investor Services
Fund auditors	Ernst & Young Incorporated
Trustees	Nedbank Investor Relations
Contact	27 11 263 7700 laurium@lauriumcapital.com

**Annual performance fee of 20% levied on increase in NAV, subject to a STeFI hurdle and high watermark.*

Investment Objective

The fund's investment objective is to generate an absolute monthly return with a target net annual return of 5% in excess of SA inflation. Additionally, the fund strives to minimise risk through disciplined hedging practices and to maintain high levels of liquidity, low concentration risk and low correlation to the equity market.

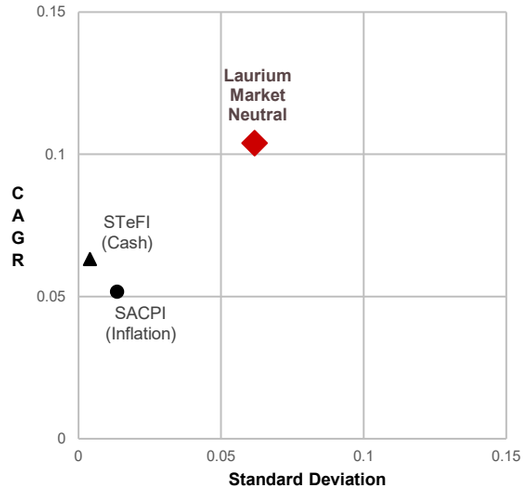
Investment Strategy

The fund is a single strategy, market neutral equity hedge fund that focuses on listed South African equities. The fund exploits opportunities within a universe of the more liquid stocks on the JSE. Our investment process is grounded on fundamental analysis incorporating trading dynamics. We screen for relative value using various valuation, growth and return metrics.

Equity Exposure

Gross equity exposure	122.9%
Net equity exposure	13.8%

Risk-return scatter plot (since inception)



Monthly Net Returns (ZAR) % since inception

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2009	0.8	2.8	2.6	2.7	2.8	2.0	2.6	0.8	1.4	0.8	0.4	0.8	**22.2**
2010	1.2	-0.3	2.0	1.2	0.1	1.4	2.0	0.4	0.3	1.1	0.8	0.2	**10.9**
2011	0.3	0.4	1.0	0.7	0.6	0.4	-0.2	-0.9	-0.2	0.4	1.4	0.8	**4.7**
2012	1.1	0.5	0.3	0.4	-0.3	0.0	1.4	1.7	-0.4	1.3	0.3	-0.3	**6.3**
2013	1.6	0.2	2.7	-0.5	5.0	0.5	2.3	1.5	0.1	0.2	1.8	2.1	**18.9**
2014	1.2	3.3	0.0	1.0	1.7	1.2	0.6	0.4	1.1	-0.2	-0.2	2.3	**13.2**
2015	-0.6	3.2	1.4	0.4	1.2	-0.5	1.7	0.4	-0.7	0.7	1.0	1.8	**10.2**
2016	-0.8	-1.5	0.6	-0.2	2.0	-2.2	-2.4	2.5	-1.0	-0.6	1.7	0.4	**-1.9**
2017	3.7	-1.3	0.3	2.2	-0.1	0.1	0.0	0.6	0.9	1.0	-1.7	-3.7	**1.8**
2018	2.2	5.6	1.4	-1.7	2.8	0.4	1.3	-3.3	3.0	-1.4	1.0	0.7	**12.3**
2019	0.9	2.1	0.1	1.1	-0.4	0.2	0.5	-0.6	1.6	-0.9	-0.4	-1.8	**2.6**
2020	-1.2	-3.0	-6.5	9.0	0.0	5.0	-1.1	-0.8	1.4	-0.3	4.1	0.9	**6.9**
2021	4.0	3.8	2.5	1.6	-1.1	0.4	3.1	1.7	4.2	1.9	1.2	1.7	**27.6**
2022	0.2	-1.1	-2.2	5.1	1.1	3.6	1.0	1.5	2.7	-0.5	1.6		**13.6**

Note: returns prior to the CIS establishment date have been highlighted in grey

Fund performance (net of fees)	STeFI	Fund
30-Nov-22	0.5%	**1.6%**
Year to date	4.6%	**13.6%**
Rolling 12 months	5.0%	**15.6%**
3 Years p.a.	4.8%	**15.0%**
Annualised return since inception	6.3%	**10.5%**
Cumulative return since inception	134.5%	**298.8%**
Highest rolling 1-year return (since inception)		**31.9%**
Lowest rolling 1-year return (since inception)		**-10.8%**
Standard deviation		**6.2%**
Maximum drawdown		**-13.1%**

Sector Allocation	Net	Long	Short
Corporate & Gov Bonds	18.1%	18.1%	0.0%
Industrials	10.0%	12.5%	-2.5%
Telcos, Media & Tech	8.0%	8.6%	-0.6%
Mining & Basic Materials	7.5%	12.8%	-5.3%
Consumer Goods & Services	5.6%	22.1%	-16.5%
Financials	4.1%	10.8%	-6.7%
Property	3.2%	4.9%	-1.7%
Healthcare	3.2%	5.4%	-2.2%
Future	-17.9%	0.0%	-17.9%
Total	**41.8%**	**95.2%**	**-53.4%**

Asset Allocation - Net Exposure	Foreign	SA	Total
Equity	-15.9%	29.7%	13.8%
Property	0.0%	3.2%	3.2%
Fixed Income	0.0%	13.0%	13.0%
Preferred Equity	0.0%	11.8%	11.8%
Total	**-15.9%**	**57.7%**	**41.8%**

Issued 08/12/2022

Prescient

General Information

Collective Investment Schemes (CIS)should be considered as medium to long term investments. The value of your investment may go up as well as down and past performance is not necessarily a guide to future performance. CIS's are traded at the ruling price and can engage in scrip lending and borrowing. A schedule of fees, charges and maximum commissions is available on request from the Manager. There is no guarantee in respect of capital or returns in a portfolio. A CIS may be closed to new investors in order for it to be managed more efficiently in accordance with its mandate. 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 service charge from the portfolio divided by the number of participatory interests (units in issue. Forward pricing is used. Excessive withdrawals from the portfolio may place the portfolio under liquidity pressures and a process of ring-fencing of withdrawal instructions and managed pay-outs over time may be followed. The Manager retains full legal responsibility for any portfolio hosted on its CIS platform. Where foreign securities are included in a portfolio there may be 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 investor acknowledges the inherent risk associated with the selected investments and that there are no guarantees. Prescient is a member of the Association for Savings and Investments SA.

Laurium Capital has adhered to the policy objective in managing the fund.

Performance Fees

The Fund charges a base and performance fee. Performance fees are payable on outperformance of the benchmark using a participation rate of 20%. A permanent high watermark is applied, which ensure that performance fees will only be charged on new performance. Performance has been calculated using net NAV to NAV numbers with income reinvested. The performance for each period shown reflects the return for investors who have been fully invested for that period. Individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestments and dividend withholding tax. Full performance calculations are available from the manager on request. The investment performance is for illustrative purposes only. The investment performance is calculated by taking the actual initial fees and all ongoing fees into account for the amount shown. Income is reinvested on the reinvestment date.

Total Expense Ratio

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. The current TER cannot be regarded as an indication of future TER's. During the phase in period TER's do not include information gathered over a full year.

Transaction Cost (TC)

Transaction Costs (TC) is the percentage of the value of the Fund incurred 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. It 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 and the TER. The TER and the Transaction costs should not be deducted again from published returns.

Total Investment Charge

The sum of the TER and transaction costs is shown as the Total Investment Charge. Since Fund returns are quoted after the deduction of these expenses, the TER and Transaction costs should not be deducted again from published returns.

Total Investment Charge

Annualised for the period 01/08/2019 to 31/07/2022	
Service Charge and other costs (incl. VAT)	1.53%
Performance Fee (incl. VAT)	2.90%
Total Expense Ratio (incl. VAT)	**4.43%**
Transaction Costs (incl. VAT)	0.23%
Total Investment charge (incl. VAT)	**4.66%**

Cut-off Times

Investing: hedge fund applications are processed on a monthly basis. Your application form together with proof of payment must be submitted to Prescient before 14h00 on the 2nd business day prior to the last day of the month. Your application will be processed on the 1st day of the following month Redemptions: hedge fund redemptions are processed at the end of each month and we require a months' notice. In order to receive month end prices, your redemption instruction must be submitted to Prescient before 14h00, 2 business days prior to month end, for processing at the end of the following month.

Glossary

CAGR (Compound Annual Growth Rate): The compound annual growth rate (CAGR) is the mean annual growth rate of an investment over a specified period of time, longer than one year.
Annualised Performance: Annualised performance show longer term performance rescaled to a 1 year period. Annualised performance is the average return per year over the period. Actual annual figures are available to the investor on request.
Highest & Lowest Return: The highest and lowest returns for any 1 year over the period since inception have been shown.
NAV: The net asset value represents the assets of a Fund less its liabilities.
High Water Mark: The highest level of performance achieved over a specified period.
Correlation: A statistical measure of how two securities move in relation to each other. Correlation is computed into what is known as the correlation coefficient, which ranges between-1 and +1. Perfect positive correlation (a correlation co-efficient of +1) implies that as one security moves, either up or down, the other security will move in lockstep, in the same direction. If the correlation is 0, the movements of the securities are said to have no correlation.
Max Drawdown: The maximum peak to trough loss suffered by the Fund since inception.
Risk-return Scatter-Plot: A risk-return scatter-plot illustrates the annualised performance of a fund and benchmarks over the full period of analysis. The relative positioning of the fund versus the benchmarks provides perspective of how the fund has performed on a risk-adjusted basis. The positioning of the fund marker quantifies the volatility (standard deviation on the X-axis) experienced in order to generate the annualised performance (Y-axis) over the period. A position in the top left quadrant is optimal. The fund manager has adopted a risk-return scatter-plot to present performance and corresponding volatility of the fund which will be applied prospectively.
Standard Deviation: It measures the variation of returns around the portfolio's average return.
Sharpe Ratio: Calculated by subtracting the risk-free rate - such as the STeFI- from the rate of return for a portfolio and dividing the result by the standard deviation of the portfolio returns. The greater a portfolio's Sharpe ratio, the better its risk-adjusted performance has been.

Risk Profiles

Moderate: These portfolios generally hold more equity exposure than low risk portfolios but less than high risk portfolios. In turn 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 therefore be lower than high risk portfolios due to lower equity exposure, but higher than low risk portfolios.

Contact Details

Management Company
Prescient Management Company (RF) (Pty) Ltd, Registration number: 2002/022560/07 Physical address: Prescient House, Westlake Business Park, Otto Close, Westlake, 7945 Postal address: PO Box 31142, Tokai, 7966. Telephone number: 0800 111 899. E-mail address: info@prescient.co.za Website: www.prescient.co.za
Trustees
Nedbank Investor Services Physical address: 2nd Floor, 16 Constantia Boulevard, Constantia Kloof, Roodepoort, 1709 Telephone number: +27 11 534 6557 Website: www.nedbank.co.za. The Management Company and Trustee are registered and approved under the Collective Investment Schemes Control Act (No.45 of 2002). Prescient is a member of the Association for Savings and Investments SA.
Investment Managers
Laurium Capital (Pty) Limited, Registration number: 2007/026029/07 is an authorised Financial Services Provider (FSP34142) under the Financial Advisory and Intermediary Services Act (No.37 of 2002), to act in the capacity as investment manager. This information is not advice, as defined in the Financial Advisory and Intermediary Services Act (N0.37 of 2002). Please be advised that there may be representatives acting under supervision.
Physical address: 9th Floor, 90 Grayston, 90 Grayston Drive, Sandown, Sandton 2196 Postal address: PO Box 653421, Benmore, 2010 Telephone number: +27 11 263 7700 Website: www.lauriumcapital.com
Administration
Maitland Fund Services. This portfolio operates as a white label fund under the Prescient QI Hedge Fund Scheme, which is governed by the Collective Investment Schemes Control Act.

Disclaimer for Fund Specific Risks cont.

Leverage Risk: This means that the Fund borrows additional funds, or trades on margin, to amplify 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 Fund.
Market Capitalisation Risk: The securities of small-to-medium-sized (by market capitalisation) companies, or financial instruments related to such securities, may have a more limited market than the securities of larger companies and may involve greater risks and volatility than investments in larger companies. Accordingly, it may be more difficult to effect sales of such securities at an advantageous time or without a substantial drop in price than securities of a company with a large market capitalisation and broad trading market. In addition, securities of small-to-medium-sized companies may have greater price volatility as they are generally more vulnerable to adverse market factors such as unfavourable economic reports.
Settlement Risk: It is possible that settlement via a payment system will not take place as expected because payment or delivery by a counterparty fails to take place or is not in accordance with the initial conditions. This risk exists to the extent that the fund invests in regions where the financial markets are not yet well developed and includes stock exchanges or markets on which the fund may trade derivatives which may not be the same as those in more developed markets. This risk is limited, but still present, in regions where the financial markets are well developed.
Custodian Risk: It is possible that the assets of a fund that are held in custody may be lost as a result of insolvency, negligence or fraud on the part of the Custodian or any Sub-Custodian.
Concentration Risk: Certain funds may invest a large proportion of total assets in specific assets or in specific markets. This means that the performance of those assets or markets will have a substantial impact on the value of the fund's portfolio. The greater the diversification of the fund's portfolio, the smaller the concentration risk. Concentration risk will also be higher in more specialised markets (e.g., a specific region, sector or theme) than in widely diversified markets (e.g., a worldwide allocation).
Performance Risk: The risk of lower returns in a fund may vary depending on the choices made by the Manager or any Investment Manager, as well as the existence or non-existence of, or restrictions upon, any third-party security. The risk depends in part on the market risk and on how active the Manager is in the management of the Fund.
Capital Risk: The capital value of Shares of a fund may be affected by various risks to capital, including the potential risk of erosion due to the redemption of Shares and the distribution of profit in excess of the investment return. This risk can be limited by loss-mitigation, capital-protection or capital-guarantee techniques.
Repatriation Risk: It may not be possible for funds to repatriate capital, dividends, interest and other income from certain countries, or it may require government consents to do so. Funds could be adversely affected by the introduction of, or delays in, or refusal to grant any such consent for the repatriation of funds or by any official intervention affecting the process of settlement of transactions. Economic or political conditions could lead to the revocation or variation of consent granted prior to investment being made in any particular country or to the imposition of new restrictions. Repatriation Risk is higher in the case of funds or underlying investments subject to restrictive laws or regulations.
Inflation Risk: Some funds may invest in securities whose value can be adversely affected by changes in inflation, for example, bonds with a long term to maturity and a fixed coupon. Although many companies in which a fund may hold Shares may have operated profitably in the past in an inflationary environment, past performance is no assurance of future performance. Inflation may adversely affect any economy and the value of companies' Shares.
Interest Rate Risk: The values of bonds and other debt securities usually rise and fall in response to changes in interest rates. Declining interest rates generally raise the value of existing debt instruments, and rising interest rates generally lower the value of existing debt instruments. Changes in a debt instrument's value usually will not affect the amount of income the fund receives from it but will affect the value of the fund's units. Interest rate risk is generally greater for investments with longer maturities.
Liquidity Risk: Not all securities or instruments (including derivatives and sub-investment grade bonds) invested in by the funds will be listed or rated and consequently liquidity may be low. Moreover, the accumulation and disposal of holdings in some investments may be time consuming and may need to be conducted at unfavourable prices. The funds may also encounter difficulties in disposing of assets at their fair price due to adverse market conditions leading to limited liquidity.
Redemption Risk: Large redemptions of Shares in a fund might result in the fund being forced to sell assets at a time and price at which it would normally prefer not to dispose of those assets.
Default risk: The risk that the issuers of fixed income instruments (e.g. bonds) may not be able to meet interest payments nor repay the money they have borrowed. The issuers credit quality it vital. The worse the credit quality, the greater the risk of default and therefore investment loss.
Currency 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. It may not be possible or practical to hedge against such exchange rate risk. The fund's Investment Manager may, but is not obliged to, mitigate this risk by using financial instruments.
Derivatives risk: The use of derivatives could increase overall risk by magnifying the effect of both gains and losses in a Fund. As such, large changes in value and potentially large financial losses could result.
Credit Risk: There can be no assurance that issuers of the securities or other instruments in which a Fund invests will not be subject to credit difficulties leading to the loss of some or all of the sums invested in such securities or instruments or payments due on such securities or instruments. Funds will also be exposed to a credit risk in relation to the counterparties with whom they transact or place margin or collateral in respect of transactions in financial derivative instruments and may bear the risk of counterparty default.
Correlation Risk: The prices of financial derivative instruments may be imperfectly correlated to the prices of the underlying securities, for example, because of transaction costs and interest rate movements. The prices of exchange traded financial derivative instruments may also be subject to changes in price due to supply and demand factors.
Foreign Exchange Risk: Where a fund utilises derivatives, which alter the currency exposure characteristics of transferable securities held by the fund the performance of the fund may be strongly influenced by movements in foreign exchange rates because currency positions held by the fund may not correspond with the securities positions held.
OTC Markets Risk: Unlisted derivative instruments i.e. OTC derivative instruments will be limited to unlisted forward currency, interest rate or exchange rate swap transactions and will only be permitted for the purposes of efficient portfolio management. Where any fund acquires securities on OTC markets, there is no guarantee that the fund will be able to realise the fair value of such securities due to their tendency to have limited liquidity and comparatively high price volatility.
Counterparty Risk: Each fund will have credit exposure to counterparties by virtue of positions in swaps, repurchase transactions, forward exchange rate and other financial or derivative contracts held by the fund. To the extent that a counterparty defaults on its obligation and the fund is delayed or prevented from exercising its rights with respect to the investments in its portfolio, it may experience a decline in the value of its position, lose income and incur costs associated with asserting its rights.
Derivative Trading is Speculative and Volatile: Substantial risks are involved in trading futures, forward and option contracts and various other instruments in which the fund intends to trade. Certain of the instruments in which the fund may invest are interest and foreign exchange rate sensitive, which means that their value and, consequently, the Net Asset Value, will fluctuate as interest and/or foreign exchange rates fluctuate. The fund's performance, therefore, will depend in part on its ability to anticipate and respond to such fluctuations in market interest rates, and to utilise appropriate strategies to maximize returns to the fund, while attempting to minimize the associated risks to its investment capital. Variance in the degree of volatility of the market from the fund's expectations may produce losses to the fund.
Investment Strategy: The fund aims to provide consistent real return to investors. The fund will seek to capitalise on all investment opportunities across all sectors and to avoid negative returns over any one year period. Leverage and utilisation of derivatives where appropriate are used to enhance yield, protect asset values and minimize volatility. The fund will have maximum flexibility to invest in a wide range of instruments including equities, scrip loans, options, warrants, convertible debt securities, bonds, commodities, preference shares, futures, ETFs and money market instruments. Unlisted investments in these asset classes are permitted as determined by legislation from time to time. The fund is permitted to invest in listed and unlisted financial instruments in line with the conditions as determined by legislation from time to time. The fund will take long and short positions and may also retain amounts in cash or cash equivalent in order to maximise returns. The fund will employ a commitment approach to measure exposure. The manager shall ensure that the Fund's total exposure to the market does not exceed 400% of the net asset value of the Fund.

Additional Information

For any additional information such as fund prices, brochures and application forms please go visit our website at www.lauriumcapital.com.

Disclaimer

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. 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.