

# CREDIT ARBITRAGE FUND

FUND FACT SHEET | AUGUST 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.

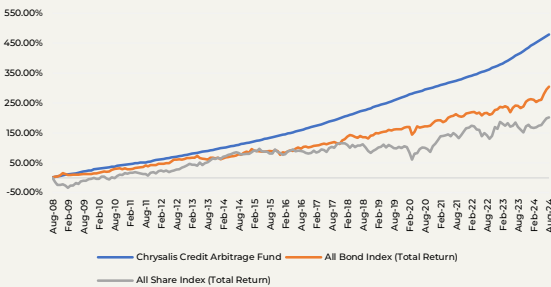
## FUND COMMENTARY

As we move into the second half of the year, global inflation continues to ease. The very rapid price increases of 2022 and 2023 have receded. However, inflation in most economies has yet to stabilise in line with countries respective targets. For example, in June, consumer price inflation was 3% in the United States, and 2.5% in the euro area, still above those economies' 2% targets. Clearly, the battle against inflation is not yet won, and for this reason, global interest rates remain elevated. Turning to South Africa, inflation has also retreated to the extent that it is now closer to 4.5%, being the mid-range of the South African 3% to 6% target. The MPC are due to meet again in September and given sustained lowering of inflation to the current level, the market is widely anticipating a 25-basis point cut which would be a well-received and provide further impetus for the economy, thus deal flow. While the inflation, and interest rate, outlook is improving, economic performance in the first half of the year was disappointing. We do however expect somewhat faster growth over the medium term, supported by a more reliable electricity supply and improving logistics, among other factors.

For the moment interest rates remain at the top of the cycle and this is beneficial to the Fund's return as our rates are prime linked. We maintain a close relationship with our Borrowers and we comfortable with the health of the loan book. As we reported in the prior month, we have experienced a more positive market sentiment, and we are assessing more deals than we did pre the elections. The pipeline is filling up and we have deals to term sheet stage of just over R50mil which we are hopeful of closing.

## PERFORMANCE VS ALBI AND ALL SHARE SINCE INCEPTION

Fund performance vs All Bond and All Share



## INVESTMENT PERFORMANCE

Returns to 31 Aug 2024	Chrysalis	CPI	ALBI
1 Month	0.94%	0.38%	2.35%
3 Months	2.89%	0.91%	11.97%
6 Months	5.95%	2.15%	12.16%
12 Months	12.93%	4.72%	18.57%
Since Inception	479.39%	122.23%	304.24%
Since Inception p.a.	11.54%	5.09%	9.07%

Risk Measures	Chrysalis	CPI	ALBI
Standard Deviation (annualised)	0.99%	1.34%	7.70%
Loss Deviation	-	0.33%	4.29%
Gain Deviation	0.98%	1.23%	5.27%
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	193	181	133
Loss Periods	-	12	60
% Gain Periods	100.00%	93.78%	68.91%
Sharpe Ratio	6.29	-0.60	0.41
Sortino Ratio	n/a	-0.77	0.61
Correlation	1.00	-0.11	0.06
Value at Risk - 95%	1.58%	0.85%	4.40%

## 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:	R466 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 BECon (Hons) Nick Goldblatt CA (SA)
Hurdle Rate:	Standard Bank Wholesale Call Rate
Administrators:	GAEL Fund Services (Pty) Ltd
Auditors:	Mazars South Africa
Attorneys:	Cliffe Dekker Hofmeyer Inc.
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%	0.82%	1.31%	<b>12.00%</b>
2018	0.95%	0.86%	0.88%	0.90%	0.88%	1.05%	0.78%	0.78%	0.73%	0.96%	0.67%	1.36%	<b>11.35%</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%	-	-	-	-	<b>8.17%</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 45692.