

Mergence Renewable Energy Debt Fund II

30 September 2019 - Issued: 11 October 2019



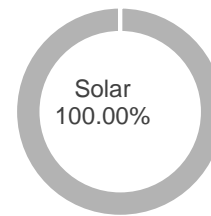
OVERVIEW

Risk Profile	
Targeted Fund Size	R 3 billion
Current asset value	R 336 million
Undrawn capital	R 180 million
Fund Purpose	Consistent income generation & capital preservation investing (renewable energy assets)
Sector	South African Renewable Energy Assets
Asset Class	Unlisted secured debt
Benchmark Return	CPI + 4%
Launch Date	October 2017
Fund Structure	Closed-end
Fund Maturity Date	30 September 2029
Commitment Period	24 months from Launch Date
Management Fee	0.85% per annum (excl. VAT) (negotiable with preferential fee to seed investors)

FUND COMPOSITION

The Mergence Renewable Energy Debt II Fund invests in feasible renewable energy generation projects based on proven technology. Investments are made in debt instruments underpinned by electricity generation assets with power purchase agreements in place. Repayments from the generation asset earnings are passed through to the investor. Investments take place through renewable energy project companies to maximise profit and isolate specific risks. The Fund aims to invest in projects which are structured to deliver socio-economic targets in excess of the minimum thresholds, therefore taking into account local content, local procurement, local ownership and job creation.

TARGET TECHNOLOGY ALLOCATION



INVESTOR PROFILE

The Fund is suitable for institutional investors:

- who seek exposure through supporting developmental investing in terms of social and environmental criteria;
- who are comfortable with the inherent volatility of the financial markets, and who acknowledge that the effects of impact investing occur over medium to long term time horizons.

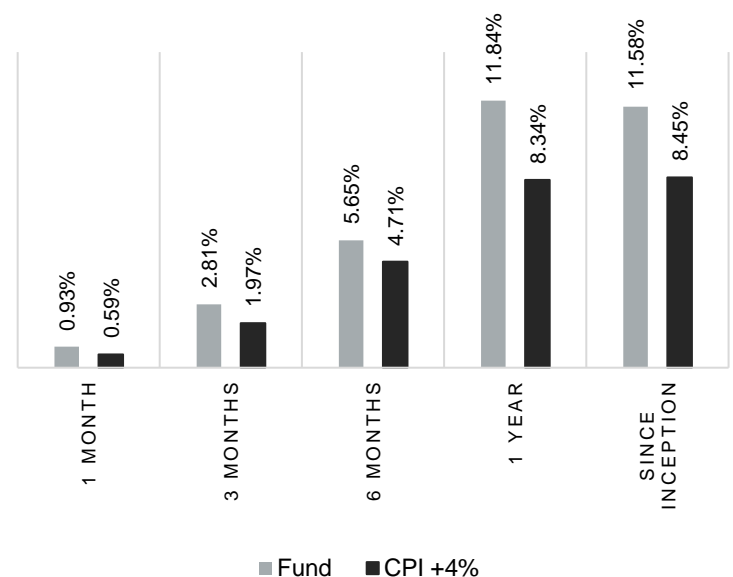
PERFORMANCE COMMENTARY

The Fund has invested in 3 renewable energy projects located in 1 South African province. All current renewable energy project investments yield gross returns above the benchmark return of CPI + 4%. In addition to achieving the gross returns, the Fund has invested in projects that demonstrate higher than threshold economic development indications including community ownership and local content. All of the 3 investments within the portfolio have been completed, commissioned and are selling electricity successfully into the grid.

IMPACT OBJECTIVE

The Fund aims to invest in projects which are structured to deliver socio-economic targets in excess of the minimum thresholds, therefore taking into account local content, local procurement and local ownership and job creation.

PERFORMANCE SUMMARY



INVESTMENT OBJECTIVE

The Mergence Renewable Energy Debt Fund II is a Development Impact Fund which seeks to provide commercially viable investments into the renewable energy sector enabling investors to achieve targeted investment returns together with social and environmental impact. This Fund invests primarily in the construction, commissioning and operation of renewable energy projects within South Africa, and aims to achieve the maximum risk-adjusted return possible from this asset class. The Fund only invests in the senior & mezzanine debt of viable renewable energy projects. Our Investment approach includes:

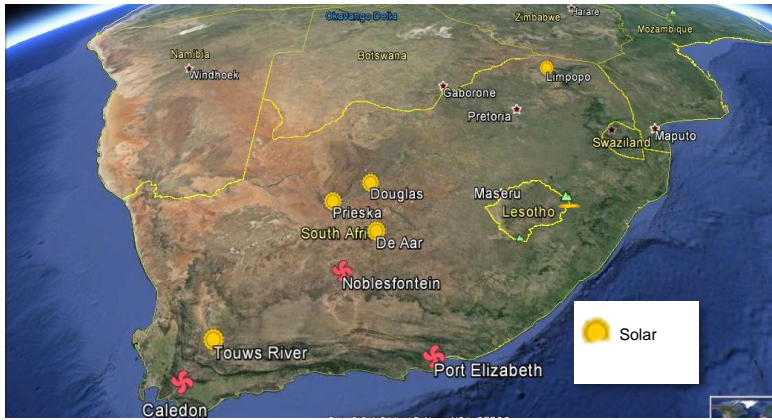
- Strong fundamentals;
- Diversification across technologies; and
- Well-regarded advisory committee with strong track record.

Mergence Renewable Energy Debt Fund II

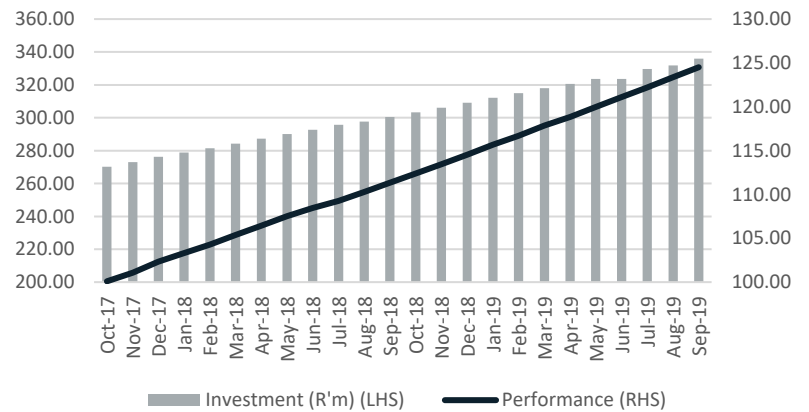
30 September 2019 - Issued: 11 October 2019



GEOGRAPHIC ALLOCATION



FUND GROWTH



SOLAR AND WIND PROJECTS



PORTFOLIO MANAGER



Mark van Wyk

B Com (Hons), CA (SA)

Head: Unlisted Investments, Portfolio Manager

As a leader in institutional impact and infrastructure investments, Mark has nearly 20 years of experience in the capital and investment markets. Based largely in Cape Town, he has worked at Sanlam Properties, PwC and Mettle where he specialised in corporate finance, structured finance, specialist income funds and private equity transactions. Mark joined Mergence in 2010 where as Head: Unlisted Investments, he oversees the unlisted credit and unlisted equity asset portfolios.

Mark is a sought-after commentator and a guest lecturer at the UCT Graduate School of Business. He serves on the ASISA Responsible Investments Committee and has won ABSIP awards for Alternative Asset Manager in 2014 and 2016. He is a qualified CA and has a BCom (Hons) from the University of Natal.

THE TEAM



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.