

## Fund fact sheet

# Mergence Global Balanced Fund

31 March 2019 - Issued: 16 April 2019



MERGENCE

### OVERVIEW

<b>Fund Purpose</b>	Generate a real return above inflation whilst minimising risk over the medium term
<b>Investment Style</b>	Balanced
<b>Benchmark</b>	Headline Consumer Price Index + 5%
<b>Investment Vehicle</b>	Segregated
<b>Inception date</b>	Jun-18
<b>Number of Months</b>	10
<b>Fund Size</b>	R146.27 million
<b>Minimum Investment</b>	R100 million
<b>Management Fee</b>	Subject to mandate (usually between 0.50% and 1.00% p.a.)
<b>Performance fees</b>	Negotiable

### INVESTOR PROFILE

#### The Fund is suitable for institutional investors:

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

### INVESTMENT OBJECTIVE

The Fund is managed with the objective of producing a real return of CPI plus 5% per annum over the longer term while preserving capital over rolling 12-month periods. The inclusion of international assets broadens diversification and should enhance risk adjusted returns. It may underperform relative to overall equity markets due to its focus on capital preservation and long-term capital growth.

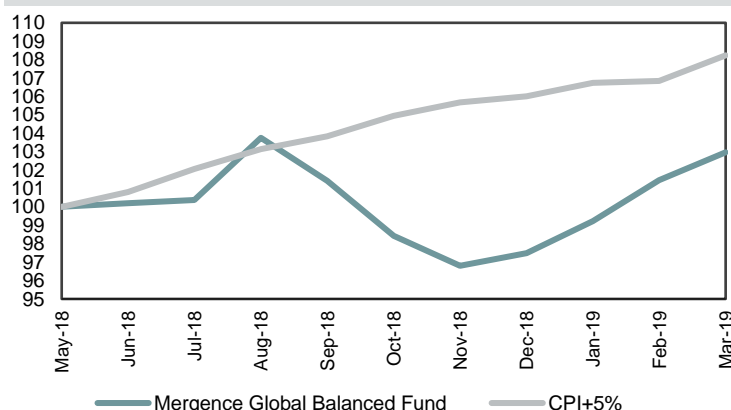
### PERFORMANCE DETAILS

Period	Fund	CPI + 5%	ALBI	ALSI
1 Month	1.49%	1.23%	1.33%	1.56%
3 Months	5.61%	1.68%	3.81%	7.97%
6 Months	1.52%	4.04%	6.66%	2.71%
YTD	5.61%	1.68%	1.33%	1.56%
Since inception (p.a.)*	2.96%	7.05%	8.44%	4.39%

\*Inception: June 2018

Year	Fund	CPI + 5%
2019 (YTD)	5.61%	2.10%
2018	-2.51%	6.01%

### TRACK RECORD



### INVESTMENT MANDATE

The Fund is managed with an absolute return orientation, and is structured to generate a return of 5% 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, both domestically and internationally. The Fund employs active asset allocation and derivative hedging to manage and reduce downside risk.

### RISK OF MONETARY LOSS

The recommended investment term for this Fund is 5 years or longer. While the return expectations should be set at periods over 5 years, the Fund has an objective not to lose money over any rolling 12-month period. As a result, declines over any 36-month period are unlikely. Note that while capital preservation is our intent, this is not a guaranteed fund.

### RISK ANALYSIS

Risk Measure	Fund
Annualized Return	2.96%
Standard Deviation	2.05%
Maximum Gain	3.37%
Maximum loss	-2.94%
Positive Months	70.00%
Beta to JSE All Share	0.45
Correlation to JSE All Share	0.87

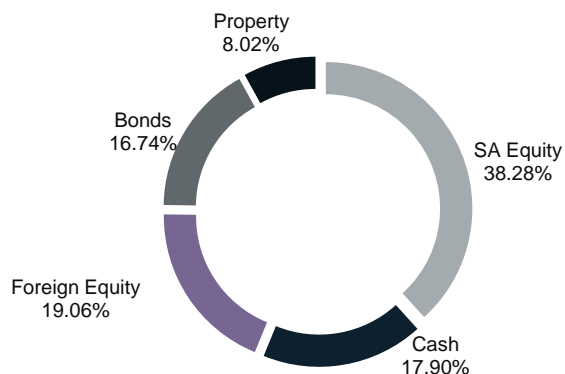
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## FUND STRUCTURE

### Asset Allocation (Effective)



### Top 10 Equity Holdings

	% of Category	% of Total
Naspers	17.64	6.35
BHPBilliton	9.43	3.39
Anglo American	6.85	2.47
Sasol	5.71	2.05
Standard Bank	5.68	2.04
MTN	5.55	2.00
Richemont	5.41	1.95
Firstrand	4.68	1.68
Mondi plc	3.95	1.42
British American Tobacco	3.16	1.14

## MONTHLY PERFORMANCE RETURNS

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2019	1.78%	2.25%	1.49%									
2018						0.20%	0.17%	3.37%	-2.25%	-2.94%	-1.66%	0.71%

Please note that there are risks associated with financial products and past performance is not necessarily an indication of future performance.

## PORTFOLIO MANAGEMENT



### Patric Ho, B Com, CA(SA)

Head: Absolute Return Funds, Portfolio Manager

Patric has over 33 years' experience in investments. He started his investment career in 1986 doing stockbroking research at a large domestic stockbroker. In 1990 he joined Fedsure as Investment Manager with both research and portfolio management responsibilities. From 1995 to 1998 he relocated to Australia and helped establish a specialist stockbroking operation in Perth. Patric returned to South Africa in 1998 and rejoined Fedsure Asset Management as Chief Investment Officer until 2001. Thereafter he was Chief Investment Officer at Eskom Pension and Provident Fund for a period of seven years before relinquishing this role to set up and manage an absolute return portfolio during his final three years at the fund. Patric joined Mergence in 2012 as Portfolio Manager, Absolute Return Funds and brings with him years of investment management experience at a senior level, and a highly successful record of managing absolute return funds.



### Dirk Steyn, BSc, B Eng and MSc (Financial Mathematics)

Portfolio Manager

Dirk joined Mergence Investment Managers in 2007 in the role of Quantitative Analyst whilst completing a Masters in Financial Mathematics at University of Cape Town. Since then he has fulfilled various roles in the investment process including risk manager and fixed income analyst. Since 2015 Dirk has worked in fixed income and cash management at Mergence and is Portfolio Manager in the Absolute Return Funds team.

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