

FUTUREGROWTH

/ ASSET MANAGEMENT

Financial Calculator

10.00%



Monthly Review

November 2018

Contents

Page 3

The Futuregrowth story

Page 4

Economic and market review

Page 5

Market summary

Page 9

Product information and performance

Contact our client relationship team

Steffen Josephs

T +27 21 659 5466

C +27 83 327 3543

sjosephs@futuregrowth.co.za

Ziyanda Tshaka

T +27 21 659 5460

C +27 83 666 0392

ziyandat@futuregrowth.co.za

Marilyn Gates-Garner

T +27 21 659 5453

C +27 82 466 0868

marilyng@futuregrowth.co.za

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 R185 billion (+/- US\$13 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, while being a force for good in the markets and environment in which we operate.

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 has 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. We chose to stop lending to such businesses in our developmental funds and 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

Tentative recovery in risk appetite

The month of November witnessed the return of some market calm following the hysteria that resulted in broad global market weakness for most of the preceding months. The sharp drop in crude oil prices and a slightly dovish Federal Reserve stance were two important factors that helped calm nervous investors. This had a positive impact on most markets, including the US Treasury market where the yield of the ten- year bond declined by a meaningful 16 basis points (bps) to levels last recorded in September.

Local currency and bond markets regained some of the recent losses

In the case of South Africa, the slight improvement in global sentiment is reflected by net foreign buying of local currency government bonds in November. Although the monthly net purchases of R2.5bn are small compared to net sales of R65bn for the year to date, it is worth noting that this was the first time foreign investors had turned into net buyers since July this year. Even so, it is clear that strong local demand was the main driver behind the strong bull rally in the past month. The strength of the rally is illustrated by the sharp decline of the yield on the benchmark R186 (maturity 2026); from the October close of 9.36% to 8.93% at the end of November.

Local central bank hawks won the day

The decision by the South African Reserve Bank to raise the repo rate for the first time since February 2016 had a direct impact on both the level of bond yields and the shape of the nominal yield curve. Short- dated bond yields increased marginally in direct response to the 25 bps repo rate increase. At the back-end, the clear intention of the central bank to manage inflation expectations despite weak economic growth played into the hands of longer-term investors who expressed their approval by buying long-dated nominal bonds. The combination of rising short-dated bond yields and the decline in long-dated bond yields caused the slope of the yield curve to flatten somewhat.

Data releases had a limited impact on market sentiment

The most recent economic data releases did little to change our assessment of our broad investment theme: a benign inflation outlook amidst sustained weak economic activity. Although the October Producer Price Index accelerated by 6.9% on a year-on-year basis, this was mostly on the back of a sharp increase of petroleum product prices which have since more than reversed increases cited in previous months. The underlying inflation trend at both producer and consumer levels therefore remains fairly subdued and is reflective of a rather disinflationary environment. On the negative side, the release of the latest external trade account data pointed to another significant current account deficit of -3.5%, putting a question mark on South Africa's ability to sustainably shrink the size of the negative current account balance

Nominal bonds outperform by a significant margin

Despite inflation-linked bond yields receding marginally in the second half of November, market weakness in the first half of the month gave rise to a steepening of the real yield curve slope. The yield of the benchmark R197 (maturity 2023) initially increased to 3.05%, its weakest level since April 2010, before pulling back to close the month at 2.92%. Even so, the bearish steepening of the yield curve still caused the JSE ASSA Government Inflation-linked Index (IGOV) to render a poor return of -1.1%, underperforming both nominal bonds and cash by a significant margin. The strong nominal bond rally, which coincided with some yield curve flattening gave rise to a very strong JSE ASSA All Bond Index return of 3.9% for the month. Cash returned its usual stable 0.6% in November.

Key macroeconomic themes

Economic growth

A moderate global economic recovery remains our base case, with a relatively stronger US economy leading the way. However, from a cyclical perspective, the downside risk to our base case has increased as concern over the sustainability of the global recovery in general, and the US in particular, is mounting. A sustained global recovery will be hampered by compromised international trade, lower productivity growth, ongoing broad-based balance sheet repair (deleveraging), and shifting demographics (ageing populations tend to save more and spend less).

Locally, the biggest impediment to higher local growth remains of a structural nature. The low-growth trap is largely due to a policy vacuum, policy uncertainty, low levels of fixed capital investment, and a rigid labour market. While acknowledging the positive steps towards improved governance, marked by the reconfiguration of the boards of Eskom and Transnet, and most recently, the finalisation of the mining charter, the perilous state of most of the state-owned enterprises remains a negative risk to the fiscus - and as a consequence, to domestic economic growth. For now, the risk of a failed economic recovery continues to be the biggest threat to our current investment theme. Should a global growth slowdown culminate, it will worsen the local growth outlook in a significant way.

Inflation

The US remains at the forefront of the global reflation effort, with a decade of ultra-easy monetary policy and recent fiscal stimulus yielding satisfactory inflationary effects. Progress towards European reflation is also highlighted by the announcement of asset purchase tapering by the European Central Bank earlier in the year. Although global reflation is welcomed, since this is what policy makers had aimed to achieve, it is important that the feed-through to underlying inflation remains contained. It is noteworthy, however, that final demand is not yet strong enough to cause core inflation rates in most developed economies to sustainably breach central bank targets. A possible global growth slowdown would also reduce the risk of sustained higher inflation.

Locally, the telegraphed drop in food inflation and a broadly neutral currency view results in our 2018 annual average inflation forecast of 4.8%. More importantly, there is strong evidence that the pass-through of rand weakness to inflation appears to remain exceptionally weak, reflective of the weak economic growth and the inability of producers and retailers to pass on price increases to the end consumer in a significant way. This continues to support the view that the near-term acceleration in the rate of inflation is expected to be relatively benign, and that the inflation rate will remain well within the South African Reserve Bank's 3% to 6% target range.

Balance of payments

Strong rand appreciation in December 2017 and the first three months of 2018, and the resultant loss of competitiveness relative to peers, is undoing some of the previous 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 -2.5% of gross domestic product (GDP) in 2017, to -3.5% in both 2018 and 2019. Even with the significant R110bn cumulative net foreign selling of rand-denominated bonds and equities thus far this year, the unfavourable income account deficit (primarily due to the large net dividend and interest payments to foreigners) remains a considerable drag on a sustained and meaningful balance of payments correction. An escalation of international trade tensions still represents the biggest risk to the balance of payments position, especially for a small open economy like South Africa, with strong Eurozone and Chinese trade links.

Key macroeconomic themes continue

Monetary policy

With the unemployment rate in the US below 4% and inflation pressures gradually building, we believe that the Federal Reserve should continue with its interest rate normalisation process, albeit at a very gradual pace, and bearing cognisance of the risks to global growth.

The South African Reserve Bank (SARB) is expected to maintain its more cautious stance, which we fully support. Factors contributing to this stance 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 consistently telegraphed as the desired target point); inflation expectations remaining stubbornly close to the top end of the target band; and the waning support provided by a decade of ultra-loose global monetary policy. This is at least partly balanced by the impression that the central bank is not completely ignorant of the fact that underlying economic activity remains very weak. All in all, the risk to our stable repo rate outlook is still skewed to the upside, mostly due to embedded high inflation expectations.

Fiscal policy

Although fiscal year-to-date revenue performance had proved resilient and had guided expectations of a positive result during this year's Medium Term Budget Policy Statement (MTBPS), the actual outcome was disappointing. National Treasury is still confronted by a very challenging fiscal path and continues to tread the fine line between balancing the need for fiscal consolidation and economic stimulus. As we have previously highlighted, structurally weak domestic growth is primarily responsible for severely impeding the consolidation of SA's budget balance. Although likely to be positive over the longer term, the efforts the South African Revenue Service to address legacy issues around VAT refunds have also notably contributed to the slowing down of fiscal consolidation. We now look to the actual delivery of fiscal and wide-ranging state-owned enterprise reform to reinvigorate consumer and business confidence.

Investment view and strategy

At a global level, the shift from quantitative easing to quantitative tightening remains the main trend for now. However, the risk to a sustained global economic recovery should not be ignored as this may cause a slowing of this tightening monetary policy trend over the next year. It also implies that global bond yields, more specifically the US Treasury market, may have already peaked and now hover in a tight range in the near term.

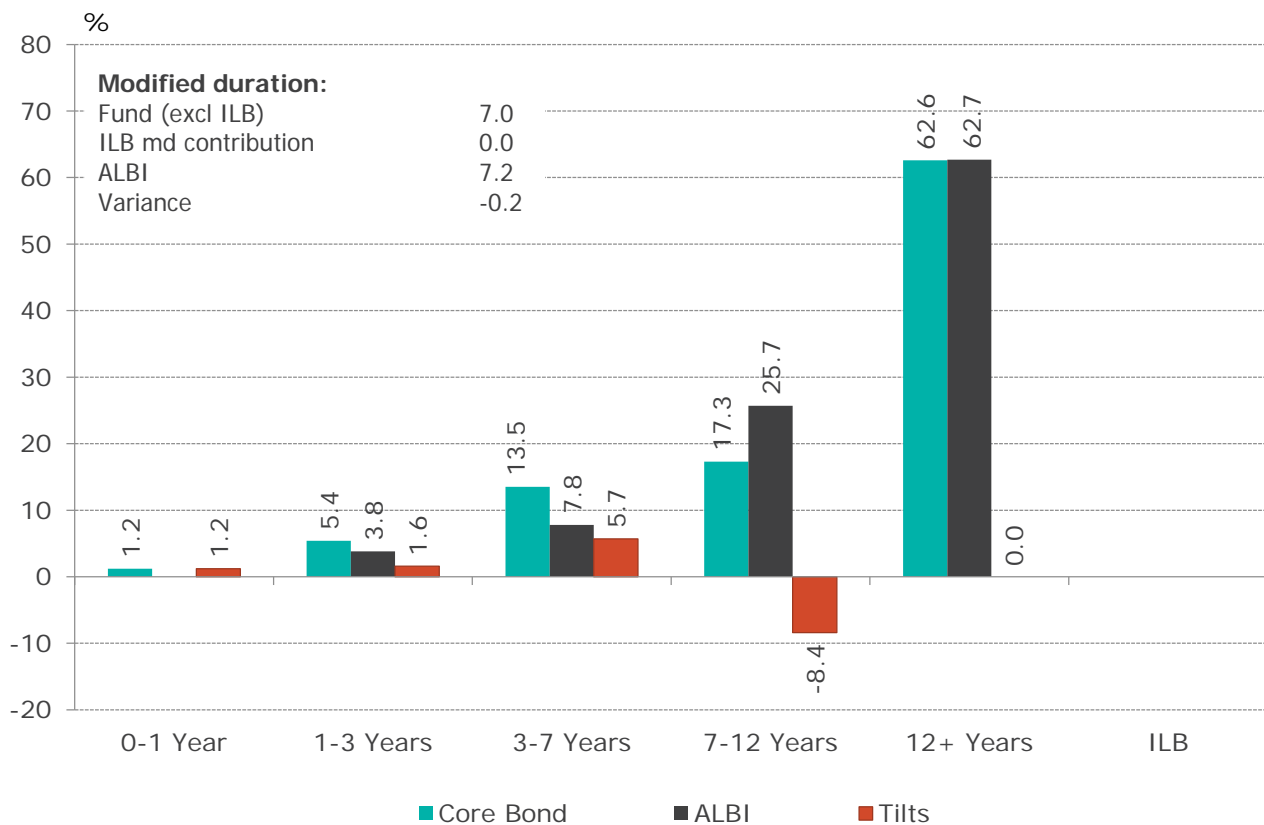
Locally, our main concern with regards to the bond market remains the strong link between lacklustre economic growth and fiscal consolidation - or more specifically, the rising debt burden of government, which arises as a consequence of a lack of fiscal consolidation and therefore continues to threaten the country's sovereign risk profile. The risk of a failed economic recovery has not dissipated, even when accounting for the strong third-quarter rebound in GDP of 2.2%, the underlying economy remains structurally weak. This makes us question the quality of tax revenue collections, which in turn keep the risk of a budget deficit overrun at elevated levels. This concern was proven well-founded following the tabling of the 2018 MTBPS in October, where the Minister of Finance announced a widening of the medium-term budget deficit estimates released in the tabling of February's Main Budget, with the start of some fiscal consolidation only going to occur in the 2020/21 fiscal year.

Investment view and strategy continue

On the monetary policy front, we maintain our view that, following the recent repo rate increase in November, the central bank will remain hostage to the opposite forces of a lacklustre economic growth outlook and limited upside risks to inflation in light of the strong disinflationary environment. For now, this suggests to us a stable policy path, combined with a central bank that will keep warning of their response function to the threat of higher inflation outcomes. The underlying domestic disinflationary trend and the risk to the global growth outlook should not be ignored. All in all, the risk to the stable repo rate outlook is still skewed to the upside, mostly due to stubbornly high inflation expectations.

While the observable investment theme and related real time developments mostly have negative consequences for the local bond market, it is important to note that current market valuation is largely reflective of this. Cheaper market valuations, following the sell-off during the second quarter, afforded us an opportunity to cautiously increase risk by selectively buying bonds. We shall continue to look for opportunities to increase bond market exposure, but only into bouts of weakness, considering the level of uncertainty discussed above.

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%	3.3%	3.0%
SA GDP	1.5%	1.3%	0.3%	1.3%	0.9%	2.0%
SA Headline CPI	6.1%	4.6%	6.3%	5.3%	4.6%	4.8%
SA Current Account (% of GDP)	-5.4%	-4.4%	-3.3%	-2.0%	-3.5%	-3.5%

Source: Old Mutual Investment Group

Produced by the Interest Rate Team



Rhandzo Mukansi
Portfolio Manager



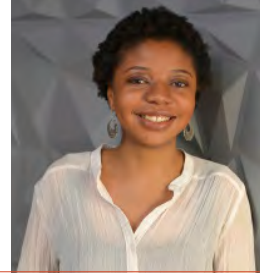
Wikus Furstenberg
Portfolio Manager &
Head: Interest Rate
Process



Daphne Botha
Portfolio Manager &
Head: Risk
Management



Yunus January
Interest Rate
Market Analyst



Refilwe Rakale
Research
Analyst

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	6.76% 6.50% 0.26%	6.99% 6.66% 0.33%	6.46% 6.09% 0.37%	6.06% 5.65% 0.41%	6.33% 5.87% 0.46%	7.06% 6.60% 0.46%
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	8.08% 6.92% 1.15%	8.18% 7.02% 1.16%	7.51% 6.54% 0.98%	7.01% 6.15% 0.86%	7.28% 6.43% 0.86%	7.89% 7.12% 0.77%
Corporate Short Term Funds (unit trust)	STeFI Composite Index	Aims to deliver a regular income and to outperform corporate bank deposits over time, while preserving capital and maintaining a high level of liquidity.	Michael van Rensburg/ Nazley Bardien	August 2018	Product Benchmark Outperformance	N/A					
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	8.29% 7.25% 1.04%	8.44% 7.37% 1.06%	7.75% 6.87% 0.87%	7.24% 6.44% 0.80%	7.52% 6.63% 0.89%	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	8.60% 7.25% 1.35%	8.94% 7.37% 1.57%	8.28% 6.87% 1.41%	8.09% 6.45% 1.64%	8.26% 6.74% 1.52%	8.98% 7.75% 1.23%
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	9.61% 7.25% 2.36%	10.03% 7.37% 2.66%	9.25% 6.87% 2.38%	8.91% 6.45% 2.46%		8.86% 6.43% 2.44%

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 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	10.13% 7.25% 2.88%	11.28% 7.37% 3.90%	10.82% 6.87% 3.95%	10.50% 6.45% 4.05%		10.30% 6.41% 3.89%
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	10.95% 7.25% 3.70%	11.22% 7.37% 3.84%	12.26% 6.87% 5.38%			11.88% 6.45% 5.43%
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	10.10% 7.25% 2.85%	11.08% 7.37% 3.71%	12.05% 6.87% 5.18%	11.47% 6.45% 5.02%	11.88% 6.74% 5.14%	11.81% 7.14% 4.67%
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	10.91% 7.25% 3.66%	11.46% 7.37% 4.09%				11.43% 7.01% 4.42%
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	9.27% 8.62% 0.65%	8.31% 8.13% 0.18%	7.65% 7.48% 0.17%	7.21% 6.75% 0.46%	7.65% 7.09% 0.56%	8.54% 7.95% 0.59%
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	8.90% 7.26% 1.64%	8.72% 7.45% 1.27%	7.78% 6.92% 0.86%	7.88% 6.50% 1.38%	8.40% 6.93% 1.47%	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	10.13% 8.45% 1.68%	9.63% 7.62% 2.01%	9.04% 7.11% 1.93%			8.90% 6.75% 2.15%

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	9.79% 9.99% -0.20%	7.37% 6.34% 1.03%	7.77% 6.84% 0.93%	8.61% 7.27% 1.34%		9.12% 7.98% 1.14%
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	4.30% 4.49% -0.19%	2.00% 2.02% -0.02%	4.68% 4.71% -0.03%	6.20% 6.25% -0.05%	7.31% 7.38% -0.07%	8.31% 8.38% -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	4.54% 4.33% 0.20%	2.49% 1.99% 0.50%	4.92% 4.71% 0.21%	6.60% 6.25% 0.35%	7.79% 7.38% 0.41%	8.45% 8.12% 0.33%
Yield Enhanced Long Duration ILB	JSE Composite Inflation-linked Index 12+ Year	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	4.54% 2.86% 1.68%	1.75% -0.54% 2.29%	6.06% 3.62% 2.44%	7.89% 5.60% 2.30%		8.14% 5.99% 2.15%
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	4.45% 2.31% 2.15%	2.54% -0.55% 3.09%				2.94% -0.20% 3.14%
Infrastructure & Development ILB	JSE Composite Inflation-linked Index 12+ Year	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	3.42% 2.86% 0.55%					-1.81% -3.26% 1.45%
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	13.00% 13.05% -0.05%	8.31% 8.31% 0.00%	7.81% 7.81% 0.01%	7.82% 7.82% 0.00%	8.33% 8.34% -0.01%	10.60% 10.58% 0.02%

Product	Benchmark	Description	Portfolio manager	Inception date	Investment returns	1 Year	3 Years*	5 Years*	7 Years*	10 Years*	Since inception*
NOMINAL BONDS cont.											
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	13.10% 13.05% 0.05%	8.88% 8.31% 0.56%	8.27% 7.81% 0.46%	8.56% 7.82% 0.74%	9.11% 8.34% 0.77%	11.10% 10.48% 0.62%
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	14.53% 13.05% 1.47%	10.30% 8.31% 1.98%	10.03% 7.81% 2.22%	10.27% 7.82% 2.45%	10.81% 8.34% 2.47%	11.12% 9.18% 1.94%
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	14.04% 13.05% 0.99%	10.04% 8.31% 1.73%	9.91% 7.81% 2.10%	10.29% 7.82% 2.46%	10.92% 8.34% 2.58%	12.43% 10.48% 1.95%
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	14.04% 13.05% 0.99%	10.04% 8.31% 1.73%	9.91% 7.81% 2.10%	10.29% 7.82% 2.46%	10.92% 8.34% 2.58%	12.43% 10.48% 1.95%
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 Outperformance	12.59% 15.10% -2.51%	10.53% 15.44% -4.91%	13.48% 15.38% -1.90%	12.88% 15.44% -2.57%	12.57% 15.35% -2.78%	16.45% 16.05% 0.40%
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-served communities throughout South Africa.	Smital Rambhai	June 1996	Product Benchmark Outperformance	13.18% 9.09% 4.09%	18.95% 9.44% 9.51%	15.18% 9.38% 5.80%	13.76% 9.44% 4.33%	12.07% 9.34% 2.73%	13.74% 9.79% 3.95%
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 Outperformance	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	0.59% -4.69% 5.28%	7.23% 4.79% 2.44%	7.53% 5.26% 2.27%	9.53% 7.22% 2.31%	10.64% 9.19% 1.44%	12.13% 10.89% 1.24%
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	10.91% 7.25% 3.66%	11.46% 7.37% 4.09%				11.43% 7.01% 4.42%
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	4.45% 2.31% 2.15%	2.54% -0.55% 3.09%				2.94% -0.20% 3.14%
Infrastructure & Development ILB	JSE Composite Inflation-linked Index 12+ Year	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	3.42% 2.86% 0.55%					-1.81% -3.26% 1.45%

Currency: ZAR/Gross of fees

* Annualised

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

FAIS disclaimer: Futuregrowth Asset Management (Pty) Ltd ("Futuregrowth") is a licensed discretionary financial services provider, FSP 520, approved by the Registrar of the Financial Sector Conduct Authority 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. GIPS disclaimer: Futuregrowth a subsidiary of Old Mutual Investment Group Holdings (Pty) Limited is a specialist investment company which manages the full range of interest bearing and developmental investments in an ethical and sustainable way. Futuregrowth claims compliance with the Global Investment Performance Standards (GIPS®). Contact Futuregrowth at +27 21 659 5300 to obtain a list of composite descriptions and/or a presentation that complies with the GIPS® standards. The investment returns reflected are supplemental information as they are not calendar year returns and are gross-of-fees. Currency: ZAR

Unit trusts disclaimer:

- We aim to treat our clients fairly by giving you the information you need in as simple a way as possible, to enable you to make informed decisions about your investments.
- We believe in the value of sound advice and so recommend that you consult a financial planner before buying or selling unit trusts. You may, however, buy and sell without the help of a financial planner. If you do use a planner, we remind you that they are entitled to certain negotiable planner fees or commissions.
- You should ideally see unit trusts as a medium- to long-term investment. The fluctuations of particular investment strategies affect how a fund performs. Your fund value may go up or down. Therefore, we cannot guarantee the investment capital or return of your investment. How a fund has performed in the past does not necessarily indicate how it will perform in the future.
- The fund fees and costs that we charge for managing your investment are disclosed in this Minimum Disclosure Document (MDD) and in the table of fees and charges, both of which are available on our public website or from our contact centre.
- Additional information of the proposed investment, including brochures, application forms and annual or quarterly reports, can be obtained, free of charge, from Old Mutual Unit Trust Managers (RF) (Pty) Ltd, from our public website at www.omut.co.za or our contact centre on 0860 234 234.
- Our cut-off time for client instructions (e.g. buying and selling) is at 15:00 each working day for all our funds, except the Money Market Funds, the price of which is set at 13:00. These are also the times we value our funds to determine the daily ruling price (other than at month-end when we value the Old Mutual Index Funds and Old Mutual Multi-Managers Fund of Funds range at 17:00 close). Daily prices are available on the public website and in the media.
- Unit trusts are traded at ruling prices, may borrow to fund client disinvestments and may engage in scrip lending. The daily ruling price is based on the current market value of the fund's assets plus income minus expenses (NAV of the portfolio) divided by the number of units on issue.
- The Net Asset Value to Net Asset Value figures are used for the performance calculations. The performance quoted is for a lump sum investment. The performance calculation includes income distributions prior to the deduction of taxes and distributions are reinvested on the ex-dividend date. Performances may differ as a result of actual initial fees, the actual investment date, the date of reinvestment and dividend withholding tax. Annualised returns are the weighted average compound growth rates over the performance period measured.

Old Mutual Unit Trust Managers (RF) (Pty) Ltd, registration number 1965 008 47107, is a registered manager in terms of the Collective Investment Schemes Control Act 45 of 2002. Old Mutual is a member of the Association for Savings and Investment South Africa (ASISA). Old Mutual Unit Trust Managers has the right to close the portfolio to new investors in order to manage it more efficiently in accordance with its mandate.