

## Fund fact sheet

# Mergence Global CPI + 5% Fund

31 January 2020 - Issued: 21 February 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>	89
<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

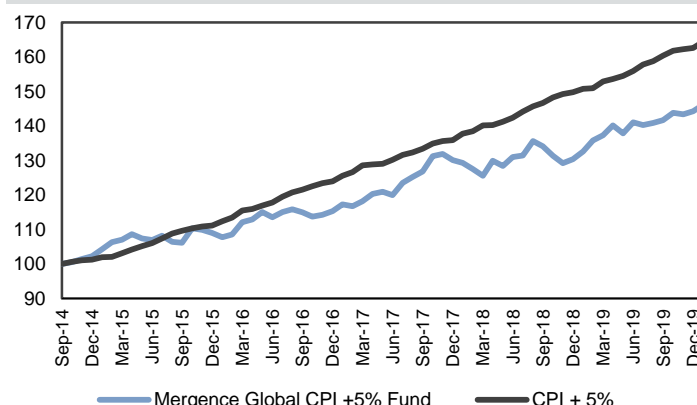
### INVESTMENT OBJECTIVE

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%	1,19%	-1,69%
3 Months	1,62%	1,58%	3,30%	-0,27%
6 Months	4,18%	3,72%	4,47%	0,55%
1 Year	10,24%	9,02%	8,48%	7,14%
3 Years (p.a.)	7,63%	9,40%	9,35%	16,83%
Since inception (p.a.)*	8,96%	10,15%	8,37%	11,13%
*Inception: September 2012				
Year	Fund	CPI + 5%		
2020 (YTD)	1,34%	0,67%		
2019	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	18,94%	9,10%		

### 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	5,07%
Sharpe Ratio	0,57
Sortino Ratio	1,42
Maximum Gain	8,51%
Maximum drawdown	-4,79%
Positive Months	68,54%
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

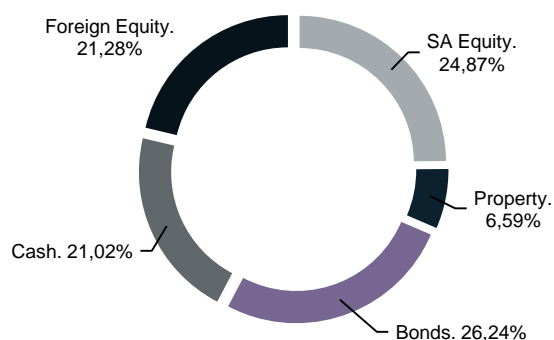
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## FUND STRUCTURE

## Asset Allocation (Effective)



## Top 10 Equity Holdings

	% of Category	% of Total
Naspers	16,10	4,85
BHP Billiton	8,47	2,55
Anglo American	7,78	2,34
Richemont	5,53	1,66
Standard Bank	5,30	1,59
FirstRand	4,80	1,44
British American Tobacco	4,38	1,32
Prosus	3,91	1,18
Mondi plc	3,71	1,12
MTN	3,64	1,10

## MONTHLY PERFORMANCE RETURNS

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2020	1,34%											
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%			3,09%	3,02%	-0,69%	1,55%

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

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