

# CREDIT AS AN ASSET CLASS

And how it can enhance the return on your fund

# FUTUREGROWTH

/ ASSET MANAGEMENT

## PENSION FUND MEMBERS



### WHAT IS CREDIT?

Credit is an asset class where institutional investors lend money (provide credit) to companies (or organisations) that are looking for debt funding.

**PENSION FUND MONEY**

## FUTUREGROWTH FUNDS

## BORROWER

**URBAN REGENERATION**



**CHICKEN FARMS**



**FOOD FACTORIES**



**CORPORATES**

When companies need to expand, for instance, they can offer investors an equity stake in their business...



... or they can borrow money from a bank or an institutional investor.

**INVESTMENTS & LOANS**



**BORROWER LOOKING FOR FUNDING**

**FINANCIAL RETURNS**

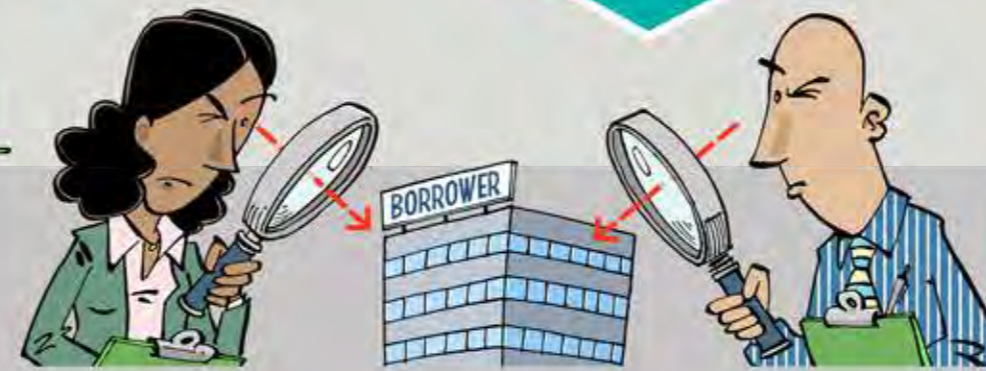
Credit is designed to generate enhanced returns (appropriate for the level of risk) for pension funds and their members by taking advantage of the opportunities provided in the credit markets.



**CAPITAL AND INTEREST IS PAID FROM THE CASH FLOW OF THE BUSINESS**



**FUTUREGROWTH LOOKING FOR INVESTMENTS**



## DUE DILIGENCE PROCESS

Assess business using financial and non-financial criteria.

Decide on the interest rate to be paid based on:



**1** The risk profile resulting from analysis and research.

**2** Negotiated terms, conditions and covenants which provide members' funds with added protection.

Futuregrowth has an experienced team of credit and equity analysts who perform a due diligence on the investee company to determine its suitability for investment.



A key element in the process is pricing for risk and the probability of default.

### WHAT HAPPENS IN THE CASE OF DEFAULT?

In the event of a default and possible financial loss, a recovery/workout process is implemented to ensure the best outcome for our pension fund clients.



**FUTUREGROWTH LENDS MONEY TO BORROWER**

### DECISION TO INVEST

YES  
 NO

