

Fund fact sheet

Mergence Infrastructure & Development | Equity

28 February 2023 - Issued: 10 March 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 1027.85 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	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

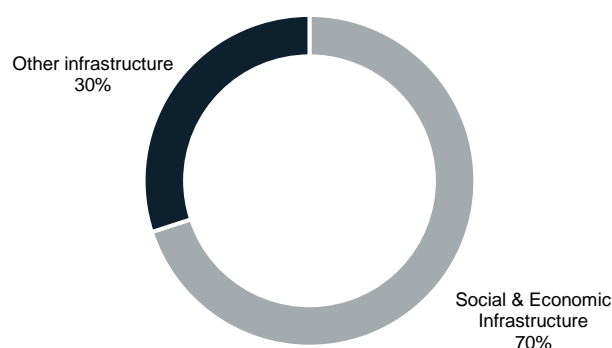
The Fund is suitable for institutional investors:

- 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*

Fund fact sheet

Mergence Infrastructure & Development | Equity

28 February 2023 - Issued: 10 March 2023



PERFORMANCE* SUMMARY

Period	Fund	CPI + 7%	Difference
Year-to-Date	1.48%	1.41%	0.07%
1 Year	10.57%	13.89%	-3.31%
2 Years	12.61%	13.31%	-0.70%
3 Years	13.80%	12.25%	1.55%
5 Years	16.13%	11.84%	4.28%
Since Inception (p.a.)**	16.18%	11.95%	4.24%

*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)
Head: Private Markets

Kasief joined Mergence in February 2015 to bolster the private equity capabilities of the Private markets Investments team. He has a BCom Hons from the University of the Western Cape. He helped develop the Mergence Infrastructure & Development | Equity Fund where, as senior investment principal his focus is on infrastructure within the region. With over 17 years of experience, Kasief is a qualified CA with a specific focus on energy, infrastructure and impact. Before joining Mergence, Kasief led PwC's South African Renewable Energy practice and has advised developers and investors from South Africa, Spain, Italy, Germany, China and as well as the United States on the SA renewable energy market including participation in the REIPPP programme, project acquisitions, private PPAs, and BEE structuring and funding.



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

Chito is an Investment Principal focussing on investment opportunities (private equity and/or – credit) throughout the Southern African Development Community (SADC). Chito was the lead to conclude the transactions of Sanlei Trout and Lesana Microfinance in Lesotho. He also serves on the boards of several of the Mergence investment companies, including South African Water Works, Maluti Green Med, and Sanlei Trout. Chito joined the public markets investment team at Mergence Investment Managers as an Equity Analyst in 2011. During this time, he analysed various company sectors including FMCG, hospitality, financial services, and telecommunications before transitioning to the private markets investment team in 2015. Prior to Mergence Investment Managers, he worked in audit and management consulting, as well as a business analyst at Lafarge Holcim southeast Africa.

Mergence Investment Managers (Pty) Ltd (Mergence), Reg No.2004/021426/07, is a licensed financial services provider under the Financial Advisory and Intermediary Services Act No. 37 of 2002 (FAIS) (FSP No 16134) and is approved by the Registrar of Financial Services Providers (www.fsb.co.za). The availability of a complete list and description of all of the firm's GIPS composites is available upon request. Additional information regarding policies for calculating and reporting returns is available upon request. Though Mergence take care in the accuracy of data, we take no responsibility for any information contained herein or attached. Such information is not intended nor does it constitute financial, tax, legal, investment or other advice, including but not limited to "advice" as defined in FAIS. Mergence does not guarantee the suitability or potential value of any information found in this communication. The user of this communication should consult with a qualified financial advisor before relying on any information found herein and before any decision taking action in reliance thereon. The user of any information should be aware that the market fluctuate and the value of investments and that changes in rates of exchange may have an effect on the value, price or income investments. Therefore it is possible that an investor may not retain the full amount invested. Past performance is not necessarily a guide to future investment performance. Fund performance figures are gross of management fees, net of all applicable withholding & gross of SA capital gains taxes.