



Mergence Lesotho milestone

It is nearly a year now since Mergence Investment Managers Lesotho (Pty) Ltd has been licensed to operate as an investment manager in Lesotho, and three years since we have had a presence in the Kingdom. It has been a great journey thus far and we are proud of what we have been able to achieve for our stakeholders.

In 2015 when we were initially appointed as the private equity manager for the Public Officers Defined Contribution Pension Fund (PODCPF), we made a commitment that we would set up a fully-fledged, licensed asset management business in Lesotho. We further committed to assisting the Fund to repatriate some of its investments back to Lesotho, for the benefit of Basotho. All this we have achieved with the official launch in August 2018 of Mergence Investment Managers Lesotho (Pty) Ltd.

Creating jobs and attracting investment

To date, we have successfully deployed in excess of M320 million of investments in Lesotho. The projects have created more than 2,300 jobs and impacted the lives of many Basotho. This has made a further positive contribution to the economy in terms of revenue collections, attracting investors into Lesotho, participating in the creation of new industries and affording Lesotho the global respect it deserves.

As an impact investor, Mergence has pioneered in many areas before, including being the first Fund Manager in South Africa to create a debt fund in the renewable energy sector. We have notched up another first by being the first Fund Manager to invest in medicinal cannabis, thanks to the foresight of our investment team. What excites us even more is that the medicinal cannabis investment was executed in Lesotho, which ties back into our strategy to repatriate Basotho funds to Lesotho.

An invitation to submit suitable bankable business ideas

With the strong pipeline that we have in Lesotho, we anticipate that we will be able to grow our Lesotho investments to M1 billion over the next three to five years. In order to achieve our goal, we invite Basotho-owned companies to share with us bankable business ideas that we can consider for funding. Businesses that we could consider should be able to provide desired financial returns for our investors, have a reasonable and positive social impact and also be able to manage undesirable levels of risk.

Our primary focus is in the agriculture, technology, property, infrastructure, renewable energy and education sectors. We will consider investment in other sectors, based on the commercial and social impact merits. Our preferred investment size is a minimum of M25 million and a maximum of M60 million per project. We could however consider proposals outside of these parameters if we see relevant potential. Please note that we will only consider projects that would achieve the required investment returns for our investors. We have an open-door policy and projects can be delivered directly to our offices for assessment at deals@mergence.co.za or Office 38, Maseru Mall, Maseru, Lesotho.

Exciting developments to come

Over and above what we have delivered so far, we have some exciting product developments that we are working on to be launched in the third quarter of 2019, specifically for Lesotho institutional investors. We aim to create products that comply with the local investment guidelines and also respond to the national development plan, while ensuring that we compete at a global level.

In conclusion, Mergence in Lesotho is proud of what we have achieved thus far and we look forward to further contributing to the Basotho nation. We thank all our stakeholders for their ongoing support.

Yours truly

Semoli Mokhanoi
Managing Director