

## Fund Fact Sheet

# Mergence SWIX Fund

31 October 2018 - Issued: 16 November 2018



### OVERVIEW

<b>Equity Risk Profile</b>	<div style="display: flex; justify-content: space-between; width: 100%;"> <span>Low</span> <span>Moderate</span> <span>High</span> </div>
<b>Fund Purpose</b>	Generate capital growth over the long term
<b>Investment Style</b>	Relative Return
<b>Benchmark</b>	FTSE/JSE Shareholder Weighted Index [SWIX]
<b>Investment Vehicle</b>	Segregated / Pooled
<b>Inception date</b>	November 2007
<b>Number of Months</b>	131
<b>Fund Size</b>	R 2.22 billion
<b>Minimum Investment</b>	R 50 million (none for pooled)
<b>Management Fee</b>	Subject to mandate (usually between 0.45% and 0.75% per annum)
<b>Performance fees</b>	Negotiable

### INVESTOR PROFILE

#### The Fund is suitable for investors:

- who seek specialist South African equity exposure as part of their overall investment strategy;
- who believe long term equity exposure adds value;
- who know the nature of equity exposure, in that there is entry risk and the potential of capital loss.

### CARBON FOOTPRINT

The Mergence SWIX Fund is conscious of its carbon footprint and is actively encouraging improved disclosure and carbon management across all JSE listed companies. The Mergence SWIX Fund's Carbon Footprint is available on request.

### PERFORMANCE\*\* SUMMARY

Period	Fund	SWIX	Active Return
Tracking Error	2.15%		
Information Ratio	0.07		
1 Month	-5.98%	-6.12%	0.14%
3 Months	-10.22%	-9.35%	-0.87%
6 Months	-11.14%	-11.18%	0.04%
1 Year	-12.17%	-11.10%	-1.07%
3 Years (p.a.)	0.28%	0.99%	-0.70%
5 Years (p.a.)	6.14%	5.83%	0.30%
Since Inception (p.a.)	8.56%	8.40%	0.16%
<b>Year</b>	<b>Fund</b>	<b>SWIX</b>	<b>Active Return</b>
2018 (YTD)	-13.24%	-13.63%	0.39%
2017	17.07%	21.21%	-4.15%
2016	4.66%	4.13%	0.53%
2015	7.31%	3.62%	3.69%
2014	14.61%	15.42%	-0.81%
2013	25.46%	20.71%	4.75%

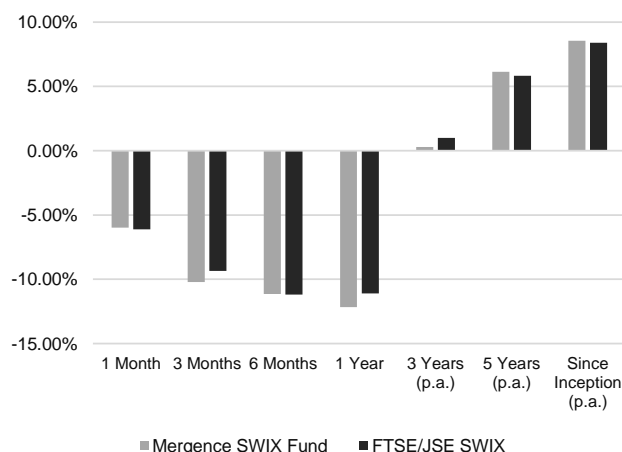
\*\* Returns are quoted gross of fees. Please also note that there are risks associated with financial products and past performance is not necessarily an indication of future performance.

### INVESTMENT OBJECTIVE

The Mergence SWIX Fund aims to provide investors with capital growth over the long term. The objective is to achieve returns that are in excess of the FTSE/JSE Shareholder Weighted Index [SWIX] over any three-year rolling period. The fund is managed as a core mandate targeting maximum active returns relative to tracking error volatility.

Our philosophy of pragmatism underlines our approach to investing in equities, and thus the Fund's objective to be a consistent generator of alpha through cycles. We embrace a style agnostic approach given the cyclicity in performance of a strong bias to either value or growth styles. Our investment process is based on detailed bottom up fundamental analysis. We aim to invest in high quality businesses that are trading at a discount to our assessment of fair value. Our equity investment process is comprehensive, proprietary research driven and long term focused.

### PERIODIC RETURNS



### TOP TEN HOLDINGS

	% of Equity	% of Total
Naspers	21.06%	20.61%
Sasol	4.92%	4.82%
MTN	4.61%	4.51%
Standard Bank	4.21%	4.12%
Anglo American	3.93%	3.85%
RMB Hold	3.76%	3.68%
Old Mutual	3.73%	3.65%
BHPBilliton	3.67%	3.59%
Datatec	3.56%	3.49%
British American Tobacco	2.73%	2.67%

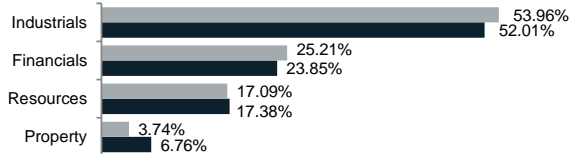
## Fund Fact Sheet

# Mergence SWIX Fund

31 October 2018 - Issued: 16 November 2018

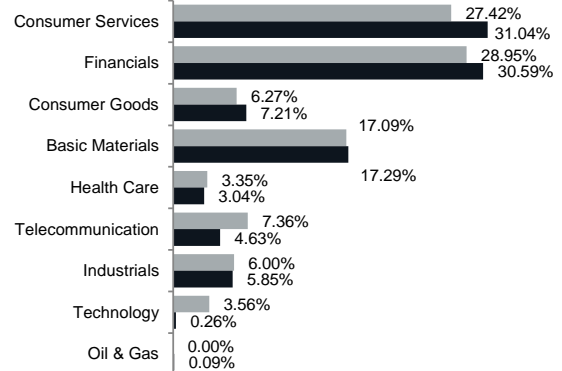


### BROAD SECTOR EXPOSURE



■ Mergence SWIX Fund ■ FTSE/JSE SWIX

### SECTOR ALLOCATION



### MONTHLY RETURNS

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2018	-0.31%	-0.75%	-5.12%	4.01%	-3.73%	2.43%	0.36%	0.30%	-4.80%	-5.98%		
2017	2.30%	-1.62%	1.54%	4.40%	-0.21%	-3.35%	5.26%	2.03%	-1.33%	6.06%	2.29%	-1.04%
2016	-2.53%	0.07%	8.16%	0.50%	1.86%	-1.51%	1.19%	-0.05%	-0.89%	-3.06%	-0.93%	2.22%
2015	2.93%	3.77%	0.60%	4.56%	-3.64%	0.95%	0.26%	-3.41%	-0.55%	7.47%	-2.10%	-3.10%
2014	-3.72%	5.77%	2.86%	1.42%	2.72%	2.91%	0.94%	0.25%	-1.84%	2.56%	-0.28%	0.46%
2013	1.99%	-0.87%	2.03%	-1.94%	8.43%	-3.93%	3.92%	1.94%	5.15%	3.75%	-1.40%	4.48%
2012	4.21%	2.29%	-0.64%	2.71%	-3.05%	1.81%	2.86%	2.69%	1.38%	3.93%	1.15%	4.96%
2011	-2.51%	2.76%	1.05%	2.50%	-0.63%	-1.89%	-1.30%	0.55%	-2.15%	7.57%	1.84%	-1.30%

### INVESTMENT PROFESSIONALS



#### Bradley Preston, BSc (Hons), MSc (Fin Maths)

Head: Listed Investments

Brad received his MSc in Financial Mathematics from UCT with distinction for his thesis focussing on derivative pricing. He joined Mergence Investment Managers in 2005 as part of the absolute return team. Brad currently heads up our equity investment product offering and is also Portfolio Manager of the Mergence ESG Equity Fund.



#### Peter Takaendesa, BCom (Economics), MCom (Economics), MCom (Finance and Economics)

Portfolio Manager

Peter has about 11 years financial services industry experience and was a top-rated TMT equity investment analyst working for 2 global investment banks. He obtained his MCom at Rhodes University majoring in Finance and Economics, followed by a number of professional industry certifications. Prior to joining the financial services industry, Peter was a university lecturer in Economics and published a number of papers in leading academic journals. He started his financial services career at Credit Suisse Standard Securities as an equity investment analyst covering the IT & Electronics sectors and later moved to RMB Morgan Stanley to broaden his coverage to the whole TMT sector. Top ratings in the Financial Mail annual analyst rankings and winning the ABSIP South Africa equity analyst of the year in 2011 and 2017 are some of Peter's achievements. Peter joined Mergence Investment managers in January 2014 as a senior equity investment analyst and is involved in a number of community development activities, such as serving as an external examiner for some local universities.

Mergence Investment Managers (Pty) Ltd (Mergence), Reg No.2004/021426/07, is a licensed financial services provider under the Financial Advisory and Intermediary Services Act No. 37 of 2002 (FAIS) (FSP No 16134) and is approved by the Registrar of Financial Services Providers (www.fsb.co.za). The availability of a complete list and description of all of the firm's GIPS composites is available upon request. Additional information regarding policies for calculating and reporting returns is available upon request. Though Mergence take care in the accuracy of data, we take no responsibility for any information contained herein or attached. Such information is not intended nor does it constitute financial, tax, legal, investment or other advice, including but not limited to "advice" as defined in FAIS. Mergence does not guarantee the suitability or potential value of any information found in this communication. The user of this communication should consult with a qualified financial advisor before relying on any information found herein and before any decision taking action in reliance thereon. The user of any information should be aware that the market fluctuate and the value of investments and that changes in rates of exchange may have an effect on the value, price or income investments. Therefore it is possible that an investor may not retain the full amount invested. Past performance is not necessarily a guide to future investment performance. Fund performance figures are gross of management fees, net of all applicable withholding & gross of SA capital gains taxes.

Mergence Investment Managers (Pty) Ltd, 6th Floor The Equinox, Cnr Milton and Main Roads, Sea Point, 8005  
P O Box 8275, Roggebaai, 8012 / T: +27 21 433 2960 / F: +27 433 0675 / E: info@mergence.co.za