

### FUND DESCRIPTION

Mergence Investment Managers has established the Mergence Infrastructure & Development | Equity Fund as a new fund in its suite of Impact Funds. The Fund has been structured as an open-end fund, investing in unlisted equity and quasi-equity, such as mezzanine debt, in infrastructure and developmental assets. The Fund will focus on building a diversified portfolio of infrastructure and developmental assets that will meet the Fund objectives of supporting economic growth and infrastructure development while yielding sound returns to investors. Socio-economic infrastructure assets include renewable energy plants, social housing, student accommodation, schools, energy efficient programmes and hospitals.

### OVERVIEW

Risk Profile	
Fund Term Life	Open-ended
Inception Date	May 2015
Fund Size	R200m
Investment Vehicle	Life License (Prescient)
Benchmark Return	CPI +7% (over rolling 3-year periods)
Target Areas	Social, economic and other infrastructure
Geographic Focus	Predominantly South Africa
Asset Class	Unlisted infrastructure equity and quasi-equity
Target Portfolio Composition	70% equity, 30% quasi-equity
Target Sector Allocation	60% renewable energy, 40% other infrastructure
Withdrawal Period	No investment should be made in the Fund if the intention is to withdraw funds within 3 years
Liquidity	Up to 36 months to liquidate assets

### TEAM

The Mergence infrastructure team is an experienced investment team with 50 years' of collective experience in evaluating and investing in unlisted businesses (investing in both private equity and debt financing). The dedicated five member infrastructure team, all of whom are CA(SA)'s, is led by Mark van Wyk, one of the leaders in providing institutional investment offerings in high impact investments in South Africa. Team experience includes exposure to various infrastructure sectors notably property, healthcare infrastructure and renewable energy, having recognised the investment potential in REIPPP transactions and establishing the first independent renewable energy debt fund in South Africa. The infrastructure team is supported by the Mergence Investment Managers' investment team who have 90 years' of collective investment experience and augmented with specialist and Best-in-Class service providers and a dedicated International advisory committee.

### INVESTOR PROFILE

The Fund is suitable for institutional investors:

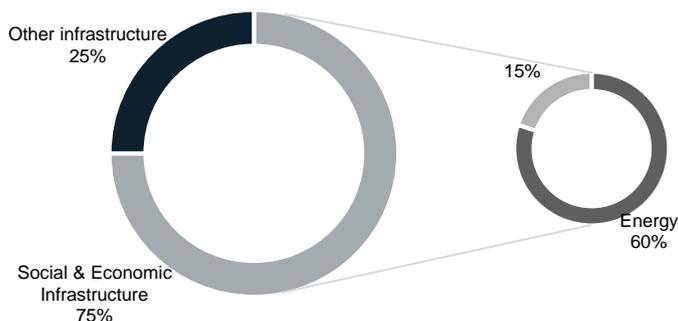
- who seek exposure through supporting developmental infrastructure investing in terms of social and environmental criteria;
- who are uncomfortable with the inherent volatility of the financial markets, and who acknowledge that the effects of impact investing occur over medium to long term horizons;
- as part of an overall allocation in balanced portfolios.

### TARGETED SECTOR ALLOCATION

Infrastructure Investment	Target Allocation
Renewable Energy	60%
Other Infrastructure	40%

*The Fund might also invest in quasi-equity (mezzanine debt etc)*

### TARGETED SECTOR EXPOSURE



### SECTOR EXAMPLES

- Economic Infrastructure Target Areas
  - Power Generation*
  - Renewable Energy*
  - Communications Infrastructure*
  - Roads*
- Social Infrastructure (Developmental) Target Areas
  - Social Housing*
  - Education*
  - Government Accommodation*
  - Hospitals*

**IMPACT OBJECTIVE**

While the Fund seeks to invest in viable projects with strong long-term financial returns, the Fund also aims to invest in projects which are structured to deliver measurable developmental impact, therefore taking into account impact metrics such as local content, local procurement, and local ownership, housing and job creation.

**PERFORMANCE\* SUMMARY**

Period	Fund	CPI + 7%	Difference
1 Month	0,72%	0,66%	0,05%
3 Months	8,16%	2,29%	5,87%
6 Months	10,84%	5,01%	5,82%
1 Year	17,09%	11,73%	5,37%
2 Years	16,34%	13,33%	3,00%
Since Inception (p.a.)**	16,32%	12,34%	3,98%

\*Returns are quoted gross of fees.

**FEES**

Invested Portion	1.75% per annum R250m – R500m
	1.65% per annum R500m – R1,000m
	1.50% per annum R1,000m – R2,000m
Uninvested Cash	0.25% per annum
Performance Fee	15% of outperformance of the benchmark over rolling 3-year periods

**INFRASTRUCTURE PROJECTS**

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**PORTFOLIO MANAGEMENT TEAM****Mark van Wyk**

B Com (Hons), CA (SA)

Head: Unlisted Investments, Portfolio Manager

As Head of Mergence Unlisted Investments, Mark is responsible for overseeing all activities across the unlisted credit and unlisted equity asset portfolios. His career spans more than 16 years in the capital and investment markets. He started his career in property asset management at Sanlam Properties. Mark served his articles at PricewaterhouseCoopers in Cape Town, specialising in structured finance and financial services where he qualified as a chartered accountant. He then spent six years at Mettle Investments, a corporate finance and financial services boutique where he specialised in corporate finance, structured finance, specialist income funds and private equity transactions. Mark joined Mergence in 2010. He spent five years as portfolio manager of the Renewable Energy Debt Fund and the Mergence High Impact Debt Fund, one of only two GIIRS rated funds in South Africa. In 2014, Mark received the ABSIP Award for Best Alternative Asset/Fund Manager.

**Kasief Isaacs**

B Com (Hons), CA (SA)

Portfolio Manager

Kasief Isaacs who recently joined Mergence to bolster the private equity capabilities of the unlisted investments team was a director in PwC's Advisory Services business. He is a qualified Chartered Accountant with a specific focus on the energy industry. He lead PwC's South African Renewable Energy practice and has advised developers, investors and EPC contractors from South Africa, Spain, Italy, Germany, China and the United States on the SA Renewable Energy market including participation in the REIPP programme, project acquisitions, private PPA's and BEE structuring and funding.

**Chitongwa Siame**

BSc (Hons), MCom (Fin Mgmt), ACCA

Investment Analyst (unlisted)

Chito holds a Master of Commerce degree with a specialisation in Finance from the University of Cape Town. He is also a chartered certified accountant (UK), with invaluable experience in internal audit (Sarbanes Oxley Compliance) and business process management, which he gained at the Lafargeholcim Group and MSI Management Consultants respectively. Chito joined Mergence in 2011 as an equity analyst. Over a 5-year period, he covered an array of listed companies across the food producer, clothing and food retail sectors. Chito has recently changed to cover unlisted investments, where he is primarily responsible for identifying and researching equity opportunities for the Mergence Infrastructure and Development Fund. This includes opportunities on the water infrastructure, renewable energy, housing and tourism sectors.

**THE TEAM**