Fund fact sheet

Mergence Global CPI + 5% Fund

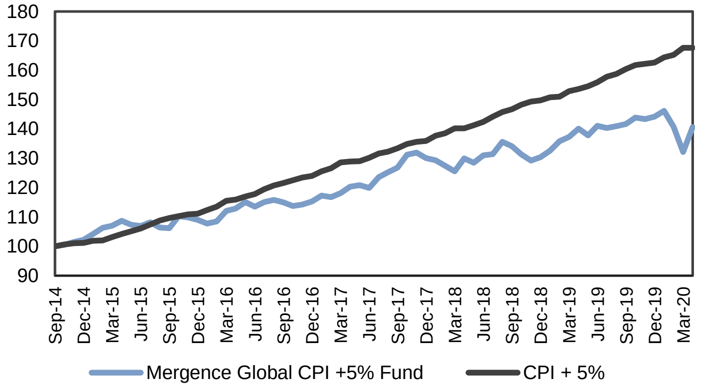
30 April 2020 - *Issued: 20 May 2020*

MERGENCE

OVERVIEW

Fund Purpose	Generate a real return above inflation whilst minimising risk over the medium term
Investment Style	Absolute Return
Benchmark	Headline Consumer Price Index + 5%
Investment Vehicle	Segregated
Inception date	Sep-12
Number of Months	92
Fund Size	R 4,886 billion
Minimum Investment	R100 million
Management Fee	Subject to mandate (usually between 0.50% and 1.00% p.a.)
Performance fees	Negotiable

5-YEAR TRACK RECORD



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 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.

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.

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.

PERFORMANCE DETAILS

Period	Fund	CPI + 5%	ALBI	ALSI
1 Month	6,42%	0,75%	3,92%	13,98%
3 Months	-3,78%	2,81%	-6,25%	-8,85%
6 Months	-2,21%	4,41%	-3,16%	-9,10%
1 Year	0,37%	9,14%	0,06%	-10,78%
3 Years (p.a.)	5,34%	9,16%	6,11%	3,28%
Since inception (p.a.)*	8,11%	10,19%	7,30%	9,56%

*Inception: September 2012

Year	Fund	CPI + 5%
2020 (YTD)	-2,49%	3,49%
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%

RISK ANALYSIS

Risk Measure	Fund
Annualized Return	8,11%
Standard Deviation	6,15%
Sharpe Ratio	0,33
Sortino Ratio	0,50
Maximum Gain	13,98%
Maximum drawdown	-9,58%
Positive Months	67,39%
Highest rolling 1-year return	18,43%
Lowest rolling 1-year return	-3,76%
Beta to JSE All Share	0,42
Correlation to JSE All Share	0,92

Mergence Investment Managers (Pty) Ltd, 2nd floor, Cape Town Cruise Terminal, Duncan Road, V&A Waterfront, Cape Town, South Africa, 8001
P O Box 8275, Roggebaai, 8012 / T: +27 21 433 2960 / F: +27 433 0675 / E: info@mergence.co.za

Fund fact sheet

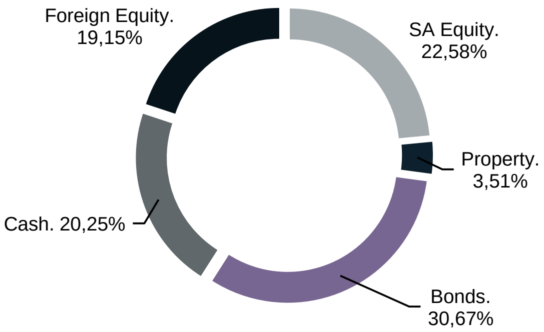
Mergence Global CPI + 5% Fund

30 April 2020 - *Issued: 20 May 2020*

MERGENCE

FUND STRUCTURE

Asset Allocation (Effective)



Top 10 Equity Holdings

	% of Category	% of Total
BHP Billiton	8,63	2,61
Anglo American	7,09	2,15
AngloGold Ashanti	6,07	1,84
British American Tobacco	5,78	1,75
Richemont	5,21	1,58
Prosus	4,82	1,46
Aspen	4,03	1,22
Standard Bank	3,89	1,18
FirstRand	3,80	1,15
Mondi plc	3,70	1,12

MONTHLY PERFORMANCE RETURNS

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2020	1,34%	-3,75%	-6,07%	6,42%								
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%

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.

Mergence Investment Managers (Pty) Ltd, 2nd floor, Cape Town Cruise Terminal, Duncan Road, V&A Waterfront, Cape Town, South Africa, 8001

P O Box 8275, Roggebaai, 8012 / T: +27 21 433 2960 / F: +27 433 0675 / E: info@mergence.co.za