

# Mergence Enhanced Index Fund

September 2023



## Investment objective

The Fund aims to provide broad exposure to the South African equity market and generate capital growth over the long term. The Fund invests in a diversified selection of South African equities, derivatives, cash & money market instruments. Using quantitative and systematic techniques, we minimize the Fund's tracking error to the Capped SWIX to mitigate significant deviations from the benchmark index along key risk dimensions.

A pragmatic approach to investing underpins our investment philosophy. We believe that the best approach to broad market diversification is to use an enhanced equity approach. The advantage of an enhanced equity approach is the ability to use modest enhancements to offset transaction costs and investment management fees, increasing the probability of producing performance that mirrors a market index net of costs. The capital efficient structure of the fund increases portfolio diversification, liquidity and flexibility.

## Equity risk profile



## Investor profile

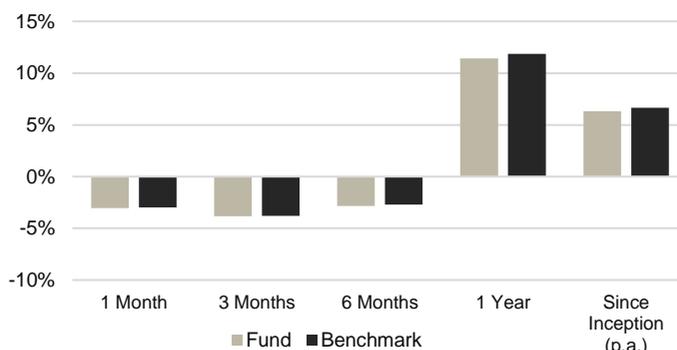
The Fund is suitable for investors:

- 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.

## Fund information

<b>Fund Purpose</b>	A capital efficient strategy that generates long term capital growth
<b>Investment Style</b>	Enhanced Indexation
<b>Benchmark</b>	FTSE/JSE Capped Shareholder Weighted Index [Capped SWIX]
<b>Investment Vehicle</b>	Segregated
<b>Inception Date</b>	19-Mar-21
<b>Number of Months</b>	31
<b>Fund Size</b>	R 74,444 million
<b>Minimum Investment</b>	Subject to request
<b>Management Fee</b>	Subject to request
<b>Performance Fees</b>	Negotiable

## Cumulative long term performance



## Performance analysis

Period	Fund	Benchmark	Difference
1 Month	-3.04%	-2.97%	-0.07%
3 Months	-3.82%	-3.81%	-0.01%
6 Months	-2.84%	-2.69%	-0.15%
1 Year	11.41%	11.87%	-0.46%
Since Inception (p.a.)	6.33%	6.65%	-0.32%

Year	Fund	Capped SWIX	Active Return
2023 YTD	-0.21%	-0.31%	0.10%
2022	3.58%	4.41%	-0.83%
2021**	13.88%	13.84%	0.05%

\* 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.

\*\* Inception date 19 March 2021

## Top 10 share holdings\*

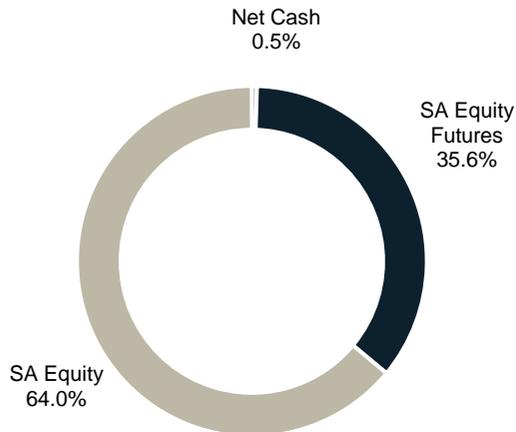
Asset	% of Fund
Naspers	8.64%
FirstRand	5.87%
Standard Bank	4.56%
Anglo American	3.86%
MTN	3.73%
Gold Fields	3.31%
Prosus	2.97%
British American Tobacco	2.82%
Sasol	2.76%
Richemont	2.75%

\*As of 30 September 2023

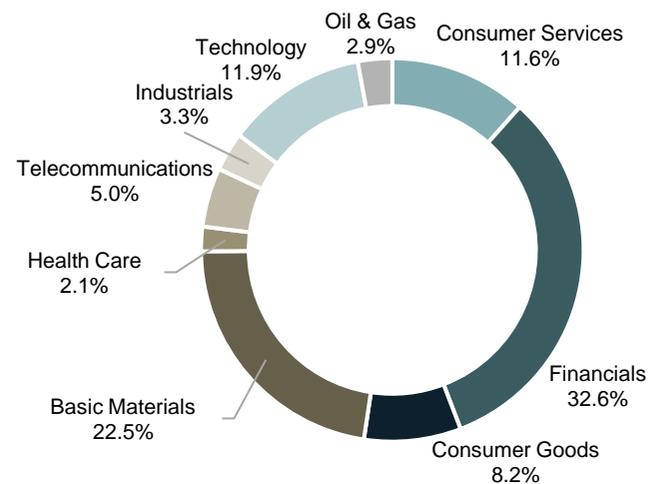
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## Asset allocation



## Sector allocation



## Monthly returns

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2023	7.15%	-2.46%	-1.73%	3.34%	-5.88%	3.86%	4.11%	-4.72%	-3.04%			
2022	2.40%	2.65%	1.49%	-3.87%	0.50%	-7.64%	2.74%	-1.35%	-3.84%	5.33%	9.68%	-3.36%
2021			0.97%	0.69%	2.68%	-3.09%	3.00%	1.79%	-1.79%	2.70%	1.73%	4.64%

## Fund managers



**Fazila Manjoo**  
BSc (Actuarial Science),  
Postgraduate Dip (Mngt in Actuarial Science)  
Portfolio Manager

Fazila joined Mergence in September 2020 as a Portfolio Manager in the Multi-Asset team. She has over 18 years of experience in the financial services industry, and a passion for research, technology, and sustainability. At Mergence, she is responsible for developing quantitative and systematic strategies across balanced and absolute return funds while also managing portable alpha strategies.



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

Brad joined Mergence soon after its inception in 2006. 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. In 2021 he was appointed as Chief Investment Officer. Brad serves on the executive committee of Mergence Investment Managers.

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