

# Mergence CPI + 4% Prescient Fund

30 September 2017 - Issued: 16 October 2017



## FUND DESCRIPTION AND SUMMARY OF INVESTMENT MANDATE

The Fund is managed with an absolute return orientation, and is structured to generate a return of 4% above inflation at a low level of risk. It is broadly diversified across asset classes including, equities, listed property, conventional bonds and inflation-linked bonds. The Fund employs active asset allocation and derivative hedging to manage and reduce downside risk.

## INVESTMENT OBJECTIVE

The Mergence CPI + 4% Prescient Fund is a collective investment scheme that aims to provide investors with capital growth over the long term. The objective is to achieve a real return of CPI plus 4% per annum over the longer term while preserving capital over rolling 36-month periods. It may underperform relative to overall equity markets due to its focus on capital preservation and long-term capital growth.

## PERFORMANCE SUMMARY

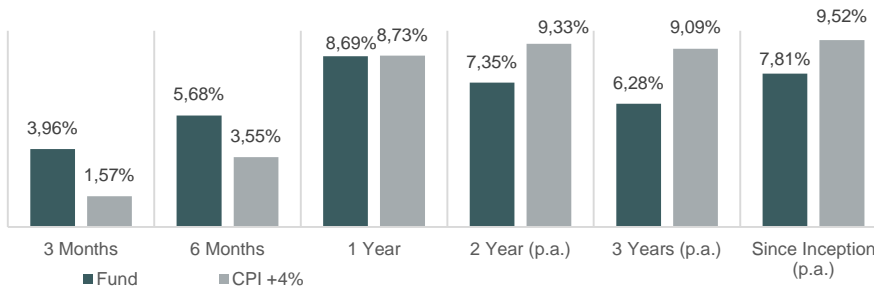
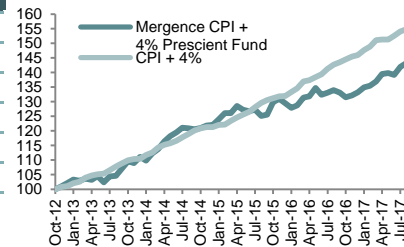
### Fund's Monthly Returns

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2017	1,25%	0,44%	1,06%	1,89%	0,20%	-0,43%	1,94%	0,91%	1,07%				8,62%
2016	-1,27%	0,72%	1,99%	0,40%	2,18%	-1,81%	0,62%	0,58%	-0,58%	-1,24%	0,51%	0,80%	2,85%
2015	1,58%	1,67%	0,07%	1,90%	-0,99%	-0,37%	0,42%	-1,74%	0,37%	3,40%	0,91%	-1,13%	6,11%
2014	-1,12%	2,19%	1,40%	2,30%	1,52%	1,15%	1,28%	-0,18%	-0,27%	0,36%	0,70%	0,21%	9,91%
2013	1,14%	-0,49%	0,75%	-0,42%	1,22%	-1,98%	2,00%	0,16%	2,35%	2,35%	-0,60%	1,94%	8,65%
2012											0,98%	1,24%	2,23%

### Return vs Benchmark

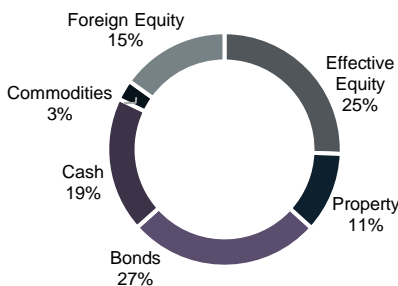
	Fund	CPI +4%
3 Months	3,96%	1,57%
6 Months	5,68%	3,55%
1 Year	8,69%	8,73%
2 Year (p.a.)	7,35%	9,33%
3 Years (p.a.)	6,28%	9,09%
Since Inception (p.a.)	7,81%	9,52%

### Cumulative Performance



## PORTFOLIO CHARACTERISTICS

### Asset Allocation



### Top 10 Holdings

Top 10 Holdings	% of Total
Naspers -N	6,13
MTN	1,66
BAT	1,36
Steinhoff	1,24
Richemont	1,19
Remgro	1,01
Transaction Capital	0,96
Sasol	0,94
BHPBilliton	0,86
Barclays Africa	0,80

## ABOUT THE FUND

### Asset Manager

Mergence Investment Managers (Pty) Ltd

### Portfolio manager/s

Dirk Steyn & Patric Ho

### ASISA Classification

SA / Multi Asset / Medium Equity

### Regulation 28 Compliance

Yes

### Benchmark

CPI + 4% p.a.

### Fund size

R 126.30 million

### Launch date

Thursday, 01 November 2012

### Minimum Investment

None

### Income Distribution (annually)

March 2017 (4.81 cents)

## FEES

Management Fee	0.55-1.00% per annum
Performance Fee	0,00%
Audit Cost	0,18%
Other Cost	0,13%
VAT	0,18%
<b>Total TER</b>	<b>0,93%</b>
Transaction Cost	0,30%
<b>Total Investment Charge</b>	<b>1,23%</b>

## RISK INDICATOR

Low Moderate High

## RISK MEASURES SINCE LAUNCH

Risk Stats	Fund
Annualised Deviation	4,12%
Sharpe Ratio	0,49
Maximum Gain	9,85%
Maximum drawdown	-2,67%
Positive Months	43,00
Highest rolling 1-year return	16,75%
Lowest rolling 1-year return	0,88%

## RISK DESCRIPTION

Low - Moderate:

- minimal equity exposure;
- less volatility than more aggressive mandated portfolios; and
- expected potential long term returns could be lower over the medium to long term.

## WHO SHOULD INVEST

The Fund is suitable for investors who:

- believe the risk of monetary loss is more important than the risk of underperforming the equity markets;
- seek real return above inflation independent of overall equity market returns; and
- seek investment solution with strong focus on medium term capital preservation, while aiming to produce significant growth over the long term.

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## DISCLAIMER

Collective Investment Schemes in Securities (CIS) should be considered as medium to long-term investments. The value 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. The collective investment scheme may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. 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 annual management fee) from the portfolio divided by the number of participatory interests (units) in issue. Forward pricing is used. 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 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. 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.

Where a current yield has been included for Funds that derive its income primarily from interest bearing income, the yield is a weighted average yield of all underlying interest bearing instruments as at the last day of the month. This yield is subject to change as market rates and underlying investments change.

The Manager retains full legal responsibility for any third-party-named portfolio. 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. Please note that all documents, notifications of deposit, investment, redemption and switch applications must be received by Prescient by or before 13:00 (SA), to be transacted at the net asset value price for that day. Where all required documentation is not received before the stated cut off time Prescient shall not be obliged to transact at the net asset value price as agreed to. Money market Funds are priced at 1pm all other Funds are priced at either 3pm or 5pm depending on the nature of the Fund. Prices are published daily and are available on the Prescient website.

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.

For any additional information such as fund prices, brochures and application forms please go to [www.mergence.co.za](http://www.mergence.co.za)

## GLOSSARY SUMMARY

**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.

**Alpha:** Denoted the outperformance of the fund over the benchmark.

**Sharpe Ratio:** The Sharpe ratio is used to indicate the excess return the portfolio delivers over the risk free rate per unit of risk adopted by the fund.

**Standard Deviation:** The deviation of the return stream relative to its own average.

**Max Drawdown:** The maximum peak to trough loss suffered by the Fund since inception.

**Max Gain:** Largest increase in any single month

**% Positive Month:** The percentage of months since inception where the Fund has delivered positive return.

**Average Duration:** The weighted average duration of all the underlying interest bearing instruments in the Fund.

**Average Credit quality:** The weighted average credit quality of all the underlying interest bearing instruments in the Fund (internally calculated).

**Dividend Yield:** The weighted average dividend yield of all the underlying equity in the Fund. The dividend yield of each company is the dividends per share divided by the price.

**PE Ratio:** The weighted average price earnings ratio of all the underlying equity in the Fund. The price earnings ratio of each company is the price divided by the earnings per share.

**High Water Mark:** The highest level of performance achieved over a specified period.

## CONTACT DETAILS

### MANAGEMENT COMPANY:

#### Prescient Management Company (RF) (Pty) Ltd

Registration number: 2002/022560/0

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](mailto:info@prescient.co.za)

Website: [www.prescient.co.za](http://www.prescient.co.za)

### TRUSTEE:

#### 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](http://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 MANAGER:

**Mergence Investment Managers (Pty) Limited**, Registration number:

2004/021426/07, is an authorised Financial Services Provider (FSP16134) 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 (No.37 of 2002). Please be advised that there may be representatives acting under supervision.

Physical address: 6th Flr The Equinox, cnr Milton & Main Road, Sea Point, 8005

Postal address: P O Box 8275, Roggebaai, 8012

Telephone number: +27 21 433 2960

Website: [www.mergence.co.za](http://www.mergence.co.za)

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## MANAGEMENT AND ADMINISTRATION

Prescient Management Company (RF) (Pty) Ltd. This portfolio operates as a white label fund under the Prescient Unit Trust Scheme, which is governed by the Collective Investment Schemes Control Act.