

Fund fact sheet

Mergence Infrastructure & Development | Equity

30 June 2021 - Issued: 21 July 2021



FUND DESCRIPTION

Mergence Investment Managers has established the Mergence Infrastructure & Development | Equity Fund as a new fund in its suite of Impact Funds. The Fund has been structured as an open-end fund, investing in unlisted equity and quasi-equity, such as mezzanine debt, in infrastructure and developmental assets. The Fund will focus on building a diversified portfolio of infrastructure and developmental assets that will meet the Fund objectives of supporting economic growth and infrastructure development while yielding sound returns to investors. Socio-economic infrastructure assets include renewable energy plants, social housing, student accommodation, schools, energy efficient programmes and hospitals.

OVERVIEW

	Low	Moderate	High
Risk Profile			
Fund Term Life	Open-ended		
Inception Date	May 2015		
Fund Size	R 872,64 million		
Investment Vehicle	Life License (Prescient)		
Benchmark Return	CPI +7% (over rolling 3-year periods)		
Target Areas	Social, economic and other infrastructure		
Geographic Focus	Predominantly South Africa		
Asset Class	Unlisted infrastructure equity and quasi-equity		
Target Portfolio Composition	70% equity, 30% quasi-equity		
Target Sector Allocation	60% renewable energy, 40% other infrastructure		
Withdrawal Period	No investment should be made in the Fund if the intention is to withdraw funds within 3 years		
Liquidity	Up to 36 months to liquidate assets		

TEAM

The Mergence infrastructure team is an experienced investment team with 50 years of collective experience in evaluating and investing in private markets and unlisted businesses (investing in both private equity and debt financing), across various infrastructure sectors including renewable energy, affordable housing, water, property and healthcare. The infrastructure team is supported by the Mergence Investment Managers' investment team who have 90 years of collective investment experience and augmented with specialist and Best-in-Class service providers and a dedicated International advisory committee.

INVESTOR PROFILE

The Fund is suitable for institutional investors:

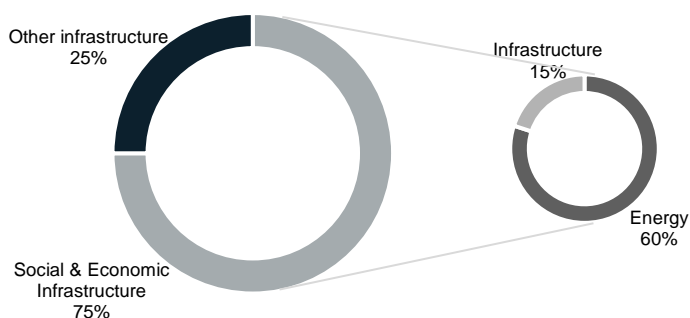
- who seek exposure through supporting developmental infrastructure investing in terms of social and environmental criteria;
- who are uncomfortable with the inherent volatility of the financial markets, and who acknowledge that the effects of impact investing occur over medium to long term horizons;
- as part of an overall allocation in balanced portfolios.

TARGETED SECTOR ALLOCATION

Infrastructure	Target
Renewable	60%
Other	40%

The Fund might also invest in quasi-equity (mezzanine debt etc)

TARGETED SECTOR EXPOSURE



SECTOR EXAMPLES

▪ Economic Infrastructure Target Areas

*Power Generation
Renewable Energy
Communications Infrastructure
Roads*

▪ Social Infrastructure (Developmental) Target Areas

*Social Housing
Education
Government Accommodation
Hospitals*

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30 June 2021 - Issued: 24 July 2021



IMPACT OBJECTIVE

While the Fund seeks to invest in viable projects with strong long-term financial returns, the Fund also 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.

PERFORMANCE* SUMMARY

Period	Fund	CPI + 7%	Difference
1 Month	3,94%	0,65%	3,29%
3 Months	4,69%	3,14%	1,55%
6 Months	6,58%	6,09%	0,49%
1 Year	21,32%	12,16%	9,16%
2 Years	16,71%	10,60%	6,11%
3 Years	16,84%	10,89%	5,95%
Since Inception (p.a.)**	17,38%	11,59%	5,79%

*Returns are quoted gross of fees.

FEES

Commitment Fee	Negotiated
Base Fee	1.75% per annum R100m – R500m 1.50% per annum R500m – R1000m
Performance Fee	15% of outperformance of the benchmark over rolling 3-year periods <i>Performance fee cap: 1.00%</i>

INFRASTRUCTURE PROJECTS



PORTFOLIO MANAGEMENT TEAM



Kasief Isaacs
BCom (Hons), CA (SA)
Senior Investment Principal

Kasief joined Mergence in February 2015 to bolster the private equity capabilities of the Private markets Investments team. He has a BCom (Hons) from the University of the Western Cape. He helped develop the Mergence Infrastructure & Development | Equity Fund where, as senior investment principal his focus is on infrastructure within the region. With over 26 years of experience, Kasief is a qualified CA with a specific focus on energy, infrastructure and impact. Before joining Mergence, Kasief led PwC's South African Renewable Energy practice and has advised developers and investors from South Africa, Spain, Italy, Germany, China and as well as the United States on the SA renewable energy market including participation in the REIPPP programme, project acquisitions, private PPAs, and BEE structuring and funding.

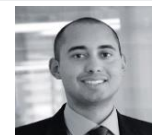


Bulelwa Ntshingwa
BCom (Accounting), PGDA (Development Finance)
Investment Principal (Unlisted)

Bulelwa joined Mergence in 2020 with a strong background in private equity and asset management spanning 17 years and a demonstrable track record in managing the entire deal process. She has sat on the boards of various portfolio/investee companies while Investment Principal at PAPE Fund Managers (Private Equity Firm) and Managing Partner and Founder at Stem Investment Management (an independent advisory and investment firm in Cape Town focusing on renewable energy and infrastructure). Earlier in her career, Bulelwa was an associate for Inspired Evolution Investment Management (First Cleantech PE firm in Africa) and equity analyst for various companies including Eskom Pension & Provident Fund and Old Mutual. She holds various non-executive leadership positions for NGOs. She has a BComm (Accounting) from UCT and a Postgraduate Diploma in Development Finance from Stellenbosch University.

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THE TEAM



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