

CREDIT ARBITRAGE FUND

FUND FACT SHEET | NOVEMBER 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, and 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

Headline inflation has dipped below the SARB target range reaching 2,8% in October. Against this backdrop the MPC decided to reduce the repo rate by 25 basis points in November marking the second consecutive rate cut by the SARB. In the near term, inflation appears well contained. However, the medium-term outlook is still uncertain, and upside risks remain. These include higher prices for food, electricity and water, as well as insurance premiums and wage settlements.

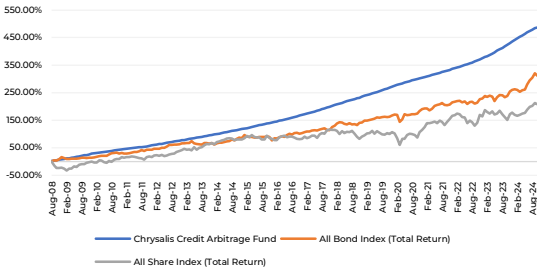
On the growth front the South African economy is starting to see a recovery taking hold and some of the tailwinds include lower inflation, higher disposable income and extra spending from pension withdrawals via the new Two-Pot system. There is some positive sentiment that growth could be higher from next year given ongoing reforms. We will continue to monitor the economic data as it unfolds while sticking to our allocation process of dealing with known counterparts with a proven track record.

Further to our feedback in the prior month we have elected to provision against a loan on the book, which is backed by a large office property in Centurion. As a result the fund return this month is lower than usual. We are working closely with the Borrower to reduce our exposure and ultimately to exit the position completely. During the month we agreed on additional collateral which the Borrower group is going to give us and we also agreed on a stepped plan for the sale of assets in circumstances where we are not refinanced. We are still of the view that we can reverse the provisioning in due course, but until we have certainty, we are adopting a prudent approach to provisioning.

The fund is sitting on cash, but we expect to pay out on R34mil of deals before year end and we have a pipeline of R55mil which we are currently working on which we hope to deploy in early 2025.

PERFORMANCE VS ALBI AND ALL SHARE SINCE INCEPTION

Fund performance vs All Bond and All Share



INVESTMENT PERFORMANCE

Returns to 30 Nov 2024

	Chrysalis	CPI	ALBI
1 Month	0.42%	0.24%	3.03%
3 Months	1.76%	0.24%	4.68%
6 Months	4.70%	0.84%	17.21%
12 Months	11.21%	3.17%	19.31%
Since Inception	489.57%	122.10%	323.14%
Since Inception p.a.	11.47%	5.01%	9.23%

Risk Measures

	Chrysalis	CPI	ALBI
Standard Deviation (annualised)	1.00%	1.34%	7.73%
Loss Deviation	-	0.33%	4.29%
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	196	183	135
Loss Periods	-	13	61
% Gain Periods	100.00%	93.37%	68.88%
Sharpe Ratio	5.99	-0.67	0.42
Sortino Ratio	n/a	-0.85	0.63
Correlation	1.00	-0.09	0.06
Value at Risk - 95%	1.45%	0.72%	4.53%

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: R474.6 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
 Mazars South Africa
 Attorneys: Edward Nathan Sonnenbergs
 Compliance: Independent Compliance Services

CONTACT DETAILS

Telephone: +27 21 673 3250
 Address: 2nd Floor, The Terraces
 25 Protea Road
 Claremont
 Cape Town, South Africa
 Website: www.chrysaliscapital.org

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2008	-	-	-	-	-	-	-	1.49%	1.46%	1.56%	1.67%	1.53%	7.95%
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%	18.46%
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%	12.37%
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%	10.75%
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%	11.19%
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%	11.24%
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%	10.66%
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%	11.02%
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%	11.53%
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%	12.00%
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%	11.35%
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%	10.62%
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%	8.77%
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%	7.78%
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%	8.84%
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%	12.82%
2024	1.12%	0.98%	1.04%	0.91%	0.99%	1.01%	0.91%	0.94%	0.87%	0.46%	0.42%	-	10.07%

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 there from 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.