IMPACT REPORT

2025

CREATING SUSTAINABLE SHARED VALUE

MERGENCE

CONTENTS

Reporting period: 1 January 2024 – 30 December 2024

MESSAGE FROM SHOLTO

As we publish this 2025 Impact Report, the global landscape remains unsettled. Wars, international trade tensions, shifts in major economies, and domestic political uncertainty – including the evolving Government of National Unity in South Africa – continue to shape investor sentiment.

Yet, there are encouraging signs. South Africa's reform agenda has been acknowledged by international ratings agencies: in November 2024, S&P Global upgraded the country's outlook to positive, while Moody's and Fitch maintained stable outlooks. With further improvements in growth and fiscal management, South Africa could see a stronger re-rating. Encouragingly, removal from the Financial Action Task Force greylist is expected by October 2025.

As the incumbent President of the G20, South Africa has a unique opportunity to advocate for Africa's interests – from equitable debt treatment to climate resilience and sustainable infrastructure. With the continent disproportionately affected by climate change, decisive leadership at forums like the G20 is more important than ever.

Infrastructure progress

We welcome the announcement by the Finance Minister in the National Budget on 12 March 2025 that infrastructure investment will receive an additional R46.7 billion in government funding, forming part of the R1.03 trillion planned to be spent over the next three years. This investment aims to accelerate economic growth, financial inclusion, and infrastructure development.

While large infrastructure spending plans have featured prominently in recent budgets, delivery has consistently fallen short. Encouragingly, a government review to fast-track project planning and financial structuring is now at an advanced stage. Notably, on 7 February 2025, amendments to Treasury regulations for public-private partnerships (PPPs) were gazetted. From June 2025, projects valued below R2 billion will no longer be subject to the same onerous approval processes required for larger initiatives, enabling swifter implementation.

Sholto Dolamo
Managing Director

Water

We welcome the establishment of a National Water Resource Infrastructure Agency, which will oversee seven large-scale water projects currently in the pipeline — two of which we will be submitting proposals for. The Budget also announced the creation of a local water financing framework aimed at encouraging private sector participation in infrastructure refurbishment, while ensuring that municipal ownership of water assets is retained. Notably, it introduced a performance-based conditional grant for trading services entities delivering basic services, such as municipal water provision.

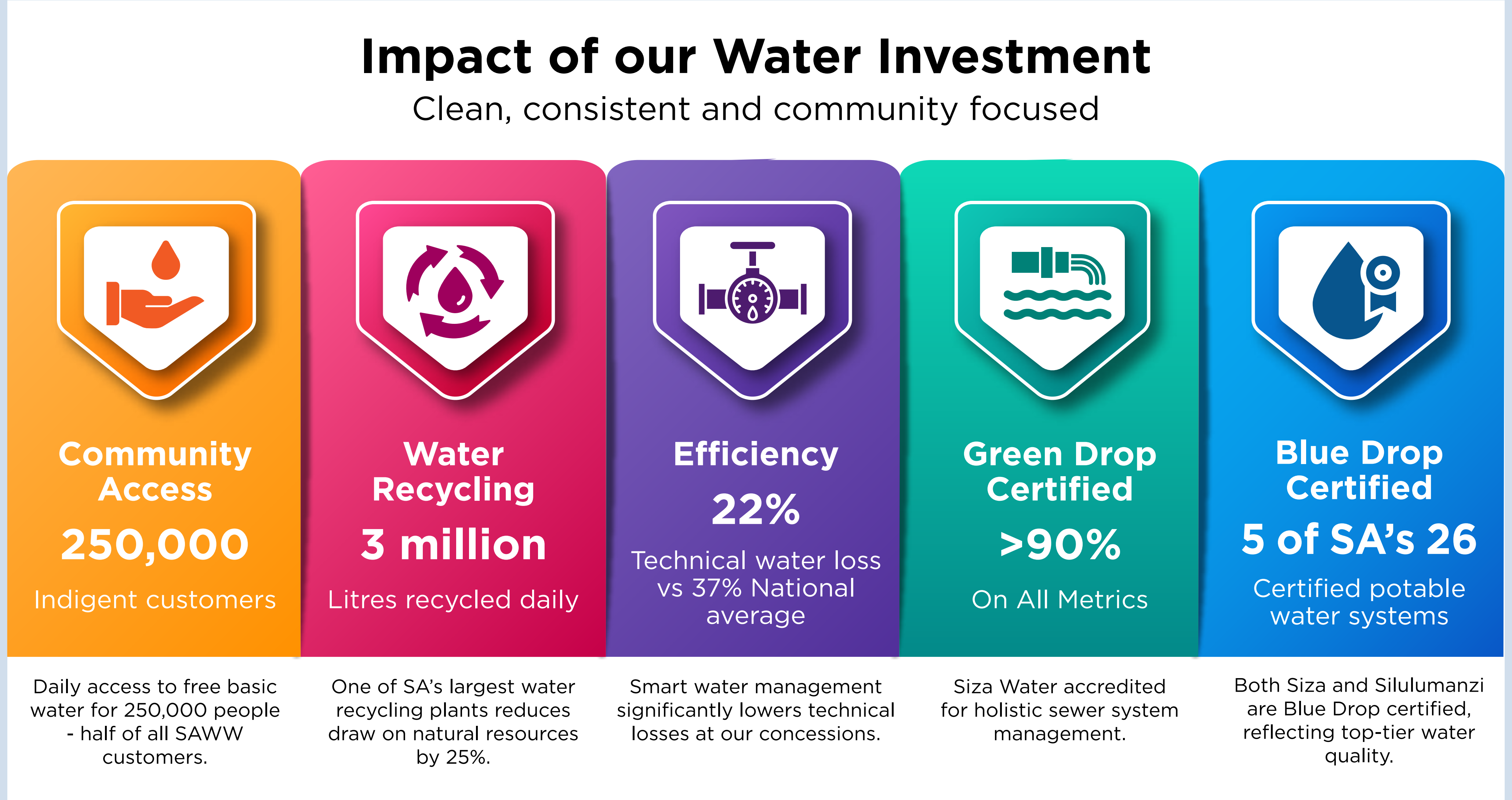
Drawing on our deep experience in the water sector, we have actively contributed knowledge and insights in key industry forums.

At the end of March 2025, Mergence participated in the Water & Sanitation Indaba held in Midrand. President Ramaphosa emphasised the urgency of implementing a comprehensive plan to tackle long-term water challenges. The Minister of Water & Sanitation, Ms Pemmy Majodina, also highlighted the need for greater accountability at the municipal level and stronger collaboration between the public and private sectors.

Earlier that month, Mergence co-hosted a high-level water infrastructure roundtable with JSE Private Placements and PSG Capital, bringing together government representatives, funders and stakeholders to explore actionable solutions.

Our pioneering public-private partnership (PPP) could serve as a model for replication. Since 2018, Mergence — through its investment in South African Water Works (SAWW) — has held a majority stake in South Africa's only two private water concessions: Siza Water in Ballito, KwaZulu-Natal, and Silulumanzi in Mbombela, Mpumalanga.

The impact of our investment in water is summarised in the graphic below.



The **Private Markets** section of this Impact Report highlights further developments in infrastructure investment across the SADC region, including in the commercial and industrial clean energy sector, affordable housing, and fibre connectivity. Over the coming year, we will be sharing insights on infrastructure investing through blogs and newsletters, with the aim of supporting trustees in understanding how to incorporate this asset class effectively as part of their portfolio diversification and risk-return optimisation strategy.

In the area of Public Markets, Mergence has continued to drive innovation with a focus on long-term impact. Our fixed income capability is set to be enhanced further in the coming months, and we are pleased that our Money Market Fund has received a AA+ rating from GCR — a reflection of the fund's stability and quality.

We were among the early adopters of JSE-listed Actively Managed Certificates (AMCs), with the Mergence Global Quant Equity Fund performing strongly in its first year and outperforming its benchmark. Towards the end of last year, we launched a second AMC and anticipate growing interest from both existing and new investors.

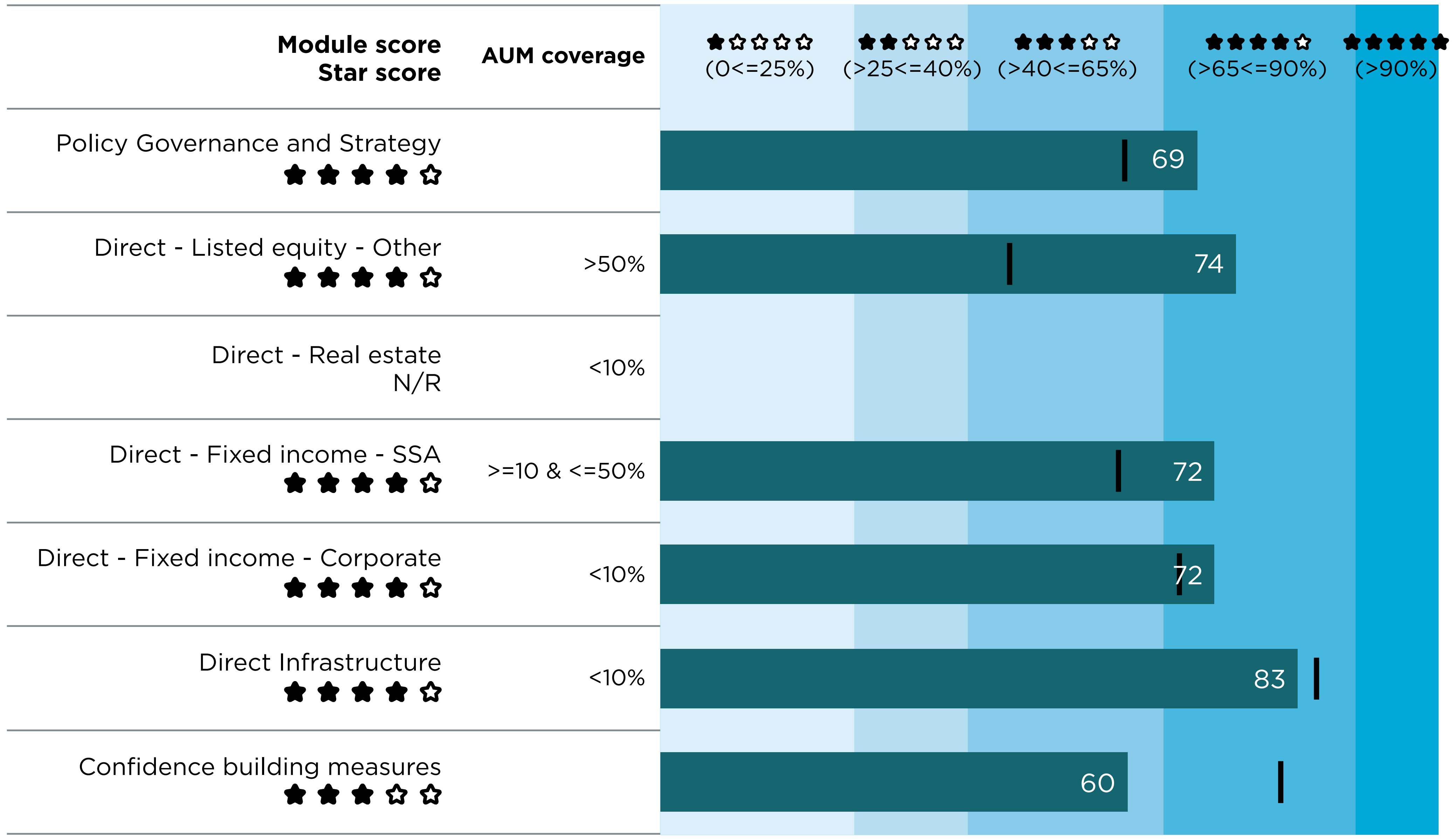
As an investment house, we are proud to report on several developments that have strengthened our impact:

- **Strategic partnerships:** Our partnership with Harith General Partners has broadened our private markets capability through a strengthened pan-African footprint, enhanced governance structures, and increased access to infrastructure investment opportunities across the continent. While Harith holds a 46% stake in Mergence Investment Managers, we remain committed to our 21-year-old brand and continue to operate independently, with continuity in both leadership and strategy.
- **Transformation and ownership:** We have made meaningful progress in improving gender representation at ownership and board levels, supported in part by our relationship with Shandurwa — a 100% black women-owned entity that acquired a stake in Mergence in 2023. We are also proud to maintain our Level I B-BBEE rating, reflecting our ongoing commitment to transformation and inclusive growth.
- **Talent development:** Internal talent development remains a key priority. Following the departure of two senior team members at the start of 2025, we took the opportunity to recognise and elevate internal talent. Two senior analysts in our public markets team were promoted to co-portfolio managers, while several other exceptional individuals across public and private markets have stepped into expanded roles. These appointments reinforce our depth of expertise and ensure continuity of service to clients.
- **Innovation in impact investing:** In another notable milestone, Mergence has partnered with Scalar International to launch the Africa Decarbonisation Fund I — a $100-150 million private equity fund focused on clean energy and digital infrastructure in sub-Saharan Africa. The Fund, selected as one of only five globally from a pool of 48 applicants by Luxembourg's International Climate Finance Accelerator (ICFA), targets decarbonisation and energy efficiency in the commercial and industrial sectors. Investments will prioritise women- and youth-led SMEs, with a strong focus on job creation and emissions reduction. This initiative underscores our continued commitment to impact investing and inclusive economic growth in the region.

PRI assessment

As a committed signatory to the UN-supported Principles for Responsible Investment (PRI), we undergo a rigorous annual assessment to monitor and evaluate our performance as well as identify areas for improvement.

SUMMARY SCORECARD



We are pleased with our overall progress, with notable improvements in Policy, Governance & Strategy, Listed Equity, and Fixed Income all exceeding the PRI median. While our Direct Infrastructure score remains slightly below the median, we are actively addressing this gap.

Our Confidence Building Measures (CBMs) score remained unchanged. Upon review, we recognised that this section relates to voluntary disclosures that go beyond core requirements — including publishing PRI scores, ESG policies, case studies, and stewardship outcomes. Although not mandatory, CBMs enhance transparency, credibility, and leadership in responsible investing. We intend to focus more closely on these disclosures to ensure our future reporting reflects both our commitment and impact more accurately.

Conclusion

As consolidation continues in South Africa's investment management industry, we urge competition authorities to safeguard a level playing field – one that enables independent, diverse managers to thrive.

Mergence continues to punch above its weight, leveraging dual-market expertise and a strong impact focus. Across all we do, we are guided by key **UN Sustainable Development Goals**.

Thank you to our clients, partners and stakeholders for your continued trust and support.

Warm regards
Sholto

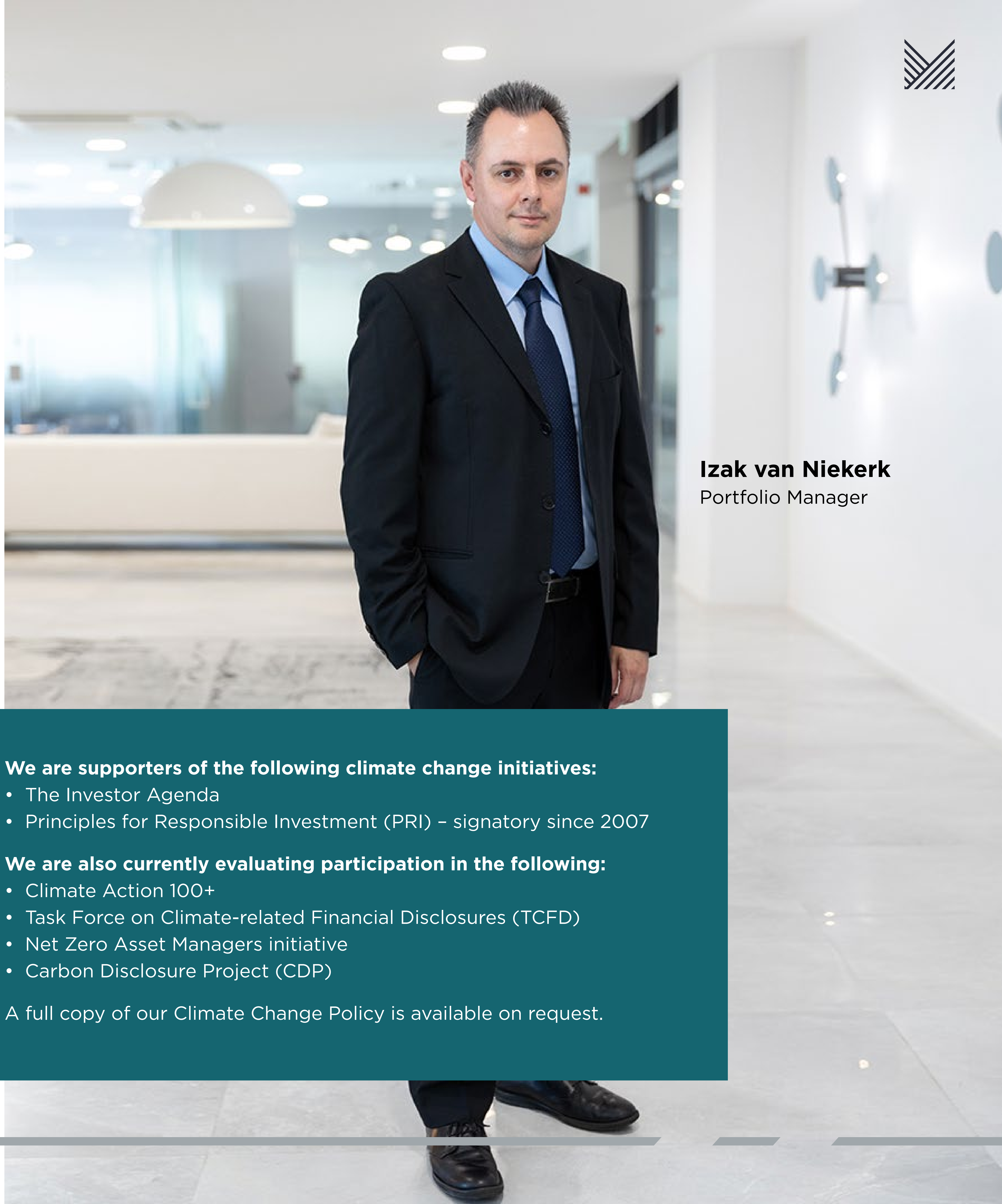
CLIMATE CHANGE POLICY

In 2024, Mergence developed a comprehensive Climate Change Policy that reflects our commitment to managing climate-related risks and opportunities across all asset classes, as well as within our own operations, contractors, suppliers, and partners. As responsible stewards of our clients' investments, we are dedicated to supporting the transition to a low-carbon, climate-resilient economy.

We report annually in our Impact Report on the climate progress made across our listed and unlisted investments, and on the sustainability performance of our own operations. In addition, our teams stay informed through ongoing training and engagement with key developments in ESG and climate-related frameworks.

Key elements of the Mergence Climate Change Policy include:

- **Risk management:** Climate-related risks are integrated into all our investment decision-making and risk management processes.
- **Opportunity identification:** We actively seek to invest in solutions aligned with a low-carbon future, such as renewable energy, energy efficiency and sustainable infrastructure. Since the launch of our (and South Africa's) first Renewable Energy Debt Fund in 2012, we have continued to invest in wind, solar and other energy-efficient projects.
- **Engagement and advocacy:** We adopt an active engagement approach with companies in our investment portfolios, encouraging transparency on climate-related risks and the adoption of sustainable business practices. Our approach is guided by the principles of a Just Transition – balancing climate action with poverty reduction, reduced inequality, and social inclusion. For this reason, we favour engagement over exclusion in our listed equity strategies.
- **Impact measurement:** We track climate performance across our investments. In listed portfolios, this includes monitoring remuneration policies that lack ESG-linked KPIs. In unlisted portfolios, we require climate-related KPIs from portfolio companies, such as data on avoided carbon emissions or recycled water usage.
- **Collaboration:** We work alongside industry peers, regulators, policymakers, and other stakeholders to share knowledge and advance best practice in climate-aligned investing.



Izak van Niekerk
Portfolio Manager

We are supporters of the following climate change initiatives:

- The Investor Agenda
- Principles for Responsible Investment (PRI) – signatory since 2007

We are also currently evaluating participation in the following:

- Climate Action 100+
- Task Force on Climate-related Financial Disclosures (TCFD)
- Net Zero Asset Managers initiative
- Carbon Disclosure Project (CDP)

A full copy of our Climate Change Policy is available on request.

PUBLIC MARKETS

EQUITIES

Listed equities remain the cornerstone of Mergence's investment capability – both within specialist equity mandates and as a significant component of our multi-asset strategies. While short-term market movements naturally lead to periodic volatility in performance, we are pleased to report that 2024 marked a return to positive alpha following a challenging 2023.

In terms of the three tools we mostly use to actively manage ESG risks and opportunities, we are able to provide the following feedback from 2024:

1) ESG integration

We have maintained a strong and deliberate focus on integrating ESG considerations into our investment process. ESG is not treated as a supplementary factor, but rather as a distinct and equally weighted pillar alongside Quality and Valuation. High-conviction ideas and active positions are centred on stocks that score highly across all three pillars – aiming for a balanced view of long-term value creation and risk mitigation.

During 2024, we further strengthened our ESG integration. The team was tasked with conducting dedicated ESG research across our investment universe, leading to deeper insights and more comprehensive stock evaluations. In addition, we introduced quarterly ESG reporting for clients that requested ongoing quarterly reports and significantly increased engagement with investee companies, guided by the principles of the Just Transition Framework – ensuring that our actions support inclusive and sustainable growth.

2) Company engagement

These ESG efforts were supported by a record number of investment idea presentations to the investment committee, as well as over 500 engagements with company management teams throughout the year. This active dialogue helps us shape responsible business practices while strengthening our investment case for each holding. Alongside improved talent retention and increased gender diversity within the team, these interactions continue to reinforce the robustness of our bottom-up research process and our long-term commitment to delivering sustainable, risk-adjusted returns for our clients.

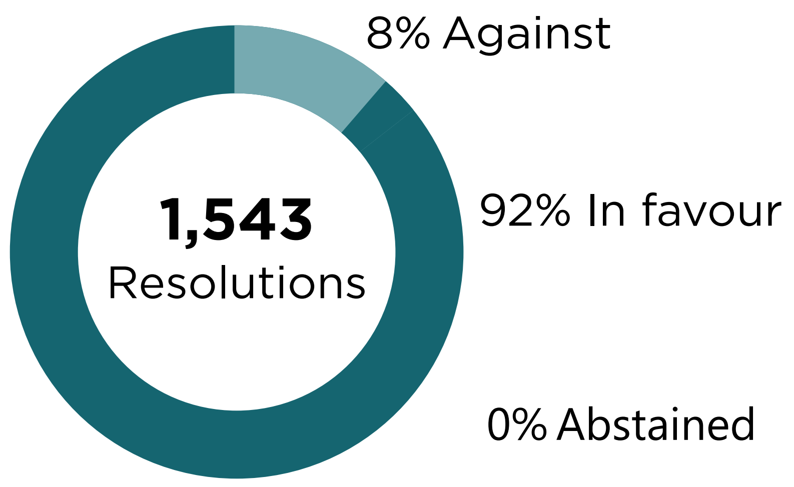
3) Proxy voting

We actively exercise our shareholder rights at AGMs and EGMs to influence ESG-related outcomes. The adjacent diagram summarises our proxy voting activity during 2024.

Peter Takaendesa
Chief Investment Officer

2024 Proxy Voting Summary

Votes against company resolutions were primarily linked to governance matters – specifically relating to board appointments (34%), shareholder proposals (28%), remuneration policies (16%), miscellaneous issues (17%) and financial assistance (6%).



PROXY VOTING CASE STUDY | Coronation Fund Managers (CML)

In November 2024, we voted in favour of Coronation Fund Managers' proposed B-BBEE transaction, which will increase black ownership from 31% to 51% through the creation of two trust entities.

In alignment with the views of most of our clients, we believe this broad-based transaction represents a positive step towards advancing social and economic transformation in South Africa. In addition to supporting national empowerment goals, the deal has the potential to enhance Coronation's competitiveness and staff retention – contributing to the business's long-term commercial success.

After several engagements with the management team to clarify a number of potential conflict of interests and taking the above into account, we voted in favour of all five resolutions related to the transaction.

CORONATION
TRUST IS EARNED™

Brokerage spend

Despite the country's best efforts to address very high levels of inequality and poverty through policies like B-BBEE, black-owned stockbroking firms in South Africa continue to face systemic challenges. Mergence has therefore committed to directing at least 40% of its local brokerage spend to majority black-owned stockbrokers that add value to our clients and in support of meaningful transformation in the financial sector. We continue to have access to most leading global stockbrokers that also provide research with a global lens and best execution for our clients.

Team succession planning and career development

Empowerment and personal growth continue to be central to the culture of the public markets team. At the start of 2025, Radebe Sipamla and Salome Maruma were both promoted to Co-Portfolio Managers. Radebe and Salome each cover large anchor sectors on the JSE, bring experience from global investment banks such as UBS, Bank of America/Merrill Lynch, and hold strong academic qualifications – with Radebe recently completing his BCom Honours in Finance at Wits and Salome a CFA level III candidate, supported by Mergence's skills development programme.

Keagan Martin has been promoted to Analyst & Trader, taking on expanded responsibilities for listed investments trading. We also welcomed Lebogang Malatji to the team as Equity Analyst & Trader, working alongside Keagan in this critical function.

FIXED INCOME

Listed fixed income represents another significant component of our investment capabilities – both as standalone products and as a building block within our multi-asset mandates, depending on the specific risk-return profile of each. It plays an important role in achieving portfolio diversification, income generation and capital preservation. The section that follows explores how we integrate ESG considerations into the South African listed fixed income market – a space that is steadily evolving as sustainability and responsible investing gain greater traction in credit and bond markets.

ESG investing in the South African fixed income market

The South African fixed income market has undergone a significant shift towards incorporating ESG considerations into credit investment strategies. The approach we follow at Mergence reflects this trend by evaluating bonds through a credit investment process that actively considers how capital investment can drive environmental improvements. For example, we have co-invested in renewable energy projects through our infrastructure and development debt funds, aligning our investments to clean carbon initiatives. This proactive stance underscores our belief in the potential of ESG factors to both enhance environmental outcomes and investment value creation.

While our investment process thoroughly evaluates potential opportunities, it is equally important to consider the associated risks. This raises several questions in the context of credit risk modelling such as how do ESG factors influence the overall credit story? For instance, when positive ESG news is released, does it shape market sentiment and drive investor demand for an issuer's bonds? Could such favourable developments lead to noticeable changes in trading activity, bond yields, or credit spreads similar to other sentiment-driven market behaviours?

Despite the clear benefits, the relationship between ESG compliance and asset returns in the fixed income market remains complex. ESG-labelled bonds tend to exhibit tighter credit spreads, often interpreted as a signal of lower risk and higher quality. However, the emerging evidence on whether ESG factors directly translate into quality returns is mixed. While some studies suggest that robust ESG practices may be indicative of more responsible institutions, others caution that the premium investors are willing to pay for sustainability credentials could compress yields. Thus, it is essential to distinguish between the inherent credit quality of an issuer and market dynamics driven by heightened investor demand.

A particular challenge arises in the primary issuance market. The intense investor appetite for ESG-compliant debt can lead to aggressive bidding processes that force credit spreads tighter than warranted by fundamental credit metrics—a phenomenon often described as the "winner's curse." In such scenarios, the pricing of new ESG bonds may reflect demand-side pressures more than the true risk profile of the issuer. This distortion can compel portfolio managers to allocate investments based primarily on mandate compliance rather than a balanced risk-return assessment, potentially compromising overall portfolio performance.

Governance

Compounding these issues is the broader concern over governance in South Africa. In recent years, governance standards at both state and corporate levels have deteriorated, creating an environment and opportunity for ESG disclosures to be exploited. Issuers might leverage ESG credentials to obscure underlying governance weaknesses, thereby making it challenging for asset managers to discern genuine sustainability performance from surface-level compliance. This dynamic not only complicates due diligence but comes at the cost of long-term value creation.

In conclusion, while ESG investing in the South African fixed income market presents a promising path to sustainable investment, it also introduces other layers of complexity. Balancing the environmental benefits with a rigorous evaluation of return and risk, particularly in the context of market-driven pricing distortions and evolving governance standards, remains critical for informed investment decisions.

GLOBAL EQUITY

Mergence's multi-asset strategies provide clients with diversified access to a range of asset classes – both locally and globally – through a combination of active management and disciplined risk control. Our solutions are designed to balance capital growth and preservation over the long term. A growing area of innovation within the multi-asset capability is our global equity strategy, which integrates ESG oversight in a systematic and scalable way.

ESG through a quantitative lens

ESG risks are considered within our quantitative investment framework, allowing for consistent and scalable ESG monitoring across a large universe of global listed equities. This approach forms part of the investment process for the Mergence Global Quant Equity Fund.

Through a model that analyses around 1,500 companies in 23 developed markets, we are able to screen for potential ESG risks – both product-based and conduct-based – as part of the portfolio construction and monitoring process. This is supported by public data sources and third-party ESG research.

Although the Fund is not explicitly ESG-focused, we actively monitor ESG risks within the investable universe. We assess companies based on publicly available data to identify those with potentially harmful environmental or social impacts or those that breach fundamental ethical norms. Where significant risk is identified, we apply enhanced scrutiny and ongoing monitoring.

As at December 2024, we identified 56 companies in developed markets with product-based ESG risks, including:

- Companies involved in significant coal production or coal-based energy
- Companies manufacturing or selling controversial weapons (including nuclear and cluster munitions)
- Tobacco producers

An additional 32 companies were flagged for conduct-based ESG concerns, such as:

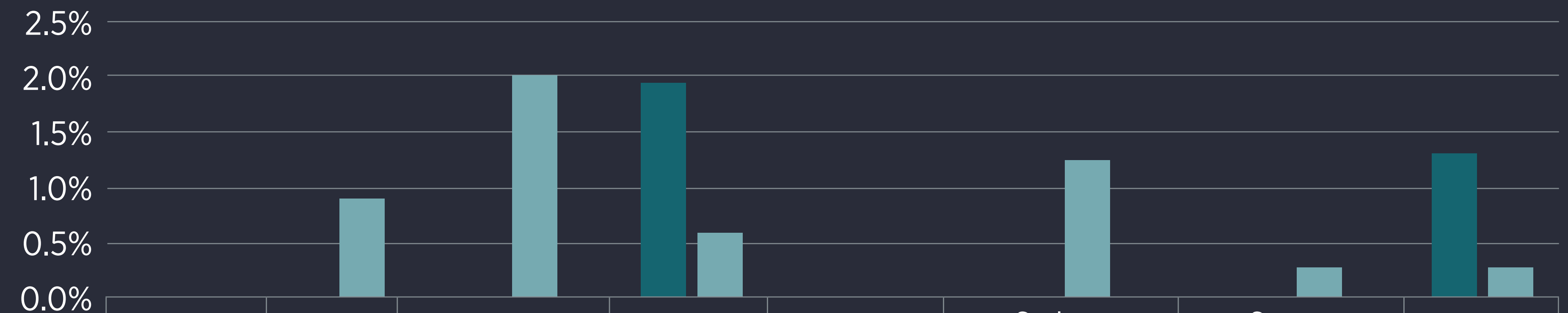
- Serious or systemic human rights violations
- Severe environmental damage or unacceptable greenhouse gas emissions
- Involvement in oil sands operations

For institutional clients with specific mandates, we are able to customise exclusions and responsible investment filters aligned with their ESG preferences.

Fazila Manjoo
Portfolio Manager

The chart below illustrates the exposure of the Mergence Global Quant Equity Portfolio relative to the MSCI World Index, across these key ESG risk categories as at 31 December 2024.

ESG THEMES



	Product Based	Coal	Controversial Weapons	Tobacco	Conduct-Based	Serious Human Rights Violations	Severe Environmental Damage	Oil Sand
Fund		0.00%	0.00%	1.98%		0.00%	0.00%	1.31%
MSCI World		0.88%	2.01%	0.59%		1.28%	0.24%	0.24%

Notably, the portfolio had zero exposure to significant coal, controversial weapons, serious human rights violations or severe environmental damage at year-end.

Please note that the investment vehicle is a JSE-listed Actively Managed Certificate (AMC) issued by UBS and traded in South African rand. Due to the nature of this structure, shareholder voting is not currently applicable.

PROPERTY

While listed property represents a relatively small allocation within our multi-asset portfolios, ESG considerations remain relevant to the asset class. In the South African REIT sector, environmental factors such as energy and water efficiency, green building certification, and climate resilience are increasingly influencing valuation and long-term sustainability. Many property companies have begun integrating ESG principles into their asset management and development strategies – for example, by retrofitting buildings with solar and/or hybrid solar and battery solutions or reducing water usage amid growing climate pressures. Social and governance factors are also gaining traction, including tenant and customer well-being, transformation in the communities the properties are located in, property ownership and leadership, and improved disclosure practices.

That said, ESG data coverage remains uneven across the sector. As efforts to enhance reporting and transparency improve, we are hopeful that future annual impact reports will provide more detailed insights into ESG performance and engagement within the listed property sector.

Unathi Hewana
Co-Portfolio Manager

PRIVATE MARKETS

Mergence's private markets business continues to grow steadily, earning a strong reputation for innovative investments that deliver tangible, measurable impact. Despite a challenging year, our team remained focused – advancing capital-raising efforts, building robust pipelines across all mandates, and deploying capital in a responsible and efficient manner. We are pleased to share further detail on these developments in the sections that follow.

In early 2025, we made a strategic decision to restructure our private markets business into two dedicated units: Private Equity, now led by myself, and Private Debt, headed by Mosa Molebatsi. This follows the departure of our former Head of Private Markets and reflects our view that specialised leadership in each area will better support the increasing scale and complexity of our portfolios. The promotions of myself and Mosa highlight our commitment to internal growth and talent development. Together we bring a wealth of experience to our respective areas and are increasingly sought after as speakers and panellists in industry forums – a clear testament to expertise and leadership.

We have also continued to enhance our investment process and ESG integration. Our tried and tested investment approach remains firmly embedded, with the ongoing implementation of our ESG Management System (ESGMS) across all new transactions. ESG elements are applied throughout due diligence and implementation phases, with clearly defined impact metrics agreed with portfolio companies. These companies are required to report on the outcomes they generate – reinforcing our commitment to accountability and impact measurement.

What follows is a snapshot of selected investment case studies across our South African, Namibian and Lesotho mandates, covering both equity and debt strategies.

Chito Siame
Head: Private Equity

PRIVATE EQUITY

The private equity team made strong progress in 2024, continuing to scale three strategic investment platforms in digital infrastructure, water & sanitation and affordable housing. These platforms were primarily developed through deal sourcing for the Mergence Infrastructure & Development | Equity Funds and give us access to sector specialists whose insights strengthen investment evaluation and execution. Collectively, these professionals contribute over 200 years of sector experience, significantly deepening our in-house expertise.

During the year, the team focused on capital raising for the Mergence Infrastructure & Development | Equity Fund II (Fund II), securing nearly R500 million at first close by the end of 2023. This capital has already been fully deployed into impactful transactions at the time of writing:

- **Affordable housing:** A follow-on equity investment was made into Live Easy, alongside our investment partners, to support the development of 8,000 additional affordable rental units in Gauteng. Live Easy, an existing Fund I portfolio company, converts underutilised commercial property into affordable, safe, and dignified housing for underserved communities.
- **Diversified infrastructure:** In a landmark deal, Mergence and its partners acquired a stake an infrastructure platform which holds transformational assets in the energy, digital infrastructure, and transport assets including stakes in Vumatel, Dark Fibre Africa (DFA) and Lanseria Airport. In February 2025, the transaction was awarded **Private Equity Deal of the Year by SAVCA**.
- **Digital infrastructure:** We acquired controlling stakes in two key digital assets:

1) A Fibre-to-the-Home network with exclusive rights to service 4,000 homes in Waterfall City, scalable to over 9,500 units.
2) A 250 km long-haul fibre backbone from Waterfall City to the Botswana border at Kopfontein, linking major economic nodes and enabling broadband access to underserved communities along the N4 corridor.

Our water sector platform also advanced meaningfully. Following the pioneering PPP investment made through the Mergence Infrastructure & Development | Equity Fund I (Fund I), which set a precedent for infrastructure partnerships in line with Treasury's vision, the team is pursuing two major requests for proposals from metropolitan municipalities. With Fund I now closed, these opportunities form part of the pipeline earmarked for Fund II. The team continues to monitor Fund I's post-investment performance indicators closely, with a strong focus on value realisation.

While capital raising for Fund II has been slower than anticipated, despite a strong track record and timely deployment, we are now approaching our target fund size and extension to June 2026 has been approved at the July 2025 LPAB meeting.

South African Water Works (SAWW)

South African Water Works (SAWW) is a proudly South African water utility managing two 30-year water concession contracts in **Ballito (Siza)** and **Mbombela (Silulumanzi)**. The utility serves approximately 500,000 people, ensuring:

- Access to **100 megalitres/day** of clean, safe drinking water
- Treatment of around **64 megalitres/day** of wastewater to regulatory standards

Infrastructure Summary

FACILITY TYPE	CAPACITY / NETWORK
Water treatment capacity	100 megalitres/day
Water pipelines	1 589 km
Wastewater treatment	64 megalitres/day
Sewer pipelines	1 004 km
Reservoirs	87
Water pump stations	53
Sewage pump stations	85

CASE STUDY 1 | Live Easy – Affordable rental housing

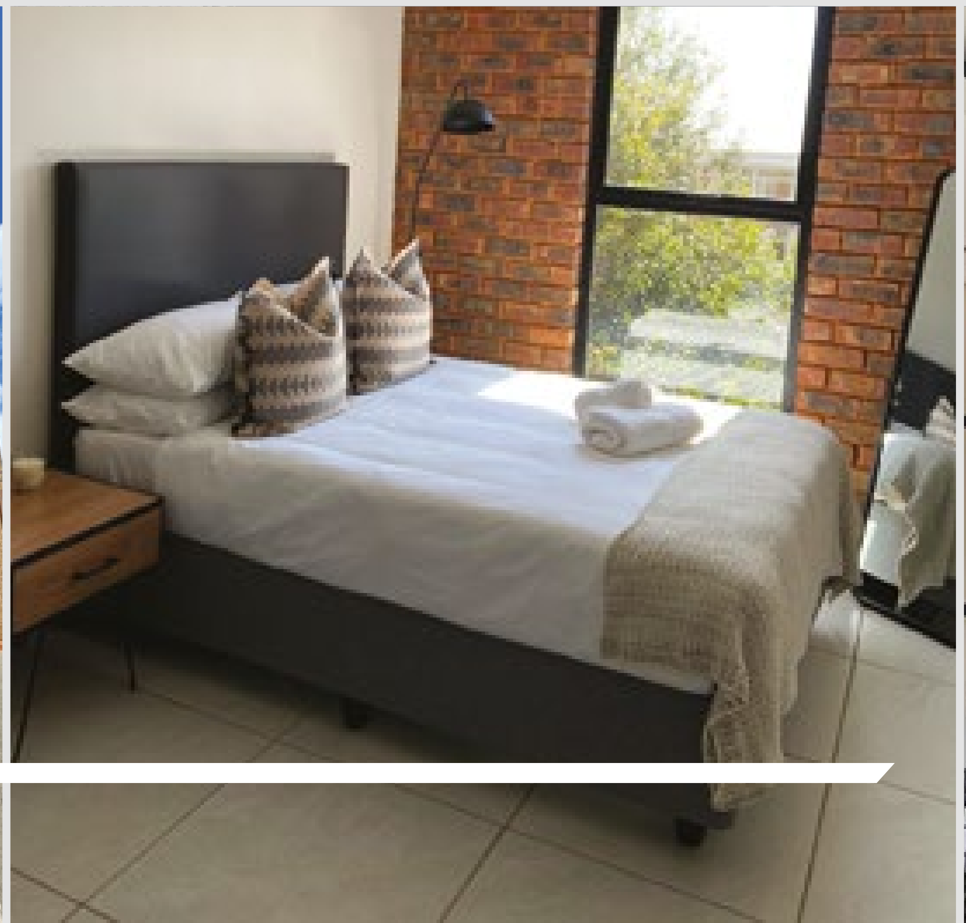
Live Easy continues to be a flagship investment for Mergence and forms the foundation of our affordable housing platform. As reported in last year's annual impact report, we commissioned a first-of-its-kind social return on impact study in partnership with EY and Live Easy. This formed part of our broader approach to ensuring that portfolio companies report on their social and economic impact in a tangible and meaningful way.

Beyond its core mission of providing decent, affordable, and dignified rental housing to underserved communities, Live Easy's ripple effect is evident in the growth of its black-owned supplier network. Over the past decade, the company has helped nurture small enterprises into thriving businesses, creating sustained job opportunities and economic inclusion.

Here are a few examples that illustrate this impact:

- **Plumbing services provider** – What began as a one-man operation has evolved into a business employing over 15 people, including the owner's uncle and two brothers. He is now able to support not only his immediate family but also extended relatives – a testament to the long-term impact of enterprise development within the Live Easy ecosystem.
- **Refuse removal partner** – Starting with a single bakkie, this entrepreneur now employs three drivers who collectively manage waste removal across all Live Easy sites. This growth supports livelihoods while contributing to cleaner, safer environments for residents.
- **Local security provider** – From an initial contract with one site and three guards, this business now employs over 40 people. The owner has used the growth in revenue to support his family and fund specialist education for his child with special needs – a powerful example of how inclusive procurement can drive both social and economic outcomes.

Mergence, through Fund II, continues to support Live Easy's growth. As referenced earlier in this report, we made a follow-on equity investment in 2024 alongside our partners to facilitate the development of a further 8,000 units in Gauteng. We remain proud of this investment's dual ability to deliver both solid financial returns and meaningful socio-economic impact.



CASE STUDY 2 | Mzansi Fibre (Mzansi) - digital infrastructure

Mzansi was founded to develop affordable high speed open access last-mile fibre optic networks over commercially feasible suburbs within South Africa. Mzansi currently aims to develop 30,000 connection points across the country and has c.8,500 points in areas such as Kempton Park, Birch Acres, Buhle Park, and Rivonia.

Mzansi's core business model is to build, own and operate the fibre network on an open access basis for Multiple Dwelling Unit (MDU) or Single Dwelling Unit (SDU) developments. Mzansi's assets are exclusively managed by Linteg Fibre, a technology turnkey solutions company that specialises in fibre optic network solutions and has approximately 10 years' experience in fibre construction and operations. Linteg Fibre is both an installer (EPC) and asset owner. The management team's experience also includes involvement in the establishment of inroad trenching in various metropolitan councils throughout South Africa. Linteg Fibre is also vertically integrated with its own ISPs, which reduces the risk of onboarding customers and improves the initial uptake rate.

Impact summary
- Expansion of affordable internet services to thousands of users
- improving access to information and technology
- creating 25 new jobs (19 direct and 6 indirect) showing strong emphasis in employment equity for black female (7) and black youth workers (12).

In addition to the impact created through its digital infrastructure and the employment opportunities generated, Mzansi has invested approximately R200,000 in socio-economic development during 2024. This included the donation of sports kits to Birch Acres Community and Buhle Park Community and the installation of a community surveillance camera to help prevent crime in these areas.

Mzansi also sponsored a sports day, including trophies, for primary schools in Buhle Park, and provided fibre infrastructure to support early childhood education from Grade R to Grade 3 at these schools.

In both Birch Acres and Buhle Park, Mzansi engages local youth in sales activations, helping to build skills and foster economic participation within the communities it serves.

Guided by
- SDG 5 (gender equality)
- SDG 8 (decent work and economic growth)
- SDG 9 (industry, innovation and infrastructure)

SADC PRIVATE MARKETS INVESTMENTS

NAMIBIA

We are pleased to report on the progress of our second unlisted offering in Namibia – the Mergence Real Assets Fund I. This fund represents a strategic evolution from our earlier focus on traditional infrastructure assets, shifting towards real assets infrastructure projects that contribute meaningfully to economic and social development.

Although the finalisation of legal agreements with the fund's initial investor has taken longer than anticipated, we expect the fund to launch in the third quarter of 2025. Once operational, we will commence broader capital raising efforts among Namibian institutional investors, with the objective of mobilising sufficient commitments to pursue a well-developed pipeline of opportunities. These span a range of priority sectors, including property (with a focus on bulk infrastructure and affordable housing) and social infrastructure (such as healthcare, education, student accommodation, and digital infrastructure).

Our first Namibian infrastructure fund is now closed, and we continue to manage its portfolio of solar energy and bulk infrastructure assets with a clear focus on long-term value creation for our investors.

We are also proud to highlight the corporate social investment (CSI) initiatives undertaken by Ejuva Solar Plants 1 and 2 over the past year, which reflect their commitment to inclusive and sustainable development within their host communities. These initiatives include:

- **Sponsoring the Gobabis soccer team** with a branded gazebo and tracksuits. The Young African Football Club's senior team qualified for the finals of the prestigious MTC Maris Cup this year – a milestone that brought pride to the local community.
- **Supporting a local vocational training centre** by donating second-hand solar panels to be used for hands-on training and skills development for students entering the renewable energy sector.

LESOTHO

Since 2015, we have been managing private equity and property mandates for the largest pension fund in Lesotho, and our long-term investment approach delivers sustainable value and lays the foundation for lasting impact.

Property

We continue to actively manage key assets in Maseru, including two previously distressed shopping malls that have since improved in net asset value and returned to profitability under our stewardship. Our support also enabled the successful acquisition of a landmark office building in the capital. Beyond asset performance, we are exploring additional property opportunities—such as community-focused retail centres—to both diversify the portfolio and address social needs in underserved areas.

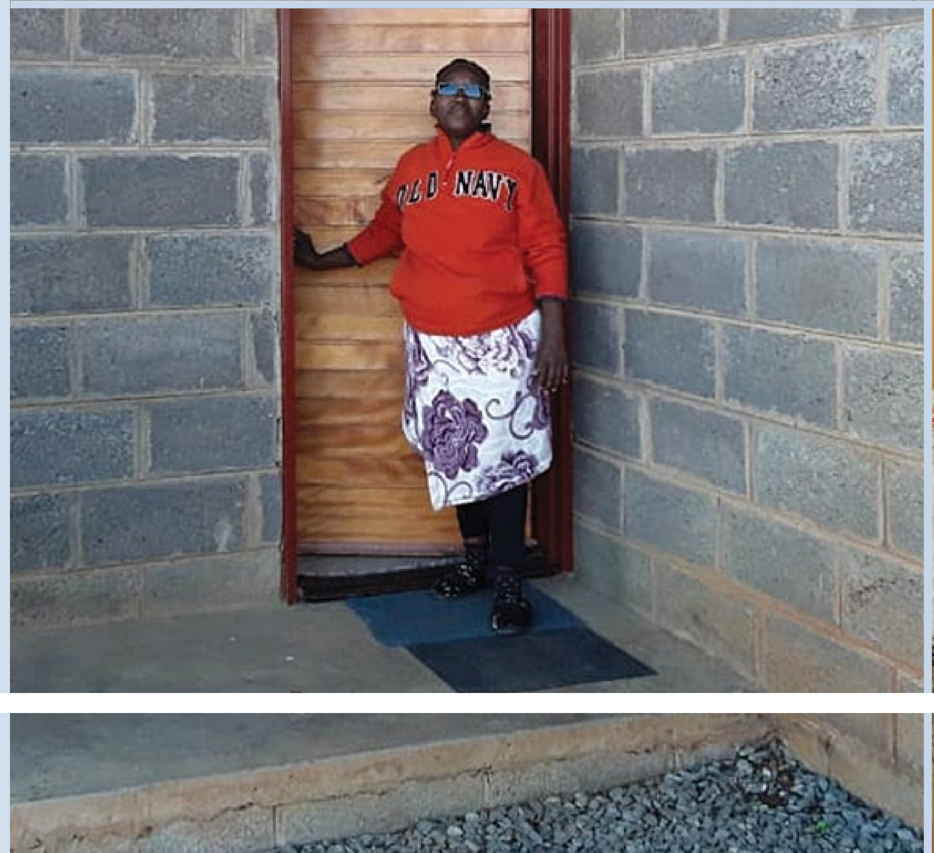
Private Equity

Initial capital was deployed via one of our South African products to build early momentum for the portfolio. Over time, approximately 70% of the allocation has been redirected into Lesotho-based investments across microlending, medicinal cannabis, and trout farming—all of which continue to demonstrate growth and resilience. Two of these businesses have successfully expanded beyond South Africa into international markets, including the United States and Australia. This has increased foreign exchange inflows through premium pricing opportunities and raised operational standards through exposure to global best practices.

We remain committed to identifying new investable opportunities that deliver long-term, sustainable impact. Recent initiatives include fibre infrastructure to bridge the country's digital divide and renewable energy projects aimed at ensuring stable power supply and enhancing climate resilience. These investments are expected to deliver significant economic benefits by catalysing industrialisation, supporting job creation, stimulating commercial activity, and promoting rural economic inclusion.

Local presence

Our commitment to Lesotho is further strengthened by a dedicated office in Maseru, staffed by five Basotho professionals (four women and one man). This local team plays a vital role in sourcing investment opportunities, managing assets on the ground, and engaging with stakeholders to expand our footprint and deepen our impact across the country.



Mosa Molebatsi
Head: Private Debt

PRIVATE DEBT

Mergence was one of the first movers in South Africa's renewable energy landscape, launching its inaugural Renewable Energy Debt Fund in 2013 in response to the financing gap identified under the newly established Renewable Energy Independent Power Producers Procurement Programme (REIPPPP). That first fund supported 12 REIPPPP projects, contributing meaningfully to the country's renewable energy build-out. Over time, as projects matured and were refinanced, the fund's portfolio remains with four remaining investments.

The successor fund (the Mergence Renewable Energy Fund II) was initially established with a similar mandate to finance REIPPPP projects. However, as the pricing dynamics of public procurement shifted and yields compressed, we undertook a strategic review and broadened the mandate to include private power purchase agreements (PPAs).

This move was both timely and forward-looking. In the context of South Africa's deepening energy crisis and heightened climate commitments, the commercial and industrial (C&I) sector is under increasing pressure to decarbonise, while maintaining energy reliability and cost control in the face of escalating electricity tariffs and supply uncertainty.

Private PPAs — particularly for embedded solar photovoltaic (PV) and battery storage systems (BESS) — offer a compelling solution. For businesses, this delivers access to clean, reliable power at a predictable cost. For Mergence and our investors, it presents an opportunity to achieve competitive, risk-adjusted returns while supporting the energy transition.

This evolution reflects our broader infrastructure strategy: to invest in scalable, impact-driven solutions that deliver both environmental and financial value. The second renewable energy fund concluded its first C&I investment in late 2024, which is featured in the case study below.

CASE STUDY | Solarise – C&I solar

Through the Mergence Renewable Energy | Debt Fund II we have invested R160 million into Solarise Africa, an energy-as-a-service company, which funding will be instrumental in advancing the deployment of C&I renewable energy solutions across South Africa.

The Solarise deal marks a milestone in the company's mission to promote sustainable energy development. Despite a decline in residential solar uptake in 2024, largely due to a reduction in load-shedding, the C&I solar market in South Africa continues to thrive. Businesses continue to invest in renewable energy solutions not only to safeguard against an unreliable grid, but also to lower electricity costs and demonstrate a commitment to sustainability and climate action.

Solarise and an affordable housing developer Alley Roads entered into an off-grid lease for a 10 year period, enabling Alley Roads to achieve a milestone of delivering more than 1,000 affordable housing apartments in Katlehong, Gauteng that are completely off the national power grid, powered by Solarise.

"To date, most South Africans could not afford alternative energy solutions, such as solar-and-battery systems. Alley Roads' innovative partnerships are unique in the sense that they bring off-grid power solutions to affordable housing tenants, a market very often overlooked when it comes to the roll-out of alternative power options," said Ivan Pretorius, founder and COO of Alley Roads.

"Our main objective over the past 12 months was to implement a funding and technical model that allows a standard two-bedroom unit to be completely off-grid, whilst costing the tenant less than R1 000 per month, with escalations at below 10% per annum," he said.

Housing apartments, Katlehong

Decentralised off-grid energy solution

GROWING OUR SHARED VALUE

CLEAN ENERGY

	Total
Installed capacity (MW)	102 008
Greenhouse gas emission avoided (tonnes)	2 760 482

7 AFFORDABLE AND CLEAN ENERGY

DIGITAL INFRASTRUCTURE

Number of internet users/ customers (total)	18 066[1]

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

AFFORDABLE HOUSING

Tenants (all)	2 241
Occupancy rate	98%
Gender	
Male	53%
Female	47%
Age	
<20	26%
21-25	32%
26-35	29%
>35	13%
Income of tenants	
R5k-R10k	33%
R10k-R15k	8%
R15k-R20k	15%
R20k-R25k	15%
>R25k	30%

11 SUSTAINABLE CITIES AND COMMUNITIES

[1] Not all digital infrastructure investee companies reported on this metric
[2] PDI - Previously Disadvantaged Individual

EMPLOYMENT (direct jobs)

	South Africa	Lesotho	Namibia	Total
Sustained	**9 865**	**506**	**185**	**10 556**
- PDI[2]	79%	99%	28%	
- Women	10%	50%	24%	
New	**2 636**	**18**	**8**	**2 664**

WATER

System capacity (Kl)	62 323 000
Volume supplied (Kl)	39 342 034
Water loss relative to total disbursed	22%
Wastewater	
Water treated (Kl)	15 759 433
Water available for reuse	68%
Client base	
Total	57 424
Indigent clients served	25 385

6 CLEAN WATER AND SANITATION

8 DECENT WORK AND ECONOMIC GROWTH

FINANCIAL INCLUSION

	Applications approved	Loan book
	3 464	160 940 418
Housing & Incremental Housing	15%	17%
Education	30%	26%
Retail / Consumer Finance	56%	56%
Client profile		
PDI[2]	100%	
Female	54%	
Youth	19%	

PROCUREMENT

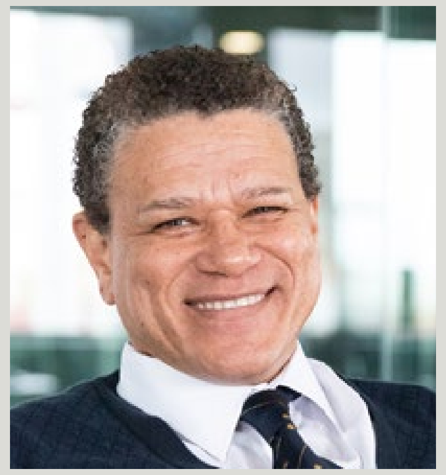
Total procurement from domestic/local suppliers	96%

GOVERNANCE & TRANSFORMATION

Following the strategic transaction with Harith General Partners and Shandurwa, the only changes within our business have been at **Board level**. The newly constituted Board — now complete as of late 2024 — brings together a diverse set of skills and perspectives, reinforcing our governance framework. During 2024, the business has remained **stable**, **focused and collaborative**, delivering on its investment mandates with continuity and purpose.

The full list of Board members is summarised below:

Masimo Magerman
Non-Executive Chairman



Fabian de Beer
Chief Risk Officer

Sholto Dolamo
Managing Director

Nyonga Fofeng
Independent
Non-Executive Director

Lizeka Matshekga
Non-Executive Director

Sipho Makhubela
Non-Executive Director

Tshepo Mahloele
Non-Executive Director

Maserame Mouyeme
Independent
Non-Executive Director

Our Executive Committee remained unchanged for the period under review:

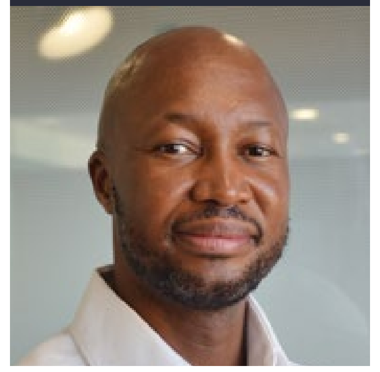
STRATEGY

Sholto Dolamo
Managing Director

BSc (Chemistry), B Tech (Ceramic Science), MSc (Engineering), MBA

2 years with Mergence; 19 years industry experience

CLIENTS

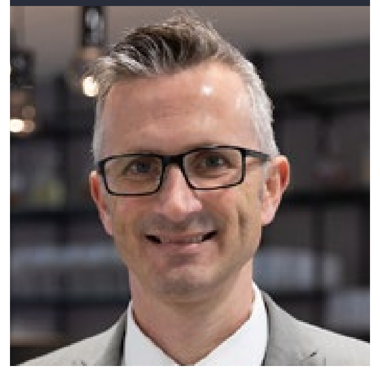


Semoli Mokhanoi
Chief Commercial Officer

BCom (Accounting), BCom Hons (Fin Planning), MBA (Strategy)

8 years with Mergence; 24 years industry experience

INVESTMENTS

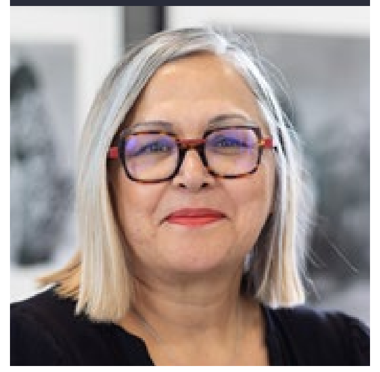


Brad Preston
Chief Investment Officer

BSc Hons, MSc (Financial Mathematics)

20 years with Mergence; 20 years industry experience

OUR PEOPLE

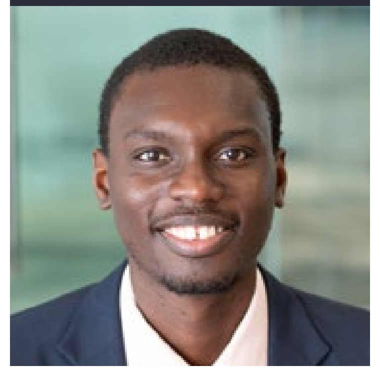


Karen Wagner
HR Executive

Diploma (HR Mgmt, Bookkeeping & Practical Accounting)

11 years with Mergence; 34 years industry experience

FINANCE



John Afordofe
Chief Financial Officer

BCom (Accounting), PG Dip (Accounting), CA

6 years with Mergence; 13 years industry experience

Since then, we have announced the departure of Brad Preston, who continued in a consulting capacity until July 2025 to support a smooth transition. His departure presented an opportunity to promote from within, reflecting our commitment to inclusion, growth and empowerment across the business. We are pleased to announce that Peter Takaendesa has been appointed as Chief Investment Officer in May 2025. Peter will hold this position in addition to Head: Equities

Transformation has been a core priority for Mergence since inception. As one of the early adopters of full diversity representation among South African asset managers, we remain deeply committed to driving meaningful, sustainable change.

Following our transaction with Harith, we retained our Level 1 B-BBEE status. Importantly, the transaction also strengthened our ownership and Board composition, with improved representation. For us, this progress is not just a compliance milestone. The Financial Sector Charter continues to guide our journey in embedding **inclusion and impact** across all that we do.

At Mergence, transformation is rooted in **inclusion** — celebrating diversity of people, thought and experience. We foster an environment where everyone feels valued and empowered to contribute, knowing that diverse perspectives drive innovation and long-term success. Our commitment to equity ensures that all individuals — regardless of race, gender, disability or background — are given equal opportunity and fair treatment.

As our founder and now Non-Executive Chairman, **Masimo Magerman**, puts it:

"I'm not working with numbers, I'm working with people."

We continue to champion transformation in the asset management sector, with a strong emphasis on **empowering black women** and contributing to South Africa's broader goal of **inclusive growth**.

Current score per element

Element	Actual Score	Target Score
Ownership	24.91	25
Management Control	17.35	20
Skills Management	20.00	23
Enterprise & Supplier Development	32.39	43
Socio-Economic Development	6.00	8
Total Score	100.65	119
LEVEL		**1**

TOTAL STAFF
81% black (**51%** black female)

OWNERSHIP
82% black (**13.5%** black female)

BOARD MEMBERS
100% black (**25%** black female)

EXEC & SENIOR MANAGEMENT
80% black (**20%** black female)

INVESTMENT PROFESSIONALS
76% black (**38%** black female)

MEDIA COMMENTARY & INDUSTRY INSIGHTS

Throughout 2024, the Public and Private Markets teams played a visible role in shaping industry dialogue and investor awareness through a broad range of media engagements. In total, we contributed:

38 stock comments	6 market commentary pieces
7 interviews	3 transaction announcements
6 profiles	20 thought leadership pieces

These engagements helped foster public dialogue and contributed to broader policy discussions, particularly on key themes such as infrastructure as an asset class, renewable energy, water infrastructure, and affordable housing. A standout example was the independent EY study assessing the impact of our investment in Live Easy, which drew strong interest from both the public and private sectors.

Our insights were published across a variety of leading platforms including ***Moneyweb, Citywire, Sunday Times, Money Marketing, Business Day, Africa Global Funds, and Today's Trustee***. We also featured in flagship reports such as the Financial Mail's Infrastructure Report (on digital infrastructure) and Business Day Earth ("Undercurrents – SA's water infrastructure is crumbling fast. Can it be fixed?"). Interviews were conducted with ***RSG Geldsake, CapeTalk, Classic Business FM, and SABC TV Market Update***.

While it is difficult to quantify collated reach across traditional media channels, social media is easier to measure. Engagement via LinkedIn was strong, with regular posts of our media coverage attracting shares, comments and positive feedback. Notably, our LinkedIn following grew organically by 1,148 new followers over the year, reaching a total of 6,130 followers—a clear indication of growing interest in our thought leadership.

CORPORATE SOCIAL INVESTMENTS

Mergence is committed to creating sustainable shared value and uplifting disadvantaged communities through our Corporate Social Investment (CSI) policy. Aligned with our strategic vision, our initiatives aim to improve lives, strengthen communities and build meaningful, long-term relationships with stakeholders.

Our focus areas include education, poverty alleviation, skills development, environmental conservation, job creation, and cultural enrichment. We provide financial support to organisations serving disadvantaged communities and promoting sustainability, with strong employee involvement in selecting and supporting initiatives.

The remainder of this section highlights projects we proudly supported during 2024.

South Africa

In 2024, Mergence continued to prioritise education, youth development and community upliftment.

We hosted students from Rutgers University (USA) as part of their annual South African emerging markets visit, providing insight into asset management and career opportunities within the industry. We also maintained our involvement with the University of the Western Cape Investment Forum, co-founded by one of our Public Markets analysts.

Our support for the SNPF Bursary Fund enabled deserving dependants of MWRF members to pursue tertiary education. We also partnered with Tour de Frontline (TdF), a cycling initiative raising funds through mileage-based contributions. In 2024, TdF supported 35 impact groups across 11 sectors, positively affecting over 14,000 lives.

Employee engagement remained central to our approach. On Mandela Day, Mergence teams prepared meals for the homeless and partnered with the Haven Night Shelter in Cape Town to serve both lunch and dinner. We also participated in the Ubuntu Impact Cup, a corporate fundraising event supporting youth development through sport at the Ubuntu Football Academy.

In support of CFA Society South Africa's Day of the Girl, we hosted five learners from Beaconhill School in Mitchell's Plain for a day of mentorship, career talks, and insights into the investment industry—hoping to inspire these young women as they explore their futures.

Lesotho

In Lesotho, Mergence supported leadership development, youth sport, and skills building.

We sponsored the inaugural KHOTLA Intergenerational Roundtable Conference, hosted by the Institute of Directors Lesotho (IoDL), where Chief Commercial Officer Semoli Mokhanoi contributed as a guest speaker. The event promoted dialogue on governance and long-term value creation.

We continued our partnership with the Lesotho Baseball and Softball Association (LBSA), sponsoring the Under-18 "National Baseball5 Team's" participation in the World Cup Qualifiers in Limpopo, South Africa, and providing trophies for the 2024 Lesotho Independence Tournament.

We also supported individual potential by sponsoring Nyakallo Mojela for a 12-month professional attachment at the GEM Institute in Lesotho, enabling her to gain valuable work experience and develop professional networks.

Namibia

Mergence Unlisted Investment Managers (Namibia) donated over N$50,000 worth of office furniture to the Alumni and NUST Foundation Department at the Namibia University of Science and Technology (NUST). This contribution improved the working environment for staff and visitors, enhancing the department's ability to engage alumni and foster long-term relationships that benefit the broader university community.

This initiative reflects Mergence's enduring commitment to education and sustainable shared value in Namibia.

OUR SUSTAINABILITY JOURNEY

Mergence continues to make steady progress on its sustainability journey. Our head office is located at the Cape Town Cruise Terminal in the V&A Waterfront, one of South Africa's leading destinations, which enforces rigorous environmental standards for all tenants—standards we are proud to uphold.

Waste recycling

Our staff remain actively engaged in recycling efforts, using clearly marked bins to separate waste at source. Recyclables are transferred by our office support team to the building's shared refuse area, where wheelie bins and clear signage guide correct sorting.

Collected waste is sent to the V&A's on-site Waste Recovery and Recycling Centre, which processes up to 1,000 tons monthly. Waste volumes are categorised and recorded by the service provider to support the V&A's broader carbon monitoring. A summary, including Mergence's contribution, is shared regularly with tenants.

Electricity usage

To support energy efficiency, staff are encouraged to switch off lights, air conditioners, and computers when leaving the office. Our central air conditioning system also shuts down automatically at 19:00 daily.

Electricity usage across all Mergence locations remained largely consistent with 2023. Except for our Cape Town office, which operates on a dedicated Transnet supply, there was no significant generator use - reflecting lower national loadshedding in 2024. Overall, our steady electricity usage signals the ongoing success of our energy-saving initiatives.

Water usage

We continue to conserve water through mindful practices such as using dishwashers for reusable crockery and limiting disposables. Water usage across all sites remained stable in 2024, reflecting sustained awareness and behavioural discipline.

Carbon footprint

Mergence partners with GreenEdge, independent sustainability consultants, to assess and report on our carbon footprint in line with the Greenhouse Gas (GHG) Protocol. Emissions are categorised as follows:

- **Scope 1:** Direct emissions from company-owned sources (e.g. vehicles, fuel use)
- **Scope 2:** Indirect emissions from purchased electricity
- **Scope 3:** Other indirect emissions (e.g. travel, commuting, outsourced activities, waste)

Carbon emissions for 2024

Scope and Type	CO2e Emissions (kg)
Scope 2: Office electricity usage	89 499
Scope 3: Flights	191 441
Scope 3: Staff commuting	43 040
Scope 3: Car rental	6 295
Outstanding offset amount (2023)	139 224
Total carbon emissions to be offset (2023 & 2024)	469 499

Key insights:

- **Flights:** Mergence staff travelled 1,015,071 km by air, generating 191,441 kg CO_2e. Emissions per passenger-km declined slightly from 0.199 kg in 2023 to 0.189 kg in 2024.
- **Staff commuting:** Using an emissions factor of 0.15 kg CO_2e/km for private vehicles, the total estimated commuting distance was 332,217 km, resulting in 43,040 kg CO_2e. Average office attendance rose marginally from 3.34 to 3.37 days per week.
- **Car rental:** Staff drove 41,397 km in rental cars, contributing 6,295 kg CO_2e. The emissions factor remained steady at 0.15 kg/km.

As in previous years, we intend to offset our emissions for 2023 and 2024 through Credible Carbon, most likely via the Kuyasa project, which supports low-carbon housing in Khayelitsha, Western Cape. This initiative delivers household benefits, local job creation, cleaner air and broader community development using carbon credit revenue.

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CREATING SUSTAINABLE SHARED VALUE

MERGENCE