

## Fund fact sheet

# Mergence Domestic CPI + 4% Fund

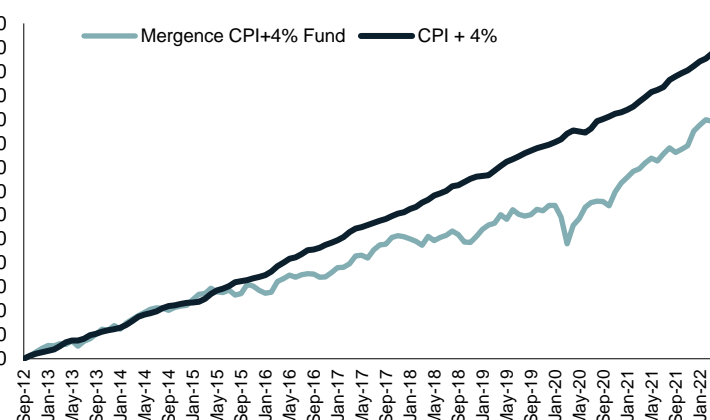
30 April 2022 - Issued: 24 May 2022



### OVERVIEW

<b>Fund Purpose</b>	Generate a real return above inflation whilst minimising medium term risk
<b>Investment Style</b>	Absolute Return
<b>Benchmark</b>	Headline Consumer Price Index + 4%
<b>Investment Vehicle</b>	Segregated
<b>Inception date</b>	November 2009
<b>Number of Months</b>	150
<b>Fund Size</b>	R 692.47 million
<b>Minimum Investment</b>	R100 million
<b>Management Fee</b>	Subject to mandate (usually between 0.50% and 1.00% per annum)
<b>Performance fees</b>	Negotiable

### 7-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 4% above inflation at a low level of risk. It is broadly diversified across South African asset classes including equities, listed property, conventional bonds and inflation-linked bonds. 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 4% per annum over the longer term while preserving capital over rolling 12-month periods. 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. Note that while capital preservation is our intent, this is not a guaranteed fund.

### PERFORMANCE DETAILS

Period	Fund	CPI + 4%	ALBI	ALSI
1 Month	-0,57%	1,32%	-1,67%	-3,66%
3 Months	0,24%	2,79%	-0,69%	-0,81%
6 Months	5,65%	5,11%	3,52%	9,54%
1 Year	8,91%	9,98%	8,43%	13,17%
3 Years (p.a.)	7,34%	8,44%	7,56%	11,26%
5 Years (p.a.)	6,74%	8,33%	8,24%	9,78%
7 Years (p.a.)	6,27%	8,86%	7,62%	7,60%
Since inception (p.a.)*	8,12%	8,97%	8,50%	11,75%

\*Inception: November 2009

Year	Fund	CPI + 4%
2022	1,56%	3,69%
2021	12,47%	9,47%
2020	5,73%	7,17%
2019	8,52%	7,56%
2018	0,12%	9,18%
2017	11,01%	8,62%
2016	5,82%	10,61%
2015	5,05%	8,77%
2014	7,37%	9,80%
2013	9,23%	9,31%
2012	16,34%	9,61%

### RISK ANALYSIS

Risk Measure	Fund
Annualised Return	8,12%
Standard Deviation	5,08%
Sharpe Ratio	0,52
Sortino Ratio	0,67
Maximum Gain	5,23%
Maximum drawdown	-9,75%
Positive Months	68,67%
Highest rolling 1-year return	21,17%
Lowest rolling 1-year return	-5,51%
Beta to JSE All Share	0,35
Correlation to JSE All Share	0,92

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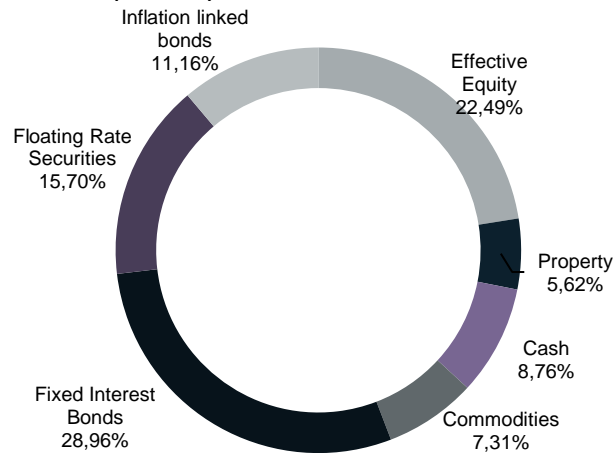
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### FUND STRUCTURE

#### Asset Allocation (Effective)



#### Top 10 Equity Holdings

	% of Category	% of Total
Anglo American	8,61	2,06
Brait	8,46	2,02
Richemont	6,93	1,66
Naspers	5,42	1,29
British American Tobacco	5,25	1,26
Sasol	4,51	1,08
Standard Bank	4,49	1,07
Prosus	4,09	0,98
Firstrand	3,97	0,95
BHP Group	3,95	0,94

### MONTHLY PERFORMANCE RETURNS

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2022	1,32%	1,12%	-0,30%	-0,57%								
2021	1,39%	1,39%	0,61%	1,41%	1,02%	-0,58%	1,58%	1,34%	-0,97%	0,69%	0,82%	3,18%
2020	-0,01%	-2,99%	-6,96%	5,23%	1,80%	2,95%	1,17%	0,40%	-0,08%	-1,13%	3,55%	2,23%
2019	1,92%	1,20%	0,49%	2,24%	-1,22%	2,54%	-1,14%	-0,45%	0,38%	1,38%	-0,36%	1,32%
2018	-0,58%	-0,67%	-1,07%	2,45%	-1,17%	0,90%	0,57%	1,23%	-0,99%	-2,07%	-0,05%	1,67%
2017	1,56%	0,11%	1,01%	2,38%	0,25%	-0,91%	2,44%	1,41%	0,19%	1,92%	0,52%	-0,32%
2016	-0,82%	0,29%	3,47%	0,96%	1,02%	-0,57%	0,74%	0,31%	-0,05%	-0,98%	0,01%	1,37%
2015	1,90%	1,79%	0,22%	1,77%	-1,06%	-0,26%	0,82%	-1,67%	0,47%	3,08%	-0,58%	-1,43%
2014	-1,42%	2,36%	1,36%	1,32%	1,13%	1,08%	0,48%	-0,15%	-0,65%	0,99%	0,43%	0,25%
2013	1,20%	-0,12%	0,87%	-0,37%	1,47%	-2,06%	1,89%	0,99%	1,88%	1,88%	-0,46%	1,78%
2012	2,30%	1,22%	0,38%	1,60%	-0,68%	1,55%	1,88%	1,70%	1,11%	1,28%	1,50%	1,44%

Please note that there are risks associated with financial products and past performance is not necessarily an indication of future performance.

### PORTFOLIO MANAGEMENT



**Bradley Preston**, B Sc Hons, M Sc (Financial Mathematics)

Chief Investment Officer

Brad joined Mergence soon after its inception 16 years ago, initially as a quants analyst. As an investment analyst, portfolio manager and former Joint MD at Mergence, he has experience in derivatives, absolute return, and specialist equities, as well as leadership. Brad is a regular commentator in the media and is well known for his views on responsible investing and shareholder value unlock. In September 2021 his role was specialised into Chief Investment Officer as part of high-level changes to the Mergence executive leadership team to meet the company's strong growth. He serves on the exco of Mergence Investment Managers.



**Fazila Manjoo**, BSc (Actuarial Science), Postgraduate Diploma (Management in Actuarial Science)

Portfolio Manager: Multi-Asset

Fazila joined Mergence in September 2020 as a Portfolio Manager in the Multi-Asset team. She has over 17 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.



**Mohamed Ismail**, MBA (Finance), BSc Hons (Advanced Mathematics of Finance), BSc (Actuarial Science, Mathematical Statistics), CFA

Head: Fixed Income

Mohamed joined Mergence Investment Manager in March 2021 as Head of Fixed Income within the Multi-Asset team. He is responsible for driving the expansion of a stand-alone fixed income product offering as well as integrating a fixed income investment process into the overall multi-asset strategy. Mohamed is the primary portfolio manager for the Mergence Composite Bond Fund and will soon lead investment management for Money Market and Multi-Asset Income portfolios. Prior to Mergence, Mohamed was a senior portfolio manager in fixed income at both Ashburton and Momentum Investments. Whilst at Momentum, he was responsible for the management and development of the long-only fixed income business and provided guidance on quantitative research in emerging fixed income. Before joining the asset management industry, Mohamed was the Head of Fixed Income at Sanlam Capital Markets.

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**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