

Mergence Lesotho – making an impact

By Semoli Mokhanoi,
Managing Director

As the Basotho Nation celebrates its Bicentennial Anniversary and King Moshoeshoe's Day, we at Mergence Investment Managers (Lesotho) take pride in the contribution we have made to improving citizens' lives and growing the economy and since 2015 when we first opened our doors in Maseru.

Our office has grown in number and expertise to a current total of five Basotho, including the Managing Director, a Public Officer, two Investment Analysts and a Business Development expert. Ahead of International Women's Day on 8 March we are pleased to report that 60% of our staff complement are women.

Boosting the economy

Creating jobs is essential for the growth of any economy and Lesotho is no exception. The government has the primary responsibility for economic growth and job creation, for example by investing into infrastructure, be it transport, housing, agriculture, health, energy etc.

But the private sector plays an important role too. Players such as banks, development finance organisations and asset managers can all contribute to growth and job creation.

As an asset manager, Mergence Lesotho is making a significant impact in boosting the economy and creating jobs, by investing on behalf of the country's largest retirement fund. This means that the

savings of retirement fund members are being carefully invested by us to ensure capital preservation and growth, all the while creating more prosperous communities into which members can retire.

Impact investing means investing for sound financial returns while creating an impact in communities, in line with Environmental, Social and Governance (ESG) aims.

Moreover, our investment strategy is oriented towards bolstering the United Nations' Sustainable Development Goals (SDGs), designed to steer global efforts towards specific objectives. In line with our overarching investment philosophy, our initiatives in Lesotho primarily target SDG 5 (Gender Equality) and SDG 8 (Decent Work and Economic Growth).

Showcasing two local investments:

The country's largest trout farm

This trout breeding farm stands as Southern Africa's largest trout farming enterprise. Catering to both niche export and South African markets, it prides itself on delivering high-quality products. With a workforce of 101 individuals, predominantly sourced from local communities (excluding casual laborers), the trout farm ensures fair compensation well above the Lesotho minimum wage. Employees also benefit from comprehensive healthcare, pension, death and disability cover, along with funeral policies. Additionally, the company regularly updates Mergence Lesotho with a monthly

report detailing its corporate social responsibility (CSI) initiatives within the surrounding villages, from which its workforce is predominantly drawn. There are two primary CSI projects:

- The Rosehip Company – its situated in Mphahle's Hoek plays a critical role in stimulating the economy by directly employing up to 120 people, indirectly employing approximately 4,500 individuals and financially supporting in excess of 30,000 people annually.

- The Khokhoba CaRe Fund – here, the objective is to develop a financing mechanism to generate sustainable incentives for the surrounding Khokhoba community to improve water catchment management in the long term by generating socioeconomic benefits.

A microlending business

Mergence Lesotho also holds an investment in a microfinancing company which provides loans and advances to salaried government employees ranging from M500 to M350,000. The company offers various loan products, including housing, education/student, and healthcare loans, with plans for additional satellite offices as needed. We believe that our investment into this microlending business effectively creates impact through:

- Facilitating microfinance for lower-income Basotho at competitive rates, fostering financial inclusion and socio-economic development within communities.

- Expanding access to financing for education, housing,

and entrepreneurial ventures, thereby directly and indirectly uplifting individuals and communities.

- Monitoring the microlending loan book to ensure that 80% of loans contribute to social impact initiatives, while also engaging in corporate social responsibility endeavours such as cleaning campaigns. Additionally, the company has generated 45 employment opportunities to date.

Growing fund offering

Mergence Lesotho has expanded its foreign unit trust offerings with the recent registration of a money market fund. Positioned as a traditional savings tool, the money market fund offers a low-risk, highly liquid solution amidst challenging economic conditions.

Unlike conventional bank accounts that yield minimal returns, the money market fund provides investors with an efficient alternative to earn competitive returns on their cash savings. Combining the convenience of a savings account with a competitive rate of return, the Mergence Money Market Fund caters to corporates, pension funds, and individuals seeking to invest savings for the short to medium term while maintaining easy access to funds for potential withdrawals.

For more information about this fund, please reach out to Papali Tejane at +266 52 500 040/50 or via email at papali@mergence.co.za.

Conclusion



Semoli Mokhanoi,
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Mergence Lesotho is deeply committed to contributing to national economic growth and making a positive impact for the Basotho. Our investments in various companies not only create direct impact but also catalyse further positive outcomes as these companies create jobs, fulfill their social investment responsibilities and uplifting surrounding communities in the process.

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Autovest lesotho extends best wishes to all basotho as we celebrate Moshoeshoe's day and the 200th anniversary of the founding of the basotho nation.



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