

Fund fact sheet

Mergence Infrastructure & Development | Equity

30 September 2023 - Issued: 12 October 2023



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 1.06 billion		
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	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 115 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 110 years of collective investment experience and augmented with specialist and Best-in-Class service providers and a dedicated International advisory committee.

INVESTOR PROFILE

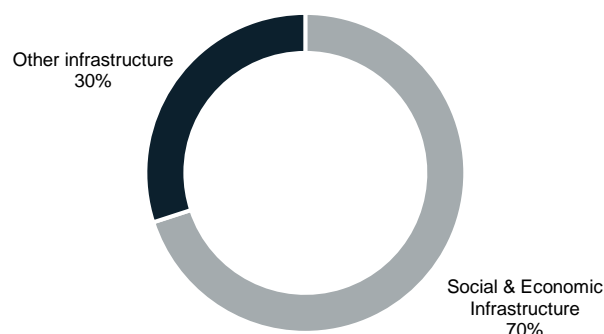
The Fund is suitable for institutional investors:

- 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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31 July 2023 - Issued: 19 August 2023



PERFORMANCE* SUMMARY

Period	Fund	CPI + 7%	Difference
Year-to-Date	4.93%	9.23%	-4.31%
1 Year	7.75%	11.81%	-4.06%
2 Years	10.93%	13.22%	-2.29%
3 Years	13.57%	12.77%	0.80%
5 Years	14.53%	11.94%	2.59%
Since Inception (p.a.)**	15.43%	12.05%	3.38%

*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 Performance fee cap: 1.00%

INFRASTRUCTURE PROJECTS



PORTFOLIO MANAGEMENT TEAM



Kasief Isaacs
BCom Hons, CA (SA)
Head: Private Markets

Kasief joined Mergence in 2015. He has over 17 years of experience in the financial services industry. 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. Kasief has prior extensive international and local experience in SA's renewable energy market. He is an experienced conference speaker and media commentator.



Chitongwa Siame
Bsc Hons, ACCA, Mcom (Financial Management)
Investment Principal

Chito joined Mergence in 2011 as Equity Analyst in the Public Markets investment team focused on FMCG, hospitality, financial services, and telecommunications before transitioning to the Private Markets investment team in 2015. As Investment Principal, Chito focuses on Private Market investment opportunities within SADC. He has led transactions in the aquaculture and microfinancing sectors and serves on the boards of several investee companies.

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