

# CREDIT ARBITRAGE FUND

FUND FACT SHEET | DECEMBER 2024

## FUND STRATEGY

The Chrysalis Credit Arbitrage Fund strives to achieve absolute returns well above that of cash in all market conditions, by seeking out disproportionate returns in the private sector credit market. The Chrysalis team comprises ex-bankers who use their networks, banking experience, deal-making ability and market knowledge to compete with the traditional banks as a viable lending alternative. We aim to deal with high quality borrowers with strong balance sheets, who operate in growth sectors of the real economy. We focus on cash flow and seek non-binary risk. By being efficient, providing certainty and forging quality relationships we manage to generate disproportionate returns relative to the risk profile of the investments. Transaction examples include property finance for quality commercial property assets and/or developments, working capital or expansion finance for growing corporates and acquisition finance for investment funds.

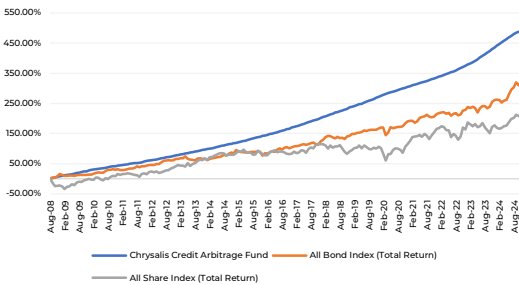
## FUND COMMENTARY

The Fund ended the year with a total net return of 10,88%. This reflects a return above CPI for the year of 7.7%, which exceeds the funds targeted return of CPI plus 6%. The fund experienced another year of growth with AUM increasing by c. R100mil and is now close to the R500mil level. It was thus a solid year for the fund. The only glitch has been the provisioning that we have catered for on one of the funds underlying facilities (as noted in previous Fact Sheets). The full exposure has been nearly written off minimising the impact of any further need for provisioning. We do however aim to reverse the provisions as we have agreed a restructure with the Borrower group which caters for an exit to the facility in full. This includes an agreed and signed sale agreement to a known counterpart for the asset that backs the deal. We are at legal implementation stage on the restructure and hope to have this completed in January 2025.

In 2024, South Africa, like so many other countries saw the incumbent ruling party lose significant support in the national election. For SA Inc., the result thereof, being a Government of National Unity, remains intact. This has resulted in a shift in momentum and to a more positive business outlook, which also remains intact. Economic growth however remains subdued, and one hopes this is just a lag effect from the inactivity pre the 2024 elections. While inflation is now under control, interest rates remain stubbornly high, and although rates may well drop further in early 2025, the extent of rate cuts are expected to be shallower than previously anticipated. This is because the incoming Trump administration in the USA is widely expected to adopt inflationary policies. Time will tell. While the future is as always uncertain, we manage this best by remaining focussed on our strategy and processes and continually refining these based on past and current experiences. We would like to thank you for your support in 2024 and we look forward to delivering steady and consistent returns in 2025.

## PERFORMANCE VS ALBI AND ALL SHARE SINCE INCEPTION

Fund performance vs All Bond and All Share



## INVESTMENT PERFORMANCE

Returns to 31 Dec 2024	Chrysalis	CPI	ALBI
1 Month	0.73%	0.24%	-0.32%
3 Months	1.62%	0.16%	0.43%
6 Months	4.41%	0.77%	11.08%
12 Months	10.88%	3.18%	16.96%
Since Inception	493.87%	122.12%	321.77%
Since Inception p.a.	11.46%	4.98%	9.16%

Risk Measures	Chrysalis	CPI	ALBI
Standard Deviation (annualised)	0.99%	1.34%	7.72%
Loss Deviation	-	0.32%	4.28%
Gain Deviation	0.99%	1.23%	5.29%
Largest Drawdown	-	-1.12%	-9.79%
Largest uninterrupted Loss	-	-1.12%	-9.79%
Best Month	2.49%	1.54%	7.06%
Worst Month	0.17%	-0.95%	-9.75%
Gain Periods	197	184	135
Loss Periods	-	13	62
% Gain Periods	100.00%	93.40%	68.53%
Sharpe Ratio	5.95	-0.69	0.41
Sortino Ratio	n/a	-0.87	0.62
Correlation	1.00	-0.09	0.06
Value at Risk - 95%	1.42%	0.68%	4.31%

## SALIENT FEATURES

Fund Name:	Chrysalis Credit Arbitrage Fund
Fund Objective:	Cash plus returns regardless of market conditions
Style:	Structured Finance
Inception:	1 August 2008
Fund Size:	R478.2 million
Management Fee:	2% p.a.
Performance Fee:	20% performance fee above hurdle rate
Fund Managers:	Carl Combrinck BA LLB PG Dip Tax BCom (Hons) (Fin. Man) Mark Pienaar BCom (Hons) Nick Goldblatt CA (SA)
Hurdle Rate:	Standard Bank Wholesale Call Rate
Administrators:	Gael Fund Services (Pty) Ltd
Auditors:	Mazars South Africa
Attorneys:	Edward Nathan Sonnenbergs
Compliance:	Independent Compliance Services

## CONTACT DETAILS

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	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2008	-	-	-	-	-	-	-	1.49%	1.46%	1.56%	1.67%	1.53%	<b>7.95%</b>
2009	1.65%	1.49%	0.56%	1.49%	1.44%	1.50%	1.63%	1.57%	1.50%	1.04%	0.71%	2.49%	<b>18.46%</b>
2010	1.21%	0.93%	1.06%	0.84%	0.93%	0.76%	0.92%	0.71%	1.57%	1.08%	0.61%	1.10%	<b>12.37%</b>
2011	0.71%	0.87%	0.74%	0.80%	0.83%	1.06%	0.22%	0.17%	0.93%	0.81%	1.81%	1.31%	<b>10.75%</b>
2012	0.77%	0.83%	0.81%	0.81%	0.90%	1.57%	0.68%	0.69%	1.00%	0.88%	0.74%	0.98%	<b>11.19%</b>
2013	0.79%	1.25%	0.83%	0.96%	0.79%	0.83%	0.86%	0.85%	0.82%	0.82%	1.03%	0.87%	<b>11.24%</b>
2014	0.81%	0.77%	0.86%	0.82%	0.84%	0.82%	0.99%	0.89%	0.83%	0.85%	0.81%	0.88%	<b>10.66%</b>
2015	0.81%	0.74%	0.89%	0.89%	0.91%	1.11%	0.80%	0.88%	0.84%	0.95%	0.71%	0.97%	<b>11.02%</b>
2016	0.72%	0.74%	1.05%	0.82%	0.85%	0.98%	0.97%	0.87%	0.92%	0.93%	0.91%	1.20%	<b>11.53%</b>
2017	0.87%	0.80%	0.94%	0.85%	0.86%	1.14%	0.88%	1.04%	0.87%	0.91%	0.92%	1.31%	<b>12.00%</b>
2018	0.95%	0.86%	0.88%	0.90%	0.85%	1.05%	0.78%	0.78%	0.73%	0.96%	0.67%	1.36%	<b>11.55%</b>
2019	0.80%	0.70%	0.84%	0.70%	0.70%	0.88%	1.01%	0.89%	0.79%	0.81%	0.95%	1.07%	<b>10.62%</b>
2020	0.80%	0.90%	0.80%	0.67%	0.65%	0.60%	0.59%	0.91%	0.60%	0.63%	0.56%	0.73%	<b>8.77%</b>
2021	0.63%	0.56%	0.60%	0.59%	0.62%	0.58%	0.61%	0.61%	0.57%	0.58%	0.68%	0.89%	<b>7.78%</b>
2022	0.58%	0.53%	0.65%	0.61%	0.80%	0.64%	0.63%	0.65%	0.87%	0.91%	0.75%	0.87%	<b>8.84%</b>
2023	0.91%	0.65%	1.01%	0.90%	0.95%	1.28%	1.04%	1.05%	0.94%	1.12%	1.23%	1.03%	<b>12.82%</b>
2024	1.12%	0.98%	1.04%	0.91%	0.99%	1.01%	0.91%	0.94%	0.87%	0.46%	0.42%	0.73%	<b>10.88%</b>

RISK DISCLOSURE: The Chrysalis Credit Arbitrage Fund is unregulated by the FSCA, and it is thus not open to investment by the general public. The fund is only appropriate for sophisticated investors who understand and have appetite for the inherent risk. Prospective investors should seek advice from a financial advisor prior to investing, regarding the appropriateness of the investment given their financial objectives, circumstances, liquidity needs and risk profile. This Data Sheet is a private publication intended for private circulation, and may not be distributed to any other person than the recipient. It is for information purposes only, regarding decisions taken within the Fund and the profile assumed by the Fund, and should not be seen as an offer to sell or an invitation to invest. It is the responsibility of any person in possession of this document to inform themselves of, and observe, any applicable laws and regulations of the relevant jurisdiction. Performance numbers are historical; the value of all investments and the income therefrom can go down as well as up, and as such the past is not necessarily a guide to future performance. Chrysalis Capital is a licensed Financial Services Provider, license number FSP 45682.