Fund fact sheet

Mergence Global CPI + 5% Fund

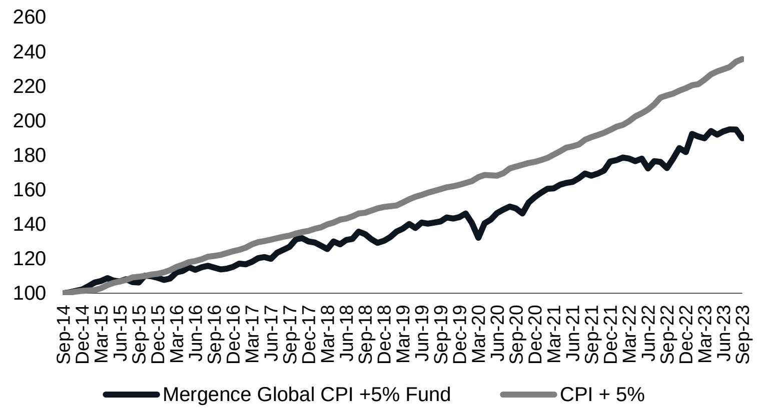
30 September 2023 - *Issued: 12 October 2023*

MERGENCE

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	133
Fund Size	R 6.38 billion
Minimum Investment	R100 million
Management Fee	Subject to mandate (usually between 0.50% and 1.00% p.a.)
Performance fees	Negotiable

5-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 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.

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.

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.

PERFORMANCE DETAILS

Period	Fund	CPI + 5%	ALBI	ALSI
1 Month	-2.54%	0.68%	-2.34%	-2.55%
3 Months	-2.04%	2.60%	-0.33%	-3.48%
6 Months	0.01%	5.44%	-1.86%	-2.83%
1 Year	10.10%	9.81%	7.24%	17.68%
3 Years (p.a.)	8.38%	10.77%	6.96%	14.50%
Since inception (p.a.)*	8.44%	10.23%	6.77%	10.27%

*Inception: September 2012

Year	Fund	CPI + 5%
2023	4.39%	7.75%
2022	3.11%	12.41%
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%

RISK ANALYSIS

Risk Measure	Fund
Annualized Return	8.44%
Volatility	6.18%
Sharpe Ratio	0.60
Sortino Ratio	0.99
Maximum Gain (1m)	6.42%
Maximum drawdown	-9.58%
Positive Months	66.92%
Highest rolling 1-year return	21.70%
Lowest rolling 1-year return	-3.76%
Beta to JSE All Share	0.40
Correlation to JSE All Share	0.90

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

Fund fact sheet

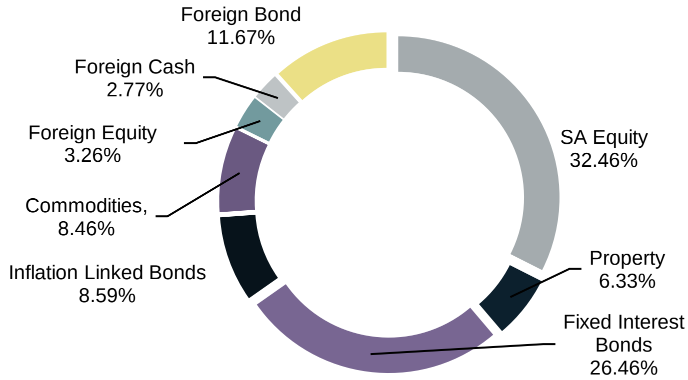
Mergence Global CPI + 5% Fund

30 September 2023 - *Issued: 12 October 2023*

MERGENCE

FUND STRUCTURE

Asset Allocation (Effective)



Top 10 Equity Holdings

	% of Category	% of Total
Naspers	9.35	3.10
Firstrand	7.56	2.51
Anglo American	7.06	2.34
British American Tobacco	6.20	2.06
Prosus	4.87	1.62
MTN	4.65	1.54
Sasol	4.46	1.48
Standard Bank	4.16	1.38
Richemont	4.07	1.35
Absa	3.71	1.23

MONTHLY PERFORMANCE RETURNS

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2023	5.70%	-0.76%	-0.49%	2.19%	-1.15%	1.05%	0.59%	-0.07%	-2.54%			
2022	0.42%	0.80%	-0.35%	-0.81%	0.80%	-3.18%	2.48%	-0.29%	-2.03%	3.22%	3.44%	-1.21%
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%

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 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.

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 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.

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