

Mergence CAPI Fund

31 July 2021 - Issued: 24 August 2021



OVERVIEW

Equity Risk Profile	<div style="display: flex; justify-content: space-between; width: 100%;"> Low Moderate High </div>
Fund Purpose	Generate capital growth over the long term
Investment Style	Relative Return
Benchmark	FTSE/JSE Capped Index [CAPI]
Investment Vehicle	Segregated
Inception date	06 March 2007
Number of Months	173
Fund Size	R 1,354 billion
Minimum Investment	R 50 million
Management Fee	Subject to mandate (usually between 0.45% and 0.75% per annum)
Performance fees	Negotiable

INVESTOR PROFILE

The Fund is suitable for investors:

- who seek specialist South African equity exposure as part of their overall investment strategy;
- who believe long term equity exposure adds value;
- who know the nature of equity exposure, in that there is entry risk and the potential of capital loss.

CARBON FOOTPRINT

The Mergence CAPI Fund is conscious of its carbon footprint and is actively encouraging improved disclosure and carbon management across all JSE listed companies. The Mergence CAPI Fund's Carbon Footprint is available on request.

PERFORMANCE** SUMMARY

Period	Fund	CAPI	Active Return
Tracking Error	1,93%		
Information Ratio	-0,21		
1 Month	4,53%	4,61%	-0,08%
3 Months	4,45%	4,61%	-0,16%
6 Months	14,11%	15,12%	-1,01%
1 Year	29,49%	30,76%	-1,27%
3 Years (p.a.)	7,91%	9,74%	-1,82%
5 Years (p.a.)	7,52%	8,46%	-0,93%
Since Inception (p.a.)	9,68%	10,09%	-0,41%
Year	Fund	CAPI	Active Return
2021 (YTD)	18,94%	19,86%	-0,92%
2020	4,65%	6,46%	-1,81%
2019	8,27%	10,52%	-2,26%
2018	-6,39%	-7,67%	1,28%
2017	13,96%	18,06%	-4,10%
2016	4,47%	3,94%	0,53%
2015	7,78%	5,17%	2,61%

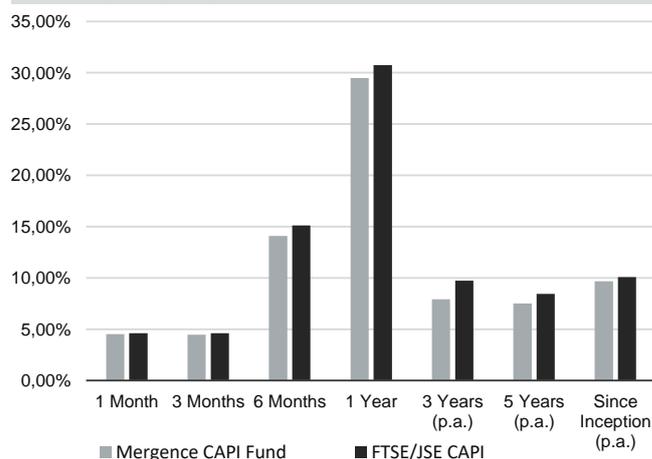
** Returns are quoted gross of fees. Please also note that there are risks associated with financial products and past performance is not necessarily an indication of future performance.

INVESTMENT OBJECTIVE

The Mergence CAPI Fund aims to provide investors with capital growth over the long term. The objective is to achieve returns that are in excess of the FTSE/JSE Capped Index [CAPI] over any three-year rolling period.

Our philosophy of pragmatism underlines our approach to investing in equities, and thus the Fund's objective to be a consistent generator of alpha through cycles. We embrace a style agnostic approach given the cyclicity in the performance of a strong bias to either value or growth styles. Our investment process is based on detailed bottom up fundamental analysis where we dig deeper to understand the quality of business models and management teams. We aim to invest mainly in high quality businesses that are trading at a discount to our assessment of fair value, while taking selective exposure to cheap average quality businesses that have a clear value unlock process. Our equity investment process is comprehensive, proprietary research driven and long term focused.

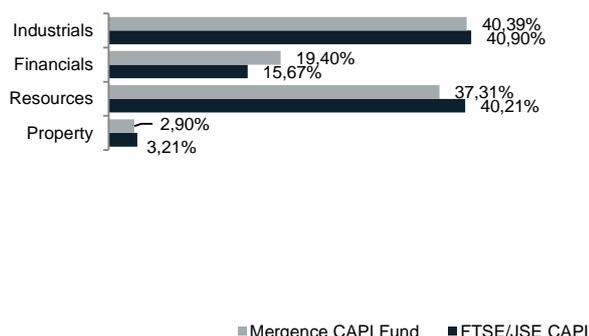
PERIODIC RETURNS



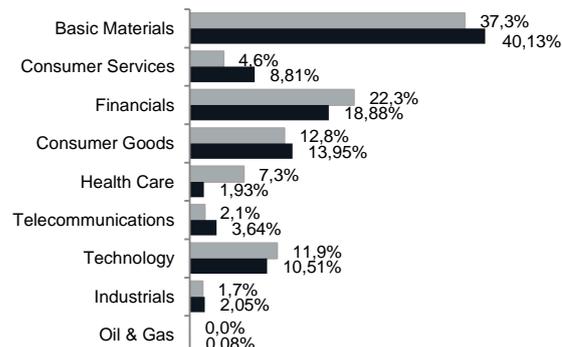
TOP TEN HOLDINGS

	% of Equity	% of Total
BHPBilliton	11,54%	11,50%
Anglo American	10,96%	10,92%
Richemont	9,12%	9,09%
Naspers	8,97%	8,94%
Firstrand	4,12%	4,10%
Standard Bank	3,96%	3,94%
British American Tobacco	3,71%	3,70%
Implats	3,70%	3,68%
Aspen	3,48%	3,47%
Sibanye Stillwater Ltd	2,69%	2,68%

BROAD SECTOR EXPOSURE



SECTOR ALLOCATION



MONTHLY RETURNS

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2021	4,24%	5,75%	1,97%	1,30%	2,19%	-2,21%	4,53%					
2020	-2,46%	-9,18%	-12,48%	13,84%	0,25%	7,67%	0,90%	-0,23%	-0,15%	-6,13%	11,86%	4,08%
2019	2,23%	3,66%	0,86%	3,92%	-3,68%	4,27%	-3,44%	-2,73%	-0,22%	3,35%	-1,74%	1,96%
2018	0,87%	-1,31%	-3,46%	5,11%	-2,73%	1,22%	0,94%	1,74%	-4,12%	-4,85%	-3,65%	4,27%
2017	3,78%	-3,13%	1,64%	3,73%	-1,08%	-2,89%	5,39%	2,56%	-0,69%	4,87%	0,19%	-0,76%
2016	-3,49%	0,75%	6,53%	1,38%	1,42%	-2,66%	0,81%	0,39%	-0,67%	-2,55%	1,31%	1,52%
2015	1,99%	5,03%	-0,82%	4,64%	-2,72%	-0,63%	0,92%	-3,67%	0,93%	7,59%	-3,19%	-1,87%
2014	-2,91%	5,49%	1,58%	2,48%	2,05%	2,85%	0,50%	-0,61%	-1,96%	1,14%	-0,02%	-0,06%

PORTFOLIO MANAGEMENT



Peter Takaendesa, Bcom Hons (Economics), Mcom (Econ), MCom (Finance & Econometrics)

Head: Equities

Peter joined Mergence in 2014 as a senior equity investment analyst specialising in the technology, media, and telecoms (TMT) sector. He has over 14 years' financial services industry experience during which time he worked for Credit Suisse Standard Securities and RMB Morgan Stanley. Peter also received top ratings in the Financial Mail annual analyst rankings and winning the ABSIP South Africa equity analyst of the year in 2011 are some of Peter's achievements. In November 2019, Peter was promoted to Head of Equities for Mergence Investment Managers. He obtained an MCom at Rhodes University majoring in Finance and Economics, followed by several professional industry certifications. Before joining the financial services industry, Peter was a university lecturer in Economics and published several papers in leading academic journals. He is a regular commentator in the media.



Izak van Niekerk, B Acc (Hons) CA (SA)

Co-Portfolio Manager (Equities)

Izak is a qualified chartered accountant and has over 14 years' experience in the financial services industry. Prior to joining Mergence Investment Managers in 2011, he spent two years at PricewaterhouseCoopers in Johannesburg as an audit manager for financial services clients in the Banking and Capital Markets division. Izak joined Mergence Investment Managers as an equity analyst where he plays an active role within the investment team with his focus being on equity research. He has a BAcc (Hons) from the University of Stellenbosch and is a member of SAICA. In November 2019, he was appointed as a Co-Portfolio Manager for Listed Investments.

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). 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.