FUTUREGROWTH
/ ASSET MANAGEMENT

Monthly Review

May 2018

Contents

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The Futuregrowth story: Past and future

A vision unfolding

In the wake of South Africa's democratic transition, Futuregrowth was founded in 1994, with a small suite of investment funds focused on social development and empowerment, and with the vision of creating a sustainable channel for pension funds to invest in disadvantaged communities and national development.

Fast forward more than 20 years: Today, Futuregrowth manages around R180 billion (US$14.4 billion) of clients' assets, across the full range of fixed interest and development funds, and plays a leadership role in the asset management industry in South Africa.

During this time we have not wavered 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 for society, markets and all our stakeholders. We seek to be responsible investors channelling capital toward sustainable enterprises.

This sense of purpose is based on our belief that investors can make a positive difference in society while earning sound investment performance for pension fund members. That inspired us to pioneer development funds in sectors such as infrastructure, rural and township retail property, agriculture and renewable energy, providing finance to innovative deals including low-income housing construction, a church in Soweto, urban regeneration projects, taxi finance, and alternative energy, to name a few.

As a responsible investor we engage with our industry and investee companies privately, and sometimes publicly, on sustainability issues. As examples: We have been working steadfastly to improve South Africa's debt capital market standards. In 2013, we identified unfair, unsustainable and prejudicial practices within the consumer lending industry, and we chose to stop funding these businesses in our developmental funds, publicly called for industry reform. And in 2016, we announced that we could no longer in good conscience invest pension fund members' assets in certain State Owned Enterprises (SOEs) until we had concluded detailed governance reviews.

The original concept of Futuregrowth is still alive and thriving in the Futuregrowth of today. Even though the company has developed into a successful asset management business, the philosophical belief on which the business was founded back in 1994 is still at the core of everything we do.

Market review

Economic and market review

Local bond market dragged along by strong global tides	During May South Africa's currency and bond market were dragged along by strong global tides which caused investor risk sentiment to turn for the worse. Argentina and Turkey once again rocked the emerging market boat, while rudderless Italy also had a role to play in the latest bout of investor unease. Persistent threats of a global trade war and the sharp increase in crude oil prices also continued to fray market nerves, particularly with regards to the implications for global growth.
Foreign investors continue selling local bonds	In light of the events described above, South Africa's status as a small, open economy with its strong trade links with the Euro zone and China, once again exposed its vulnerability to global risk-off investment strategies. In the case of the bond market, this was demonstrated by significant net selling amounting to circa R33bn of local currency bonds by foreign investors. This, apart from a strong US-dollar which tends to do well in periods of global risk aversion, caused the South African currency to lose some ground, which in turn caused bond bears to gain confidence.
Local data releases also play into the hands of the bears	In addition to an unsupportive global backdrop, local data releases, crowned by a quarterly contraction in GDP for the first quarter of the year, also offered little respite to the few bond bulls around. The rate of inflation at both consumer and producer levels for the month of April accelerated by a faster pace than expected. This confirmed that the inflation cycle trough is now visibly in the rear-view mirror. While the external trade account recorded a small surplus, early indications are that the current account deficit has widened further in the first quarter of this year. Although one month's data is inadequate to conclude a trend, the April monthly national financing data nonetheless reflected a worrisome picture. Against this backdrop, it comes as little surprise that the initial euphoria following the election of President Ramaphosa lost more momentum during May as the reality of the enormous challenge ahead started to dawn.
The hawkish central bank stands its ground	With uncertainty mounting domestically and abroad, the South African Reserve Bank appropriately opted to keep the repo rate unchanged at its May monetary policy committee meeting. Most encouraging to fixed income managers who fear inflation, is that the Committee once again sounded the hawkish alarm bell regarding future inflation risks.
Poor returns for May, but year-to-date nominal bond returns still noteworthy	Against this background, the path of least resistance for bond yields had been upwards. The yield of the benchmark R186 (maturity 2026) increased 36 basis points to close the month of May at 8.54%. As long-dated bond yields rose by more than those of shorter-dated bonds, this caused the yield curve slope to steepen. This in turn resulted in a slump in the All Bond Index with a monthly return to -2.0%; below the cash return of 0.5%. Even so, the extent of the bull rally during the first three months of the year was big enough for the All Bond Index (+5.2%) to remain well ahead of cash (+2.7%) for the calendar year ending May. The real yield curve steepened slightly with long-dated inflation-linked bond yields increasing faster than those of short-dated bonds, resulting in the Inflation-Linked Government Bond Index also returning less than cash at -0.2% for the month of May.

Key macroeconomic themes

Economic growth	A moderate global economic recovery remains our base case, with a sustained, strong US economic recovery still leading the way. The significant loosening of US fiscal policy will positively contribute to growth, although this expansionary attempt by the US government could be moderated by tightening monetary policy. Even so, we believe that the global recovery will continue to be structurally lower than in previous cycles, mainly due to lower productivity growth, ongoing broad-based balance sheet repair (deleveraging) and shifting demographics (ageing populations tend to save more and spend less). In the short term, we expect the tension pertaining to international trade restrictions to escalate. Compromised global trade relations, coupled with higher crude oil prices could potentially become a larger drag on the global growth outlook. Locally, the biggest impediment to higher local growth remains of a structural nature. Despite the seemingly improving socio-political backdrop, without urgent macroeconomic policy reform, any short-term cyclical upswing from the primary and secondary sectors of the economy will prove inadequate in addressing South Africa's economic growth ills. The low growth trap largely remains the result of a policy vacuum, policy uncertainty, low levels of fixed capital investment, and a rigid labour market. Recent political developments have lifted confidence – evidenced in the BER Consumer Confidence Index rising by 36 points to an all-time high 26 index points in the first quarter - and the intent to improve policy clarity is welcomed, but both business and consumers will now seek tangible reform going forward. While acknowledging the positive steps towards improved governance marked by the reconfiguration of the Eskom and Transnet boards, state-owned enterprises still largely remain a risk to the fiscus, and, as a consequence, to economic growth.
Inflation	The synchronised rise in energy and other raw material prices in the past few months has started showing in headline inflation numbers in many economies. Although global reflation is welcomed, since this is what policy makers had aimed to achieve, the feed-through to underlying inflation remains unconvincing. Final demand is simply not yet strong enough to cause inflation in most developed economies to sustainably breach central bank targets. Locally, the telegraphed drop in food inflation and a broadly neutral currency view result in our 2018 annual average inflation forecast of 4.7%. Rand strength relative to levels prior to the market friendly outcome of the ANC Elective Conference, should contribute to a relatively benign inflation outlook this year. Although the net impact of recent tax changes, the one percentage point VAT hike in particular, is negligible to our inflation outlook, the sharp increase in the rand oil price will contribute to upside inflation risk over the medium term.
Balance of payments	Significant rand appreciation in the first half of the year and a loss of competitiveness relative to peers is undoing some of the earlier benefit of rand weakness to the overall balance of payments. As a result, we expect a marginal widening of the current account balance from an annual average of -2.0% of GDP in 2017 to -2.7% in 2018 and -3.2% in 2019. The unfavourable income account deficit (primarily comprised of net dividend and interest payments to foreigners) remains a considerable drag on a sustained and meaningful balance of payments correction. Rising international trade tension and the sharp increase in crude oil prices are cumulatively negative developments for a small, open economy with strong Euro zone and Chinese trade links.

Key macroeconomic themes continue

Monetary policy

Now firmly down the path of monetary policy normalisation in the US, we agree with the Federal Reserve's continued intent to follow a slow and gradual monetary policy normalisation process. With an unemployment rate now officially below 4% and inflation pressures gradually building in the US, we believe that the Federal Reserve should continue with its interest rate normalisation process. If anything, we are of the view that it may be in a position to raise rates by more than what is currently priced by markets, i.e. by as much as another 75 basis points, this year. While the Federal Reserve intends to reduce the size of its balance sheet in an interest rate neutral manner, we are of the opinion that the sheer size of this reduction should contribute to a gradual lift in the ceiling for US Treasury yields, which is already visible - especially if the economic recovery continually gathers momentum. In addition, the expected widening of the Federal budget deficit for the forthcoming fiscal year on the back of strong economic growth momentum will create additional scope for monetary policy normalisation.

The current trend of global monetary policy divergence is expected to continue over the next year or so. With more policy tightening in the US on the cards, the European Central Bank (ECB) and Bank of Japan will retain their respective quantitative easing and negative interest rate policy programmes, but with some tweaks. In the case of the ECB this will continue to take the form of a slowdown in the pace of quantitative easing. All told, we expect central bank hawks to slowly gain some ground over the next few months. Of course, in the case of the Euro zone, political instability in the periphery may stall the process of normalisation.

The South African Reserve Bank is expected to maintain its more cautious stance. We fully support this defensive stance. Factors in support include: renewed pressure on the balance of payments, the fact that actual inflation is back above the mid-point of the target range (which the SARB has well telegraphed as the desired target point), inflation expectations are still closer to the top end of the target band, and indirect support from very loose global monetary policy waning. The current tide of global risk aversion also offers a reason for caution in the short term.

Fiscal policy

Following the tabling of a less alarming national budget in February, National Treasury is still confronted by a very challenging fiscal path. The gross debt to GDP ratio estimates for the next three years are lower compared to the October 2017 estimates, but still worse than the estimate a mere twelve months ago. As we have previously highlighted, structurally weak domestic growth is severely impeding the consolidation of SA's budget balance. We now look to the actual delivery of fiscal and wide-ranging State Owned Enterprise (SOE) reform to reinvigorate consumer and business confidence as the scope to steer SA Inc. towards a sustainable growth path narrows. National financing data for the first month of the current fiscal year disappointed with a wider than expected deficit. Although not ideal, it is probably still too early to draw firm conclusions from one month's data.

Investment view and strategy

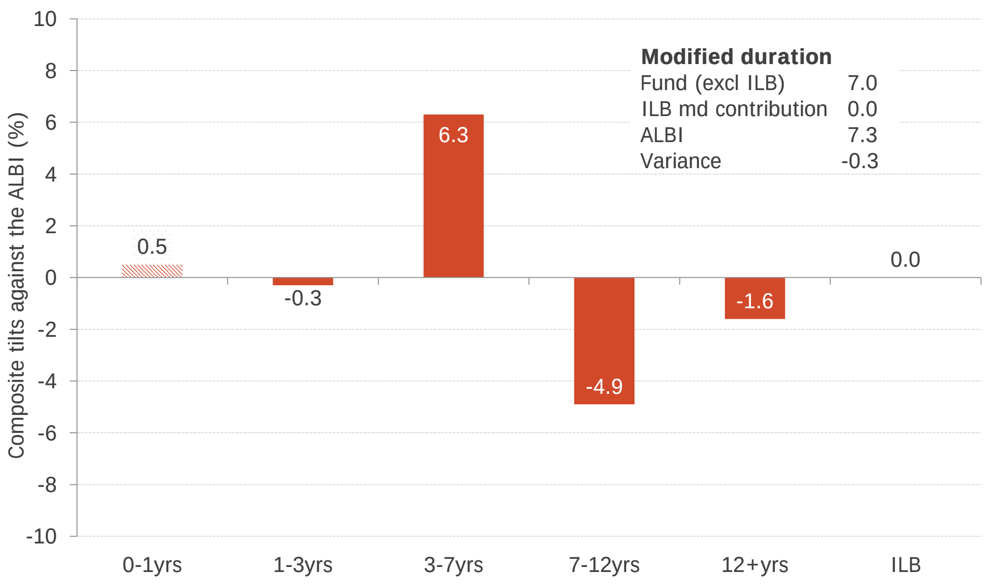
Our view remains that, despite the recent pick-up in global bond yields, developed bond markets are still not appropriately priced. In our view, the Federal Reserve is in a position to lift its policy rate by at least another 75 basis points this year, with the next increase possibly as soon as this month. The fact that the US has opted to loosen fiscal policy significantly at a time when positive economic growth has already gained sustainable momentum supports this view.

Locally, our main concern with regards to the bond market remains the strong link between lacklustre economic growth and fiscal consolidation - or more specifically the rising debt burden of government. Recent political changes, action with regards to SOE management and the tabling of the latest budget most certainly went some way to reduce some of the concerns we previously had. However, it would also be irresponsible to ignore execution risk. The structural nature and extent of the country's macroeconomic ills will require significant policy adjustment, time and effort to resolve.

Our long held view pertaining to no more interest rate cuts in this cycle and the risk of global risk aversion to local market stability, especially considering the size of foreign bond holdings, is busy playing out. The current account deficit is still deemed at risk of widening as a result of rising international trade tension, a relatively stronger rand and a higher oil price compared to levels prior to December 2017, and leakage from net negative interest and dividend payments.

While the observable investment theme and real time developments related to it mostly have negative consequences for the local bond market, it is also important to note that current market valuation is reflective of this. We were defensively positioned prior to the recent correction and have managed to limit the drawdown of the negative market movements on our portfolios. Cheaper market valuations are affording us an opportunity to cautiously increase risk by selectively buying bonds into bouts of market weakness.

As a result, our broad interest rate investment strategy remains defensive. In the case of our Core Bond Composite (benchmarked against the All Bond Index), this is expressed as follows:



Key economic indicators and forecasts (annual averages)

	2014	2015	2016	2017	2018	2019
Global GDP	2.8%	2.9%	2.5%	3.3%	3.4%	3.2%
SA GDP	1.5%	1.3%	0.3%	1.3%	1.8%	2.2%
SA Headline CPI	6.1%	4.6%	6.3%	5.3%	4.7%	5.0%
SA Current Account (% of GDP)	-5.4%	-4.4%	-3.3%	-2.0%	-2.7%	-3.2%

Source: Old Mutual Investment Group

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Product information and performance

Product	Benchmark	Description	Portfolio manager	Inception date	Investment returns	1 Year	3 Years*	5 Years*	7 Years*	10 Years*	Since inception*
MONEY MARKET											
Call Money Market	Average Call rate of four largest SA banks	Aims to provide maximum return on overnight cash investments.	Nazley Bardien	January 2000	Product Benchmark Outperformance	7.02% 6.65% 0.37%	6.90% 6.51% 0.39%	6.30% 5.88% 0.42%	5.98% 5.54% 0.44%	6.61% 6.14% 0.47%	7.08% 6.61% 0.47%
Core Money Market	STeFI 3-month Index	Targets high cash returns through a carefully balanced and actively managed mix of short-term interest-bearing investments. The weighted average duration for the Composite may not exceed 120 days.	Michael van Rensburg	July 2004	Product Benchmark Outperformance	8.18% 7.04% 1.14%	8.00% 6.89% 1.11%	7.28% 6.35% 0.93%	6.86% 6.05% 0.81%	7.56% 6.68% 0.88%	7.88% 7.12% 0.76%
180 day Enhanced Money Market	STeFI Composite Index	Targets high cash returns through a carefully balanced and actively managed mix of short- and medium-term interest-bearing investments with maturities ranging from 180 days to 2 years.	Michael van Rensburg	July 2004	Product Benchmark Outperformance	8.41% 7.39% 1.02%	8.29% 7.26% 1.03%	7.51% 6.67% 0.84%	7.10% 6.32% 0.78%	7.82% 6.87% 0.95%	8.11% 7.26% 0.85%
STEFI PLUS											
Yield Enhanced A STeFI+ Short Term	STeFI Composite Index	Targets high cash returns through active interest rate risk management and yield enhancement. The Composite's weighted average rated credit quality must be a minimum of A-. Weighted average term to maturity less than 365 days.	Rhandzo Mukansi	October 2002	Product Benchmark Outperformance	9.57% 7.39% 2.18%	8.84% 7.26% 1.58%	8.17% 6.67% 1.50%	8.02% 6.34% 1.68%	8.53% 6.98% 1.55%	9.01% 7.77% 1.24%
Yield Enhanced A STeFI+	STeFI Composite Index	Targets high cash returns through active interest rate risk management and yield enhancement. The Composite's weighted average rated credit quality must be a minimum of A based on official ratings. Weighted average term to maturity less than five years.	Rhandzo Mukansi	January 2010	Product Benchmark Outperformance	10.22% 7.39% 2.83%	9.89% 7.26% 2.63%	9.06% 6.67% 2.39%	8.70% 6.34% 2.36%		8.83% 6.38% 2.45%
Yield Enhanced BBB STeFI+	STeFI Composite Index	Targets high cash returns through active interest rate risk management and yield enhancement. The Composite's weighted average rated credit quality must be a minimum of BBB.	Daphne Botha	February 2010	Product Benchmark Outperformance	11.62% 7.39% 4.23%	11.60% 7.26% 4.34%	10.87% 6.67% 4.20%	10.35% 6.34% 4.01%		10.31% 6.37% 3.94%

Product	Benchmark	Description	Portfolio manager	Inception date	Investment returns	1 Year	3 Years*	5 Years*	7 Years*	10 Years*	Since inception*
STEFI PLUS CONT.											
Yield Enhanced BB STeFI+	STeFI Composite Index	Targets high cash returns through active interest rate risk management and yield enhancement. The Composite's weighted average rated credit quality must be a minimum of BB.	Daphne Botha	January 2012	Product Benchmark Outperformance	13.85% 7.39% 6.46%	12.20% 7.26% 4.94%	13.00% 6.67% 6.33%			12.07% 6.39% 5.68%
Yield Enhanced Geared BB STeFI+	STeFI Composite Index	Targets high cash returns through active interest rate risk management and yield enhancement, as well as equity risk. The Composite's weighted average rated credit quality must be a minimum of BB-.	Daphne Botha	January 2008	Product Benchmark Outperformance	12.65% 7.39% 5.26%	11.80% 7.26% 4.54%	12.75% 6.67% 6.08%	11.42% 6.34% 5.08%	11.97% 6.98% 4.99%	11.92% 7.14% 4.78%
Power Debt	STeFI Composite Index	Targets high cash returns through active interest rate risk management and yield enhancement. The Composite's weighted average rated credit quality must be a minimum of BBB. Investments in this product are limited to listed and unlisted assets in the power sector and supporting industries.	Paul Semple	May 2014	Product Benchmark Outperformance	11.21% 7.39% 3.82%	11.40% 7.26% 4.14%				11.42% 6.98% 4.44%
INCOME											
Core Income	50% STeFI Call Deposit Index; 50% 3-7 Years All Bond Index	Aims to deliver excess return by investing in money market and bond assets with a focus on yield enhancement while limiting interest rate risk to a maximum average duration of two years.	Wikus Furstenberg	November 2002	Product Benchmark Outperformance	8.08% 7.73% 0.35%	8.04% 7.98% 0.06%	7.22% 7.07% 0.15%	7.22% 6.82% 0.40%	8.19% 7.59% 0.60%	8.57% 8.00% 0.57%
Flexible Income	110% SteFI Call Index	Aims to deliver excess return by investing in money market, bonds, preference shares and listed property and taking advantage of yield enhancement and capital growth opportunities. The composite is not limited by duration constraints.	Wikus Furstenberg	July 2006	Product Benchmark Outperformance	8.49% 7.46% 1.03%	8.17% 7.33% 0.84%	7.31% 6.73% 0.58%	7.86% 6.41% 1.45%	8.97% 7.67% 1.30%	8.92% 7.31% 1.61%
Yield Enhanced Income	20% All Bond Index; 80% STeFI Composite Index	Aims to deliver excess returns through a combination of active interest rate risk management and yield enhancement by investing in listed and unlisted assets. Interest rate risk is constrained.	Wikus Furstenberg	May 2012	Product Benchmark Outperformance	10.16% 8.05% 2.11%	9.29% 7.48% 1.81%	8.74% 6.85% 1.89%			8.84% 6.78% 2.06%

Product	Benchmark	Description	Portfolio manager	Inception date	Investment returns	1 Year	3 Years*	5 Years*	7 Years*	10 Years*	Since inception*
INTEREST RATE ASSET ALLOCATION											
Interest Rate Asset Allocation	ALBI (62.5%); JSE ILB IGOV Index (30%); STeFI Call Deposit Index (7.5%)	Aims to deliver excess return mainly through a combination of aggressive asset allocation within the various interest-bearing asset classes.	Wikus Furstenberg	July 2010	Product Benchmark Outperformance	8.93% 8.10% 0.83%	7.46% 6.86% 0.60%	7.33% 6.46% 0.87%	9.25% 8.03% 1.22%		9.43% 8.41% 1.02%
INFLATION-LINKED BONDS											
Passive ILB Index	JSE ILB IGOV Index	Aims to match the returns of the benchmark through passive interest rate and yield curve management.	Nazley Bardien	September 2005	Product Benchmark Outperformance	3.43% 3.42% 0.01%	4.08% 4.11% -0.03%	4.55% 4.57% -0.02%	7.43% 7.52% -0.09%	8.11% 8.19% -0.08%	8.82% 8.89% -0.07%
Core ILB	JSE ILB IGOV Index	Aims to deliver excess return through active interest rate risk management and limited yield enhancement.	Wikus Furstenberg	November 2005	Product Benchmark Outperformance	3.99% 3.48% 0.51%	4.44% 4.11% 0.33%	4.77% 4.57% 0.20%	7.85% 7.52% 0.33%	8.57% 8.19% 0.38%	8.98% 8.67% 0.31%
Yield Enhanced Long Duration ILB	Barclays SAGILB 15+ Total Return Index	Targets high cash returns through a combination of active, real and nominal interest rate risk management and yield enhancement by investing in listed and unlisted assets.	Jason Lightfoot	June 2011	Product Benchmark Outperformance	2.95% 0.49% 2.46%	4.49% 2.17% 2.32%	6.61% 4.06% 2.55%	9.23% 7.10% 2.13%		9.23% 7.10% 2.13%
Power ILB	RSA Inflation Linked Government Bond I2038 Total Return Index	Targets high cash returns through a combination of active, real and nominal interest rate risk management and yield enhancement by investing in listed and unlisted assets in the power sector and supporting industries.	Jason Lightfoot	January 2014	Product Benchmark Outperformance	4.60% 1.61% 2.99%	6.39% 3.09% 3.30%				4.76% 1.59% 3.17%
Infrastructure & Development ILB	Barclays BESA SAGILB 15+	Targets high cash returns through a combination of active, real and nominal interest rate risk management and yield enhancement by investing in listed and unlisted socially responsible and developmental assets.	Jason Lightfoot	November 2016	Product Benchmark Outperformance	2.54% 0.49% 2.05%					-0.08% -1.60% 1.52%
NOMINAL BONDS											
Passive All Bond	All Bond Index	Aims to match the returns of the benchmark through passive interest rate and yield curve management.	Nazley Bardien	June 2000	Product Benchmark Outperformance	10.43% 10.44% -0.01%	8.12% 8.12% 0.00%	7.31% 7.31% 0.00%	8.43% 8.43% 0.00%	9.69% 9.70% -0.01%	10.81% 10.79% 0.02%
Core Bond	All Bond Index	Aims to deliver excess return through a combination of interest-bearing asset allocation, active duration management and yield enhancement.	Daphne Botha/ Wikus Furstenberg/ Rhandzo Mukansi	January 2000	Product Benchmark Outperformance	11.06% 10.44% 0.62%	8.58% 8.12% 0.46%	7.79% 7.31% 0.48%	9.10% 8.43% 0.67%	10.40% 9.70% 0.70%	11.28% 10.68% 0.60%

Product	Benchmark	Description	Portfolio manager	Inception date	Investment returns	1 Year	3 Years*	5 Years*	7 Years*	10 Years*	Since inception*
NOMINAL BONDS cont.											
Long Duration Bond	All Bond Index 12+ Years	Aims to deliver excess return through active allocation between long-dated fixed rate and inflation-linked bonds, limited yield curve selection, duration management and yield enhancement.	Wikus Furstenberg	December 2006	Product Benchmark Outperformance	12.17% 11.40% 0.77%	7.59% 7.84% -0.25%	7.31% 7.40% -0.09%	8.51% 8.57% -0.06%	10.12% 9.95% 0.17%	8.13% 7.82% 0.31%
Yield Enhanced Bond	All Bond Index	Targets high cash returns through a combination of active interest rate risk management and yield enhancement by investing in listed and unlisted assets.	Jason Lightfoot	December 2001	Product Benchmark Outperformance	12.81% 10.44% 2.37%	10.22% 8.12% 2.10%	9.72% 7.31% 2.41%	10.91% 8.43% 2.48%	12.17% 9.70% 2.47%	11.30% 9.35% 1.95%
Infrastructure & Development Bond	All Bond Index	Targets high cash returns through a combination of active interest rate risk management and yield enhancement by investing in listed and unlisted socially responsible and developmental assets.	Jason Lightfoot	January 1995	Product Benchmark Outperformance	13.19% 10.44% 2.75%	10.08% 8.12% 1.96%	9.57% 7.31% 2.26%	10.88% 8.43% 2.45%	12.21% 9.70% 2.51%	12.65% 10.68% 1.97%
DEVELOPMENTAL INVESTMENTS											
Infrastructure & Development Bond	All Bond Index	Targets high cash returns through a combination of active interest rate risk management and yield enhancement by investing in listed and unlisted socially responsible and developmental assets.	Jason Lightfoot	January 1995	Product Benchmark Outperformance	13.19% 10.44% 2.75%	10.08% 8.12% 1.96%	9.57% 7.31% 2.26%	10.88% 8.43% 2.45%	12.21% 9.70% 2.51%	12.65% 10.68% 1.97%
Development Equity	Consumer Price Index (CPI) + 10%	Targeting high returns by investing in equity and related assets that are socially responsible or developmental.	James Howard & Sarah de Villiers	September 2006	Product Benchmark	16.63% 14.50% 2.13%	11.38% 15.36% -3.98%	13.83% 15.34% -1.51%	12.74% 15.53% -2.79%	12.42% 15.62% -3.20%	16.76% 16.12% 0.64%
Community Property	Consumer Price Index (CPI) + 4%	A portfolio specialising in the finance and development of retail shopping centres catering to the needs of under-serviced communities throughout South Africa.	Smital Rambhai	June 1996	Product Benchmark	13.29% 8.49% 4.80%	17.96% 9.36% 8.60%	14.57% 9.34% 5.23%	12.87% 9.52% 3.35%	11.77% 9.61% 2.16%	13.75% 9.82% 3.93%
Agri	Consumer Price Index (CPI) + 10%	A portfolio specialising in equity investments in agricultural land, agribusinesses and farming infrastructure.	Smital Rambhai (Product Manager)	March 2010	Product Benchmark	N/A					

Product	Benchmark	Description	Portfolio manager	Inception date	Investment returns	1 Year	3 Years*	5 Years*	7 Years*	10 Years*	Since inception*
DEVELOPMENTAL INVESTMENTS cont.											
Development Balanced**	A composite weighting of the underlying funds' benchmarks.	A balanced portfolio providing investors with social impact from a targeted and development perspective and exposure to listed equities that track the JSE's SRI Index.	James Howard	November 2004	Product Benchmark Outperformance	12.06% 6.80% 5.26%	7.99% 5.35% 2.64%	9.25% 6.84% 2.41%	10.30% 8.31% 1.99%	8.31% 7.58% 0.73%	12.82% 11.60% 1.22%
Power Debt	STeFI Composite Index	Targets high cash returns through active interest rate risk management and yield enhancement. The Composite's weighted average rated credit quality must be a minimum of BBB. Investments in this product are limited to listed and unlisted assets in the power sector and supporting industries.	Paul Semple	May 2014	Product Benchmark Outperformance	11.21% 7.39% 3.82%	11.40% 7.26% 4.14%				11.42% 6.98% 4.44%
Power ILB	RSA Inflation Linked Government Bond I2038 Total Return Index	Targets high cash returns through a combination of active, real and nominal interest rate risk management and yield enhancement by investing in lis ted and unlisted assets in the power sector and supporting industries.	Jason Lightfoot	January 2014	Product Benchmark Outperformance	4.60% 1.61% 2.99%	6.39% 3.09% 3.30%				4.76% 1.59% 3.17%
Infrastructure & Development ILB	Barclays BESA SAGILB 15+	Targets high cash returns through a combination of active, real and nominal interest rate risk management and yield enhancement by investing in listed and unlisted socially responsible and developmental assets.	Jason Lightfoot	November 2016	Product Benchmark Outperformance	2.54% 0.49% 2.05%					-0.08% -1.60% 1.52%

Currency: ZAR/Gross of fees

*Annualised
**Currently investors are Futuregrowth staff who may elect to invest through their retirement funds.

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