

## Fund fact sheet

# Mergence Domestic CPI + 4% Fund

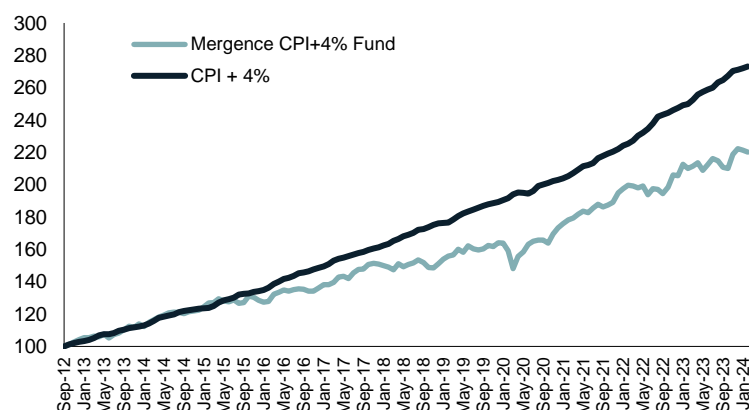
29 February 2024 - Issued: 12 March 2024



### OVERVIEW

<b>Fund Purpose</b>	Generate a real return above inflation whilst minimising medium term risk
<b>Investment Style</b>	Absolute Return
<b>Benchmark</b>	Headline Consumer Price Index + 4%
<b>Investment Vehicle</b>	Segregated
<b>Inception date</b>	November 2009
<b>Number of Months</b>	172
<b>Fund Size</b>	R 197.68 million
<b>Minimum Investment</b>	R100 million
<b>Management Fee</b>	Subject to mandate (usually between 0.50% and 1.00% per annum)
<b>Performance fees</b>	Negotiable

### PERIODIC RETURNS



### 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 4% above inflation at a low level of risk. It is broadly diversified across South African asset classes, including equities, listed property, conventional bonds, and inflation-linked bonds. 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 4% per annum over the longer term while preserving capital over rolling 12-month periods. 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 12-month period. Note that while capital preservation is our intent, this is not a guaranteed fund.

### PERFORMANCE DETAILS

Period	Fund	CPI + 4%	ALBI	ALSI
1 Month	-0.49%	0.42%	-0.58%	-2.44%
3 Months	0.64%	0.99%	1.62%	-3.41%
6 Months	2.51%	3.79%	5.71%	-1.34%
1 Year	4.83%	9.32%	7.64%	-2.86%
3 Years (p.a.)	7.31%	9.98%	7.18%	7.53%
5 Years (p.a.)	7.16%	9.11%	7.75%	9.32%
7 Years (p.a.)	6.88%	8.84%	8.15%	8.91%
Since inception (p.a.)*	7.84%	9.07%	8.39%	10.71%

\*Inception: November 2009

Year	Fund	CPI + 4%
2024	-0.91%	0.74%
2023	8.12%	9.52%
2022	5.42%	11.41%
2021	12.47%	9.47%
2020	5.73%	7.17%
2019	8.52%	7.56%
2018	0.12%	9.18%
2017	11.01%	8.62%
2016	5.82%	10.61%
2015	5.05%	8.77%
2014	7.37%	9.80%

### RISK ANALYSIS

Risk Measure	Fund
Annualised Return	7.84%
Volatility	5.28%
Sharpe Ratio	0.39
Sortino Ratio	0.57
Maximum Gain (1m)	5.23%
Maximum drawdown	-9.75%
Positive Months	66.28%
Highest rolling 1-year return	21.17%
Lowest rolling 1-year return	-5.51%
Beta to JSE All Share	0.35
Correlation to JSE All Share	0.93

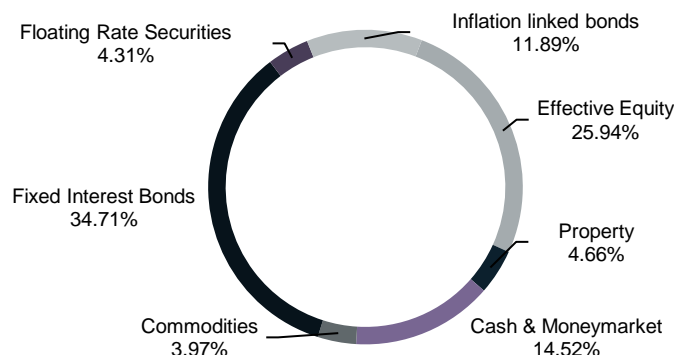
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## FUND STRUCTURE

### Asset Allocation (Effective)



### Top 10 Equity Holdings

	% of Category	% of Total
Naspers	9.35	2.81
Firststrand	7.71	2.32
Anglo American	6.44	1.94
British American Tobacco	6.10	1.83
Richemont	5.27	1.59
Prosus	5.12	1.54
Standard Bank	4.59	1.38
Sanlam	3.88	1.17
Mondi plc	3.51	1.06
Aspen	3.48	1.05

## MONTHLY PERFORMANCE RETURNS

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2024	-0.43%	-0.49%										
2023	3.42%	-1.17%	0.58%	1.08%	-2.21%	1.73%	1.75%	-0.63%	-1.90%	-0.37%	4.22%	1.56%
2022	1.32%	1.12%	-0.30%	-0.57%	0.59%	-2.69%	1.96%	-0.29%	-1.33%	2.06%	3.78%	-0.19%
2021	1.39%	1.39%	0.61%	1.41%	1.02%	-0.58%	1.58%	1.34%	-0.97%	0.69%	0.82%	3.18%
2020	-0.01%	-2.99%	-6.96%	5.23%	1.80%	2.95%	1.17%	0.40%	-0.08%	-1.13%	3.55%	2.23%
2019	1.92%	1.20%	0.49%	2.24%	-1.22%	2.54%	-1.14%	-0.45%	0.38%	1.38%	-0.36%	1.32%
2018	-0.58%	-0.67%	-1.07%	2.45%	-1.17%	0.90%	0.57%	1.23%	-0.99%	-2.07%	-0.05%	1.67%
2017	1.56%	0.11%	1.01%	2.38%	0.25%	-0.91%	2.44%	1.41%	0.19%	1.92%	0.52%	-0.32%
2016	-0.82%	0.29%	3.47%	0.96%	1.02%	-0.57%	0.74%	0.31%	-0.05%	-0.98%	0.01%	1.37%
2015	1.90%	1.79%	0.22%	1.77%	-1.06%	-0.26%	0.82%	-1.67%	0.47%	3.08%	-0.58%	-1.43%
2014	-1.42%	2.36%	1.36%	1.32%	1.13%	1.08%	0.48%	-0.15%	-0.65%	0.99%	0.43%	0.25%

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.



**Mohamed Ismail**, MBA (Finance), BSc Hons (Advanced Mathematics of Finance), BSc (Actuarial Science, Mathematical Statistics), CFA

Head: Fixed Income

Mohamed joined Mergence in March 2021 as Head of Fixed Income: Multi-Asset Class. He has 14 years of experience. Mohamed is responsible for a stand-alone fixed-income product and integrating a fixed-income investment process into the overall multi-asset strategy. He is the primary portfolio manager for the Mergence Composite Bond Fund and lead investment manager for the Money Market and Multi-Asset Income portfolios.

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