

Fund fact sheet

Mergence Infrastructure & Development | Equity

31 March 2022 - Issued: 24 April 2022



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 952,11 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	70% Infrastructure, 30% developmental		
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		
Fees	1,15%		

TEAM

The Mergence infrastructure team is an experienced investment team with 162 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

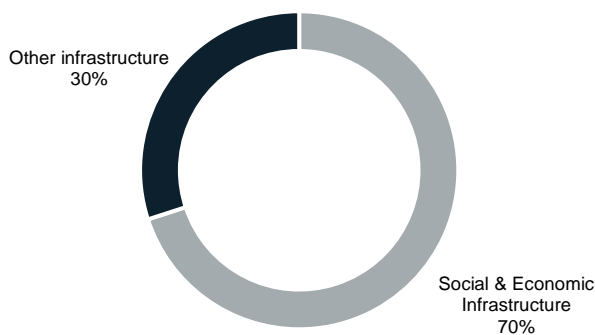
The Fund is suitable for institutional investors:

- 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.

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.

TARGETED SECTOR EXPOSURE



SECTOR EXAMPLES

- Economic Infrastructure Target Areas
 - Power Generation*
 - Renewable Energy*
 - Communications Infrastructure*
 - Roads*
 - Water*
- Social Infrastructure (Developmental) Target Areas
 - Affordable Housing*
 - Education*
 - Healthcare*

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PERFORMANCE* SUMMARY

Period	Fund	CPI + 7%	Difference
Year-to-Date	7,12%	3,08%	4,05%
1 Year	15,05%	12,65%	2,40%
2 Years	15,62%	11,25%	4,37%
3 Years	18,82%	11,38%	7,44%
5 Years	17,81%	11,24%	6,56%
Since Inception (p.a.)**	16,94%	11,69%	5,24%

*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

With over 17 years of experience in the financial services industry, Kasief joined Mergence in 2015. As Senior Investment Principal he has a specific focus on energy, infrastructure and impact within SA and SADC. He leads the Private Markets investment team which has built up a stellar performance record over the past decade. Before joining Mergence, Kasief led PwC's renewable energy practice and has advised developers and investors from SA, Spain, Italy, Germany, China and the US on SA's renewable energy market including participation in the REIPPP programme, project acquisitions, private PPAs and BEE structuring and funding. Kasief is a qualified CA and has a BCom Honours from the University of the Western Cape. He is an experienced conference speaker and media commentator.



Bulelwa Ntshingwa
BCom, Postgraduate Diploma (Developmental Finance)
Investment Principal

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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