



FUND DESCRIPTION

The Mergence Infrastructure Bond Composite aims to invest in a diversified combination of infrastructure debt assets that will result in superior risk adjusted returns, whilst supporting the development of both social and economic infrastructure services. This Fund forms part of the Mergence suite of Impact Funds. It is a yield enhanced bond portfolio that targets attractive returns through a combination of investment grade listed exposure and high quality unlisted yield enhancing infrastructure assets. The Fund aims to provide a measure of liquidity whilst providing exposure to attractive infrastructure investments. The Fund is managed with regard to prudent credit concentration exposure, dynamic interest rate risk management and robust counterparty assessment. The Fund is allowed to invest up to 50% in unlisted debt. The Fund is thus expected to generate attractive risk-adjusted return over that of the ALBI.

OVERVIEW

	Low	Moderate	High
Risk Profile			
Fund Size	R 875 million		
Targeted Fund Size	R 5 billion		
Benchmark	All Bond Index (ALBI)		
Performance Target	All Bond Index (ALBI) +1%		
Asset Class	Fixed & variable rate debt instruments; Listed and unlisted instruments		
Credit Rating	Investment grade specialist credit fund		
Fund Purpose	Maximise long-term income generation while promoting infrastructure assets		
Performance Objective	The Fund aims to outperform the ALBI by 1% per annum over a rolling 3-year period		

SALIENT FEATURES

- Exposure to quality bonds (listed and unlisted)
- Aims to generate stable long term returns
- Conservative risk profile vs corporate listed bonds
- Leverages off existing impact and fixed income Teams
- Provides a measure of liquidity
- Diversified exposure
- Attractive transaction pipeline
- Achievement of socio-economic developmental and impact objectives
- Suitable for consideration in retirement fund and similar models
- Good diversifier of overall fixed income allocation in balanced portfolios;
- Complements and enhances fixed income exposure

FUND* PERFORMANCE SUMMARY

Period	Fund	ALBI	Diff
1 Month	-0,04%	-0,05%	0,01%
3 Months	1,64%	1,45%	0,19%
6 Months	10,06%	11,54%	-1,48%
Year to date	0,59%	1,82%	-1,23%
1 Year	2,62%	3,58%	-0,96%
Since Inception (June 2018)**	8,04%	7,84%	0,20%

*Including illustrative Mergence ALBI Composite performance. ** Annualised

FUND COMPOSITION

The Fund will comprise the following:

- Listed Investment Grade Bond Exposure
- Unlisted Exposure

Mergence Renewable Energy Debt Fund

The Mergence Renewable Energy Debt Fund is a Development Impact Fund which invests 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's REIPPP Programme, and aims to achieve the maximum risk-adjusted return possible from this asset class. The Fund invests predominantly in the debt of viable renewable energy projects.

Mergence Infrastructure Debt Fund

The Mergence Infrastructure Debt Fund is a socio-economic impact fund that invests in projects and businesses that encourage and enhance growth and development in SA. This Fund aims to invest in debt investments issued to create positive and sustainable social and/or economic impact beyond the financial return.

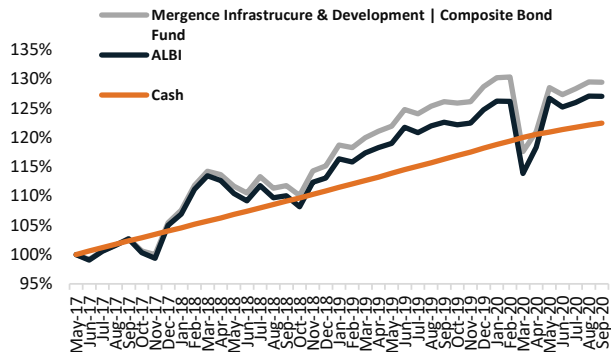
Mergence Commodities Finance Fund

Investments comprise asset backed loan securities (average term 3-6 months and generally less than one year) aimed at facilitating innovative Agricultural (and other qualifying) Commodity and Trade Finance. The product plays a role in enabling and assisting counterparts in the commodities arena with finance on a secured basis, thereby playing a role in the sustainability and development of these commodities, especially agriculture (food security).

Other Infrastructure and Development Funds

These will comprise investments in related funds established to enhance and complement the Infrastructure and Development suite of funds (e.g. a housing fund).

CUMULATIVE FUND* PERFORMANCE

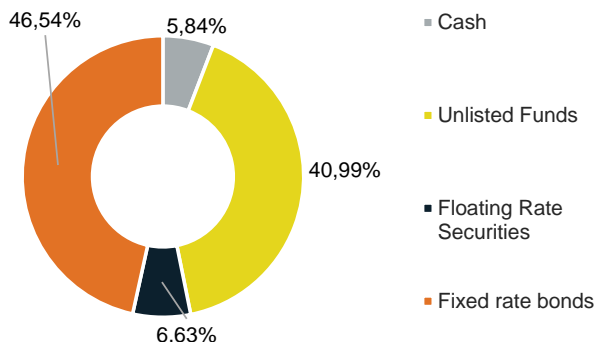


Infrastructure & Development Fund | Bond Composite

30 September 2020 - Issued: 20 October 2020



INFRASTRUCTURE IMPACT AREAS



LIQUID BOND PORTFOLIO EXPOSURE

	Fund	ALBI
Floating Rate Securities	7,15%	
3-7 years	7,15%	
Fixed rate bonds	92,85%	100,00%
1-3 years	3,44%	3,28%
3-7 years	10,42%	10,83%
7-12 years	31,00%	30,64%
12+ years	48,00%	55,24%
Modified duration	5,80	6,40

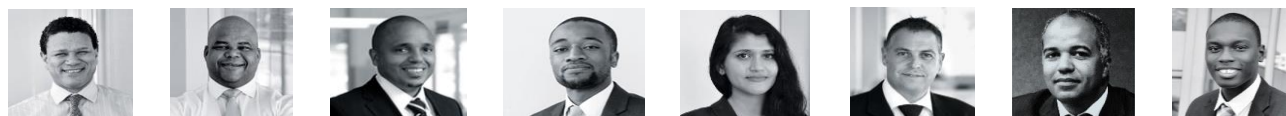
MODIFIED DURATION

The Fund aims to invest in projects which are structured to deliver measurable developmental impact, therefore taking into account impact metrics such as local content, local procurement, and local ownership, housing and job creation.

INFRASTRUCTURE PROJECTS



THE TEAM



PORTFOLIO MANAGEMENT TEAM



Fabian De Beer
BCom (Accounting & Economics), H.Dip.Ed
Deputy Managing Director

Fabian has over 32 years' investment experience, having obtained his BCom at UWC majoring in Accounting and Economics, followed by a post-graduate Higher Diploma in Education. He has held several senior and executive management positions namely: Head of the Group ALM function at Standard Bank/SCMB (Treasury); senior manager of ALM/Risk Assessment at Eskom Treasury; senior positions at the Eskom Pension Fund where he headed up Investment Multi-Management and played a major role in investment and portfolio strategy as well as asset allocation. Subsequently, he joined BRAIT SA as Executive Director and lead investment manager for its Fund of Hedge Funds. In 2006, Fabian joined Mergence Investment Managers as Investment Strategist, a role he still fulfills, and was its first CIO and subsequently Director of Investments. In November 2019, he was appointed as Deputy Managing Director.



Fazila Manjoo
Postgraduate Diploma in Management in Actuarial Science, BSc (Actuarial Science)
Portfolio Manager: Multi-Asset

Fazila joined Mergence in September 2020 as a Portfolio Manager in the Multi-Asset team. She has over 15 years of experience in the financial services industry and a passion for research, technology, and sustainability. Her career at Alexander Forbes started as an actuarial specialist. She then gained experience in investment management, risk, and research at some of South Africa's top asset managers, including Prescient, Stanlib, and Old Mutual. Fazila has a Postgraduate Diploma in Management in Actuarial Science from UCT and a BSc in Actuarial Science from the University of KwaZulu Natal.



Mark van Wyk
BCom (Hons), CA (SA)
Head: Infrastructure & Development (SA)

Mark joined Mergence in 2010 whereas the Head: Infrastructure & Development (SA), he oversees the unlisted credit and unlisted equity asset portfolios. Mark is a qualified CA and has a BCom (Hons) from the University of Natal and is currently completing his MBA. As a leader in institutional impact and infrastructure investments, he 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 specialized in corporate finance, structured finance, specialist income funds, and private equity transactions. 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. Mark is a sought-after conference speaker and media commentator.