

# High growth for Synergy Income Fund

Synergy Income Fund, a property loan stock company with assets of R1.7 billion and a market capitalisation of approximately R1.2 billion, has delivered a 521% growth in assets since it listed on the JSE on 14 December 2011. According to Catalyst Fund Managers, it has delivered returns of 27.69% and 27.54% for its A and B linked unitholders respectively during 2012.

In doing so, both the A and B linked units outperformed South African bonds at 16.02%, equities at 26.68% and cash at 5.55%, for the year.

Paul Duncan, investment manager at Catalyst Fund Managers says, "The specialised nature of the portfolio is driving a focused approach to both asset and property management of the portfolio. Since listing, it has improved its overall portfolio quality with acquisitions such as Gugulethu Square in Cape Town and Setsing Crescent in Phuthaditjhaba. Despite some delays experienced with the transfer of the original portfolio, it appears well placed to deliver attractive growth in income distributions."

This specialised retail property fund, with an investment focus on medium-sized community and regional shopping centres in high-growth nodes, favours commuter centres in township areas and rural towns. It operates closely with the Spar Group, one of South Africa's leading retail groups.

Besides closing 11 portfolio-strengthening acquisitions, it has made equally remarkable performance achievements in other key areas of its business.

In August, Synergy successfully closed a substantially oversubscribed vendor consideration placement of R376 million in new linked units to fund new assets. September saw it announce it had met original projections for its first set of annual results. The fund brought its full property management operations in-house in October to better align management structures to investor objectives and produce many long-term benefits.

Synergy CEO William Brooks says, "We're pleased with our performance in our first 12 months since listing and for 2012. Synergy's portfolio is well positioned to benefit from structural socio-economic growth in the lower LSM and middle market sector in South Africa. Our direct active management structure supports this. We will continue to identify opportunities to grow our portfolio and our returns to investors."