


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 1.024 billion		
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	2,63%	2,69%	-0,06%
3 Months	3,13%	2,87%	0,27%
6 Months	4,06%	3,24%	0,82%
Year to date	9,92%	8,35%	1,57%
1 Year	9,92%	8,35%	1,57%
Since Inception (June 2018)**	9,70%	9,10%	0,60%

FUND COMPOSITION

The Fund comprises 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.

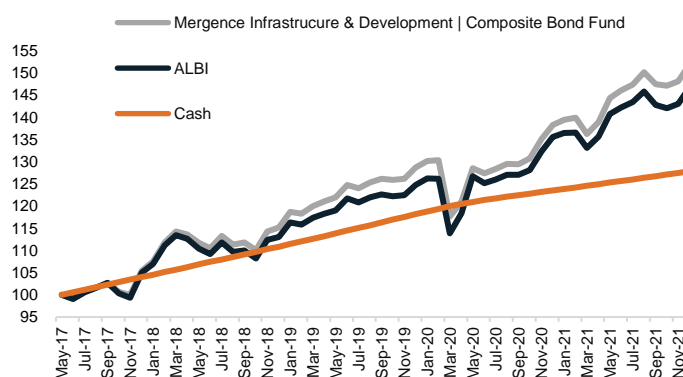
Mergence Infrastructure Debt Fund

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.

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



* Including illustrative Mergence ALBI Composite performance.

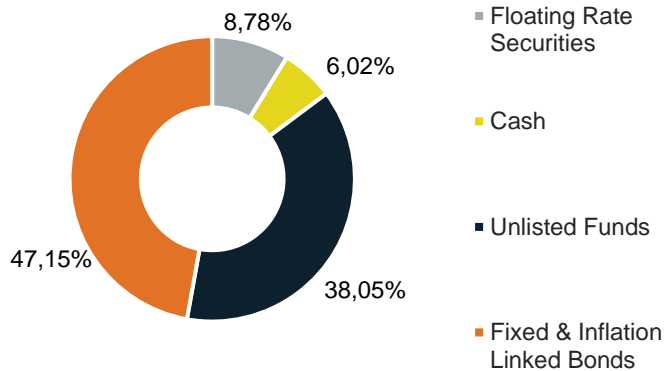
** Annualised

Infrastructure & Development Fund | Bond Composite

30 November 2021 - Issued: 21 December 2021



INFRASTRUCTURE IMPACT AREAS



LIQUID BOND PORTFOLIO EXPOSURE

	Fund	ALBI
Inflation Linked Bonds	0,99%	
1-3 years	0,99%	
Floating Rate Securities	8,95%	
1-3 years	6,47%	
3-7 years	2,47%	
Fixed rate bonds	90,06%	100,00%
1-3 years	2,83%	4,26%
3-7 years	18,96%	19,95%
7-12 years	19,77%	27,41%
12+ years	48,50%	48,38%
Modified duration	5,80	6,36

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



PORTFOLIO MANAGEMENT TEAM



Mohamed Ismail
MBA (Finance), FRM; FAIS Rep
Portfolio Manager: Fixed Income

Mohamed joined Mergence Investment Manager on 1 March 2021 as Head of Fixed Income. Based in Johannesburg, Mohamed has joined the Multi Asset Team in leading the fixed income investment process within MIM's multi asset funds. This team is also responsible for the expansion of MIM's standalone Fixed Income product offering, building forth on its current base of the Composite Bond Fund and Money market fund. Prior to joining MIM, Mohamed was with Ashburton Investments where he served as Portfolio Manager across a range of fixed income products. Before then, he ran the Momentum Bond Fund, as well as other income funds for Momentum Investments. He also served as the Head of Fixed Income whilst at Sanlam Capital Markets. In addition to his academic and professional qualifications, Mohamed is currently studying towards his second Master's degree in Quantum Computing.



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.

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