

Fund fact sheet

Mergence Global CPI + 5% Fund

30 April 2022 - Issued: 24 May 2022



OVERVIEW

Fund Purpose	Generate a real return above inflation whilst minimising risk over the medium term
Investment Style	Absolute Return
Benchmark	Headline Consumer Price Index + 5%
Investment Vehicle	Segregated
Inception date	Sep-12
Number of Months	116
Fund Size	R 6,923 billion
Minimum Investment	R100 million
Management Fee	Subject to mandate (usually between 0.50% and 1.00% p.a.)
Performance fees	Negotiable

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 OBJECTIVE

The Fund is managed with the objective of producing a real return of CPI plus 5% per annum over the longer term while preserving capital over rolling 12-month periods. The inclusion of international assets broadens diversification and should enhance risk adjusted returns. It may underperform relative to overall equity markets due to its focus on capital preservation and long-term capital growth.

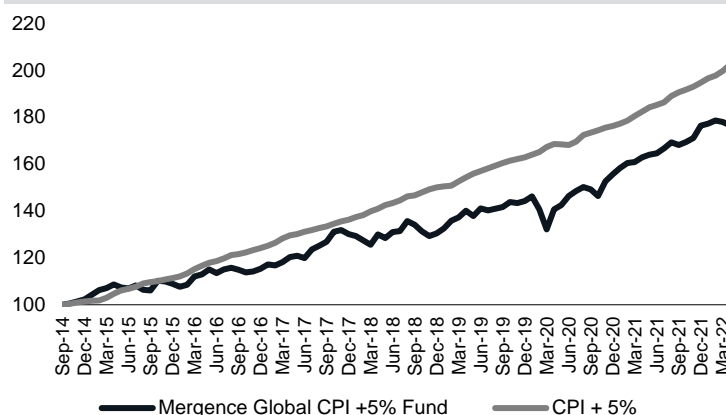
PERFORMANCE DETAILS

Period	Fund	CPI + 5%	ALBI	ALSI
1 Month	-0,81%	1,40%	-1,67%	-3,66%
3 Months	-0,36%	3,03%	-0,69%	-0,81%
6 Months	4,18%	5,60%	3,52%	9,54%
1 Year	8,36%	10,98%	8,43%	13,17%
3 Years (p.a.)	8,01%	9,44%	7,56%	11,26%
Since inception (p.a.)*	8,91%	9,73%	7,25%	11,21%

*Inception: September 2012

Year	Fund	CPI + 5%
2022 (YTD)	0,06%	4,02%
2021	13,35%	10,47%
2020	7,92%	8,17%
2019	10,62%	8,56%
2018	0,22%	10,18%
2017	12,80%	9,62%
2016	5,81%	11,61%
2015	6,64%	9,77%

5-YEAR TRACK RECORD



INVESTMENT MANDATE

The Fund is managed with an absolute return orientation, and is structured to generate a return of 5% above inflation at a low level of risk. It is broadly diversified across asset classes including equities, listed property, conventional bonds and inflation-linked bonds, both domestically and internationally. The Fund employs active asset allocation and derivative hedging to manage and reduce downside risk.

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 36-month period. Note that while capital preservation is our intent, this is not a guaranteed fund.

RISK ANALYSIS

Risk Measure	Fund
Annualized Return	8,91%
Standard Deviation	5,87%
Sharpe Ratio	0,59
Sortino Ratio	0,91
Maximum Gain	13,98%
Maximum drawdown	-9,58%
Positive Months	69,83%
Highest rolling 1-year return	21,70%
Lowest rolling 1-year return	-3,76%
Beta to JSE All Share	0,39
Correlation to JSE All Share	0,90

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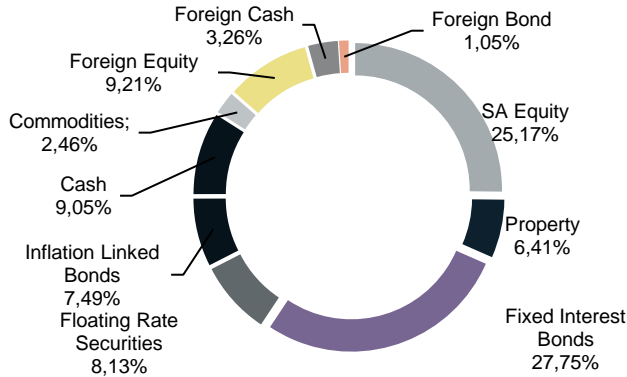
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FUND STRUCTURE

Asset Allocation (Effective)



Top 10 Equity Holdings

	% of Category	% of Total
Anglo American	9,44	2,75
Richemont	7,63	2,22
Naspers	5,96	1,73
British American Tobacco	5,78	1,68
Sasol	4,97	1,45
Standard Bank	4,97	1,45
Prosus	4,51	1,31
BHP Group	4,40	1,28
Firststrand	4,37	1,27
Absa	3,82	1,11

MONTHLY PERFORMANCE RETURNS

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2022	0,42%	0,80%	-0,35%	-0,81%								
2021	1,68%	1,40%	0,22%	1,31%	0,65%	0,33%	1,34%	1,56%	-0,75%	0,83%	0,96%	3,12%
2020	1,34%	-3,75%	-6,07%	6,42%	1,38%	2,68%	1,45%	1,14%	-0,71%	-1,90%	4,30%	1,98%
2019	1,68%	2,43%	1,11%	2,05%	-1,65%	2,37%	-0,55%	0,42%	0,56%	1,51%	-0,30%	0,58%
2018	-0,58%	-1,44%	-1,50%	3,50%	-1,17%	1,95%	0,36%	3,21%	-1,11%	-2,07%	-1,61%	0,89%
2017	1,65%	-0,40%	1,20%	1,82%	0,47%	-0,78%	3,01%	1,34%	1,31%	3,45%	0,51%	-1,35%
2016	-1,15%	0,71%	3,30%	0,70%	1,93%	-1,32%	1,35%	0,65%	-0,77%	-1,02%	0,42%	0,96%
2015	1,97%	2,00%	0,72%	1,48%	-1,20%	-0,42%	1,22%	-1,68%	-0,22%	3,88%	-0,37%	-0,81%

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.

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