



**THE FUTURE  
IS IN OUR  
HANDS**

**FUTUREGROWTH**  
/ ASSET MANAGEMENT

## The Futuregrowth story

### A vision unfolding

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Would the founders of Futuregrowth in 1994 recognise the leading asset management company it's become today?

Originally, Futuregrowth was founded to bring Michael Leeman's honours thesis to life. Backed by Southern Life, the initial suite of funds focused on social development and empowerment. The aim was to make money for pension funds while investing in disadvantaged communities.

Fast forward more than 20 years and today Futuregrowth manages around R170 billion of clients' assets, across the full range of fixed interest and development funds, and plays a key leadership role in the asset management industry in South Africa.

During this time, and under the leadership of Paul Rackstraw and Andrew Canter, we have not waived from our purpose: "to protect and grow investors' savings through skill and diligence in a way that engenders trust and sustainably enriches people's lives, while being a positive force in society, markets and for all our stakeholders".

This purpose is based on the belief that investors can genuinely make a positive difference in society while earning sound investment performance for pension fund members.

This belief is what inspires us to pioneer development funds in sectors such as infrastructure, rural and township retail property, agriculture and renewable energy, channeling funds into innovative deals including low-income housing construction, a church in Soweto, urban regeneration projects and taxi finance, to name a few.

Because of our commitment to our clients, Futuregrowth has on various occasions taken action that has not necessarily been in our own best interests. Take the furore that ensued in 2016 after we announced that we could no longer in good conscience invest pension fund members' assets in certain SOEs until we had concluded a governance review.

On another occasion, we identified unfair and unsustainable practices within the micro-lending industry as non-developmental and ceased further investments from our development funds into this sector.

So to answer the question raised at the outset, we believe the answer is yes. The original concept of Futuregrowth is still alive, and thriving, in the Futuregrowth of today. Because even though the company has developed into a large and successful asset management brand, the philosophical belief on which the business was founded is still at the core of everything we do.

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## / Our business

Futuregrowth Asset Management is a specialist investment company that manages around R170 billion of assets on behalf of our investors.

Our large team of investment experts manages the full scope of interest bearing products, from money market funds to yield enhanced bonds, as well as a range of development funds.

## / Investment strategy

As asset managers we aim to maximise long-term investment performance for our clients, which we do by identifying, sourcing and managing all potential sources of outperformance in our funds.

Key tools are our interest rate strategy and asset selection process.

### Promise to clients Acting in your best interests

At Futuregrowth we take our ethical and fiduciary responsibility towards our clients seriously. These nine statements make up our promise to you.

1. Our clients' interests always come first.
2. We apply investment judgment based on informed, diligent, objective and independent analysis.
3. Our behaviour is honest, competent, ethical and complies with applicable laws and regulations.
4. We treat all clients fairly.
5. We avoid conflicts of interest in the provision of our products and services, but where unavoidable make full disclosure to clients.
6. Client confidentiality is upheld at all times.
7. Our costs are fair, reasonable and transparent and are clearly explained.
8. We communicate clearly, accurately, and in a timely and effective manner.
9. We keep appropriate and complete client records.

If your experience of Futuregrowth is not aligned with these statements please let us know at [ourpromise@futuregrowth.co.za](mailto:ourpromise@futuregrowth.co.za).

## Interest rate strategy

Our approach to interest rate management is driven by fundamental economic factors, although we also consider many other market influences, including the potential impact of non-fundamental drivers. We use a top-down approach to formulate our macroeconomic view in conjunction with a bottom-up approach to price instruments. Together this forms our best investment view which guides our investment strategy.

Implementation of the strategy includes optimising the mix of interest-bearing assets (cash, variable rate, fixed rate and inflation linked bonds), duration size and yield curve position, that once combined, will drill down to stock selection.

## Asset selection

Our asset selection process is designed to add yield to client funds by analysing and taking advantage of the opportunities provided in the lending markets. Using mainly a bottom up approach to analysis of borrowers, potential deals in both the listed and unlisted sectors are independently assessed. Key elements in the process are pricing for risk, and terms and covenants negotiated to protect clients' investments.

When seeking assets in the development equity space, we use our existing knowledge of companies and markets to identify long-term opportunities in unlisted equity.

Ongoing analysis of the relevant debt and equity instruments, including both economic and environment, social and governance (ESG) factors, is conducted.

The above sources of outperformance are blended with the aim of reaching the best possible outcome depending on the mandate and the needs of our clients. We are constantly seeking better ways to generate sustainable returns for our clients.

## Primary product suite

### MONEY MARKET

Call

Core

Enhanced

### STEFI +

Yield Enhanced A STeFI + Short Term

Yield Enhanced A STeFI +

Yield Enhanced BBB STeFI +

Yield Enhanced BB STeFI +

Yield Enhanced Geared BB STeFI +

Power Debt

### INCOME

Core

Flexible

Yield Enhanced

### INTEREST RATE ASSET ALLOCATION

Interest Rate Asset Allocation

### INFLATION-LINKED BONDS

Passive

Core

Yield Enhanced Long Duration

Power

Infrastructure & Development

### BONDS

Passive

Core

Long Duration

Yield Enhanced

Infrastructure & Development

### DEVELOPMENTAL INVESTMENTS

Infrastructure & Development Bond

Development Equity

Community Property

Agri

Development Balanced

Power Debt

Power Inflation-linked bond

Infrastructure & Development Inflation-linked bond

## / Risk management

Our philosophy is to measure, manage and report on a wide range of risks. Investment risk is managed through selecting or creating a portfolio that matches the clients' risk/return profile, within the parameters set by the clients or legislation. Exposure to issuers and instruments is increased or decreased to maintain the desired risk/return profile.

## / Deal sourcing

On behalf of our client funds, Futuregrowth provides debt and equity funding to organisations looking to raise funds in the capital markets. Investees include the government and its agencies, corporate entities, financial institutions, and others -- in both the listed and unlisted markets.

Our large team of analysts are experienced in structuring a range of financing solutions for investees, from senior to mezzanine debt, secured and unsecured, listed and unlisted debt and unlisted equity, with transactions ranging in size from R20m to R1bn, across a broad scope of deals.

Our ability to source rare opportunities in the unlisted market is a significant source of investment performance and a strategic competitive advantage for the business.

## / A word on sustainable investing

Futuregrowth defines developmental investments as those that provide investors with both commercial returns and tangible social and developmental impact. Our development funds cover a broad range of sectors such as infrastructure, agriculture, property, housing, healthcare and renewable energy, to name a few. We believe that a sound investment process can ensure we provide a retirement benefit for members while also improving the lives of individuals and their families while they are still working.

## / Investing in transformation

Futuregrowth has been a leader in transformational and developmental investments for over 20 years. We consider transformation to be far broader than the key criteria against which it is generally measured. Therefore, as part of our assessment, we include the impact our business and investments have on the broader environment in which we operate.

**Internal //** the transformation of our business to reflect the racial and gender diversity of our country.

**External //** the impact that our business and investments have on our clients, communities, the investment industry, capital markets and the economy as a whole.



Our commitment to benchmark-beating performance, combined with our vision of contributing to a more equitable and prosperous society, drives us to deliver returns that matter - for investors, communities and the nation as a whole.

## Our awards

### 2016

#### Batseta Imbasa Yegolide Awards

Bond Manager of the Year

### 2015

#### Batseta Imbasa Yegolide Awards

Responsible Investment Manager of the Year

### 2014

#### Raging Bull Awards

Best South African Interest-bearing Variable-term Fund: Community Growth Gilt Fund

### 2013

#### AfricaAM Performance Awards

South Africa Fixed Income Fund - Long Term Performance: Futuregrowth Infrastructure & Development Bond Fund

#### POA Imbasa Yegolide Awards

Bond Manager of the Year

#### POA Imbasa Yegolide Awards

Responsible Investment Manager of the Year

### 2012

#### Raging Bull Awards

Best Domestic Fixed Interest Income Fund: Old Mutual Income Fund (R Class)

### 2011

#### Africa Investor Agribusiness Investment Awards

Agribusiness Fund of the Year

#### POA Imbasa Yegolide Awards

Socially Responsible Investor of the Year

#### Global Pensions Awards

Socially Responsible Investing

### 2010

#### The Mail & Guardian Investing in the Future Awards

Enterprise Development

#### Africa Investor Infrastructure Investment Awards

Social Infrastructure Deal of the Year

### 2009

#### The Mail & Guardian Investing in the Future Awards

Enterprise Development

### 2008

#### Africa Investor Infrastructure Investment Awards

Infrastructure Fund of the Year

## Contact our client relationship team

### Thembela Mandla

thembelam@futuregrowth.co.za

C +27 82 895 8976

### Ziyanda Tshaka

ziyandat@futuregrowth.co.za

C +27 83 666 0392

### Marilyn Gates Garner

marilyng@futuregrowth.co.za

C +27 82 466 0868

### Precious Buthelezi

pbuthelezi@futuregrowth.co.za

C +27 82 085 6486

### Steffen Josephs

sjosephs@futuregrowth.co.za

C +27 83 327 3543

FAIS disclaimer: Futuregrowth Asset Management (Pty) Ltd ("Futuregrowth") is a licensed discretionary financial services provider, FSP 520, approved by the Registrar of the Financial Services Board to provide intermediary services and advice in terms of the Financial Advisory and Intermediary Services Act 37 of 2002. The fund values may be market linked or policy based. Market fluctuations and changes in exchange rates may have an impact on fund values, prices and income and these are therefore not guaranteed. Past performance is not necessarily a guide to future performance. Futuregrowth has comprehensive crime and professional indemnity in place. Performance figures are sourced from Futuregrowth and I-Net Bridge (Pty) Ltd.

3rd Floor, Great Westerford  
240 Main Road, Rondebosch  
7700, South Africa  
Private Bag X6, Newlands, 7725, South Africa  
Tel: +27 21 659 5300 Fax: +27 21 659 5400  
[www.futuregrowth.co.za](http://www.futuregrowth.co.za)