

## Fund fact sheet

# Mergence Global CPI + 5% Fund

31 December 2019 - Issued: 22 January 2020



### OVERVIEW

<b>Fund Purpose</b>	Generate a real return above inflation whilst minimising risk over the medium term
<b>Investment Style</b>	Absolute Return
<b>Benchmark</b>	Headline Consumer Price Index + 5%
<b>Investment Vehicle</b>	Segregated
<b>Inception date</b>	Sep-12
<b>Number of Months</b>	88
<b>Fund Size</b>	R 5,086 billion
<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.

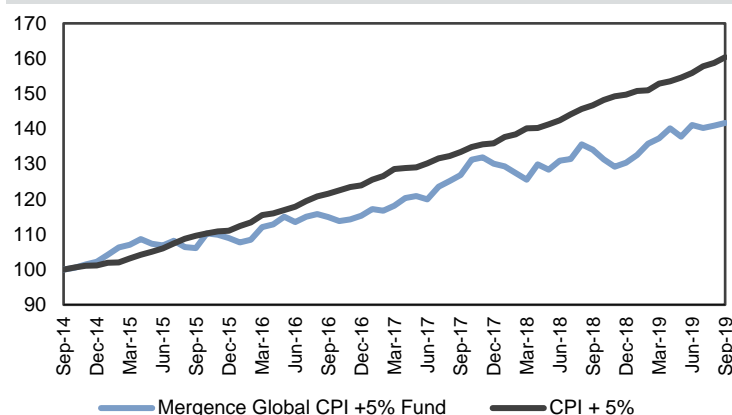
### PERFORMANCE DETAILS

Period	Fund	CPI + 5%	ALBI	ALSI
1 Month	1,34%	0,67%	1,86%	3,30%
3 Months	1,62%	1,58%	1,73%	4,64%
6 Months	4,18%	3,72%	2,48%	-0,14%
1 Year	10,24%	9,02%	10,32%	12,05%
3 Years (p.a.)	7,63%	9,40%	9,40%	23,97%
Since inception (p.a.)*	8,96%	10,15%	8,18%	11,42%

\*Inception: September 2012

Year	Fund	CPI + 5%
2019 (YTD)	10,62%	8,56%
2018	0,22%	10,18%
2017	12,80%	9,62%
2016	5,81%	11,61%
2015	6,64%	9,77%
2014	11,07%	10,80%
2013	12,19%	10,31%
2012 (4 months)	6,02%	3,68%

### 5-YEAR 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	8,96%
Standard Deviation	5,09%
Sharpe Ratio	0,58
Sortino Ratio	1,44
Maximum Gain	8,51%
Maximum drawdown	-4,79%
Positive Months	68,18%
Highest rolling 1-year return	18,43%
Lowest rolling 1-year return	-2,00%
Beta to JSE All Share	0,40
Correlation to JSE All Share	0,89

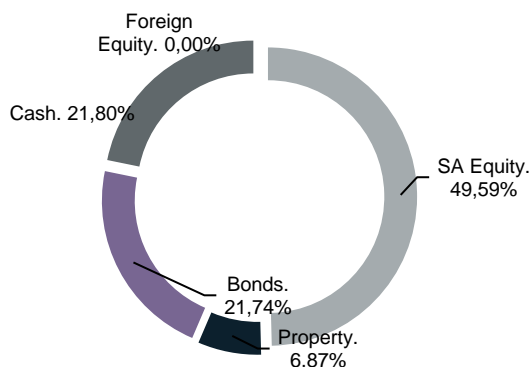
# Mergence Global CPI + 5% Fund

31 December 2019 - Issued: 22 January 2020



## FUND STRUCTURE

### Asset Allocation (Effective)



### Top 10 Equity Holdings

	% of Category	% of Total
Naspers	14,72	7,59
BHP Billiton	8,35	4,31
Anglo American	7,64	3,94
Standard Bank	5,46	2,81
Richemont	5,38	2,77
FirstRand	4,96	2,56
MTN	4,01	2,07
Mondi plc	3,93	2,03
Prosus	3,85	1,99
British American Tobacco	3,57	1,84

## MONTHLY PERFORMANCE RETURNS

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2019	1,68%	2,43%	1,11%	2,05%	-1,65%	2,37%	-0,55%	0,42%	0,56%	1,51%	-0,30%	0,58%
2018	-0,58%	-1,44%	-1,50%	3,50%	-1,17%	1,95%	0,36%	3,21%	-1,11%	-2,07%	-1,61%	0,89%
2017	1,65%	-0,40%	1,20%	1,82%	0,47%	-0,78%	3,01%	1,34%	1,31%	3,45%	0,51%	-1,35%
2016	-1,15%	0,71%	3,30%	0,70%	1,93%	-1,32%	1,35%	0,65%	-0,77%	-1,02%	0,42%	0,96%
2015	1,97%	2,00%	0,72%	1,48%	-1,20%	-0,42%	1,22%	-1,68%	-0,22%	3,88%	-0,37%	-0,81%
2014	-2,02%	2,98%	2,67%	1,54%	1,26%	1,39%	1,05%	0,17%	-0,59%	0,56%	0,88%	0,75%
2013	1,50%	-0,19%	1,29%	0,10%	1,83%	-2,20%	1,73%	0,64%	3,09%	3,02%	-0,69%	1,55%
2012									1,14%	1,49%	1,78%	1,48%

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

## PORTFOLIO MANAGEMENT



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

Head: Multi-Asset Class

Dirk joined Mergence Investment Managers in 2007 in the role of Quantitative Analyst whilst completing a master's in financial mathematics at the 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. In October 2019 he was appointed to lead the team as Head: Multi-Asset Class.



**Grace Debeila**, B Econ Sc (Actuarial Science)

Co-Portfolio Manager

Grace joined Mergence in September 2019 as Co-Portfolio Manager on the Multi-Asset class funds. She is a seasoned investment professional with a solid 12 year background in the investment industry, primarily in asset management. Before joining Mergence, Grace was employed at Prescient Investment Management as Co-Portfolio Manager on the bond funds, having attained that title in January 2018 after a year of work there as an analyst assisting the portfolio managers and head of fixed income. Her work experience before that includes five years at Prudential Investment Managers as an Asset Allocation Analyst, two years at RMB Asset Management as a Portfolio Risk analyst and 18 months at Momentum Wealth in product development and technical actuarial support roles. Grace has completed 11 of the 15 Actuarial exams required by the Faculty and Institute of Actuaries in the UK with aspirations to complete the full series in future. She is currently pursuing her CFA designation and has completed level II.

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](http://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.