

Our transformation journey over the past decade

Author: Sue Hopkins, Fixed Interest team

Published: January 2022

Futuregrowth was founded in the wake of South Africa's democratic transition in 1994. So it was probably inevitable that transformation would be in our DNA. Indeed, it is in the heart of our business: transformation at Futuregrowth has taken many shapes and forms, from creating innovative investment vehicles for a new era in our early days, to becoming vocal advocates for corporate governance and bond market reform in more recent times.

We have shared stages of our transformation journey over the years

- > Visit: [Investing in transformation](#)
- > Read: [Futuregrowth's transformation story](#)
- > Read: [Perseverance pays off: The Futuregrowth Structured Empowerment Fund](#)

Through all the changes, we have not wavered from our original overarching 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.

LOOKING AT OUR LIFE BLOOD

To meet the financial and social objectives of our clients, we have had to constantly assess the quality and potentiality of the people at Futuregrowth – the life blood of our organisation. Over the past decade we have implemented a deliberate strategy to transform our staff composition, leadership complement, skills development programmes, shareholder structure and company culture – in the context of the available pool of talent and access to opportunities in our country. Our transformation has inevitably included a focus on adding to the talent pool of those working in investments.

The story of our transformation journey over the past decade can best be described across eight lanes, all leading us to where we are now – and impacting where we go from here.

1. OUR TRANSFORMATION FROM "SMALL" TO "BIG"



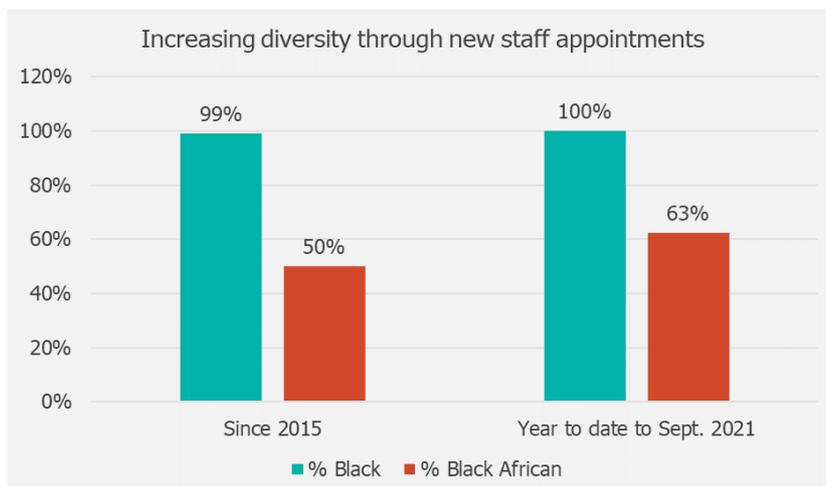
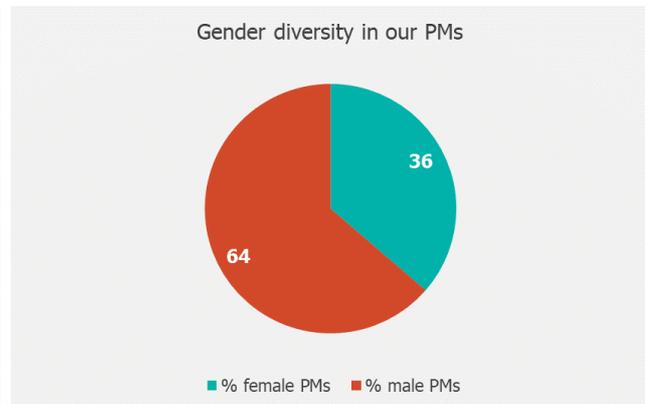
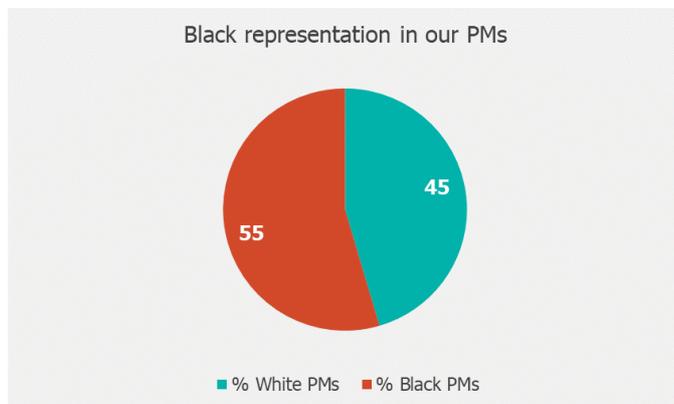
Since 2011 our assets under management have grown from around **R99 billion** to over **R191 billion** (9/2021) and our product range has expanded to many more offerings. The need to work remotely since March 2020 has added an extra level of complexity to our operations. This growth has required us to broaden our focus, buttress our teams, embed our processes and build our systems. As a result, our total staff complement grew from **42** in 2011 to **86** in 2019, and then jumped to **99** by the end of September 2021.

The journey from "small" to "big" has required us to transform from what has always been a "family" culture to a "high performance team" culture, without losing the aspects of caring and empathy inherent in our past. On the principle that "everyone wants to work for a winning team", we are working together to improve our measures of accountability, performance and delivery, while continuing to share in the joy and sadness of each other's lives, as we have always done.

A series of workshops on the transformation of the company culture started at the end of 2021 and will continue into the new year. Our emphasis on this aspect will be substantiated further down.

2. MOVING TOWARDS A MORE DIVERSE STAFF COMPLEMENT

In 2011 it was clear that Black staff, and particularly Black African staff, were still under-represented in the company - and a focused strategy was implemented to correct this. Consequently, Futuregrowth's overall Black staff complement grew from **60%** in 2011 to **84%** as at the end of September 2021:



Recruitment

We have made exponential progress in our recruitment process in recent years. As illustrated below, from 2015 to the end of September 2021, Futuregrowth made 84 new appointments, 83 (**99%**) of whom were Black staff, with 42 (**50%**) of these being Black African. Over the period January to September 2021 alone, 16 new staff members were appointed, **100%** of whom were Black and **63%** were Black African.

Investment team diversity

Special emphasis has been placed on the composition of our Investment team. While we have made progress here, we aim to do better. Below is a summary of the changes in the Investment team since 2012.

Year	Team size	% Black	% Black African
2012	17	53%	0%
2013	17	47%	6%
2014	19	53%	11%
2015	26	65%	12%
2016	25	64%	12%
2017	32	69%	16%
2018	33	73%	24%
2019	36	78%	22%
2020	35	77%	29%
09/2021	44	81%	33%

3. ADDING TO THE POOL OF BLACK STAFF IN THE ASSET MANAGEMENT INDUSTRY

In order for the pool of Black staff in the asset management industry to grow, it has been important for us to create work opportunities for newly qualified young people. We have done this largely in partnership with Old Mutual Investment Group's *Graduate Acceleration Programme* (GAP). Since 2011:

- a. Futuregrowth has appointed **21 GAP interns**, of whom **100% are Black**, and **13 are Black African**;
- b. **18 have completed their GAP internships** and **17 have been permanently employed by Futuregrowth**;
- c. Of the 17 permanently appointed, **6 have been promoted** to analytical roles in the Investment team (of whom **3 are Black African**); and
- d. **3 of our GAP interns have progressed to become portfolio managers** in our Investment team.

This attests to the effectiveness of the programme in adding to the pool of not only Black staff in the industry, but also the pool of senior Black staff and future leaders.

Three students are currently busy with their GAP internships at Futuregrowth in the Specialist Investment Administration, Performance and Attribution, and Client Services teams, respectively.

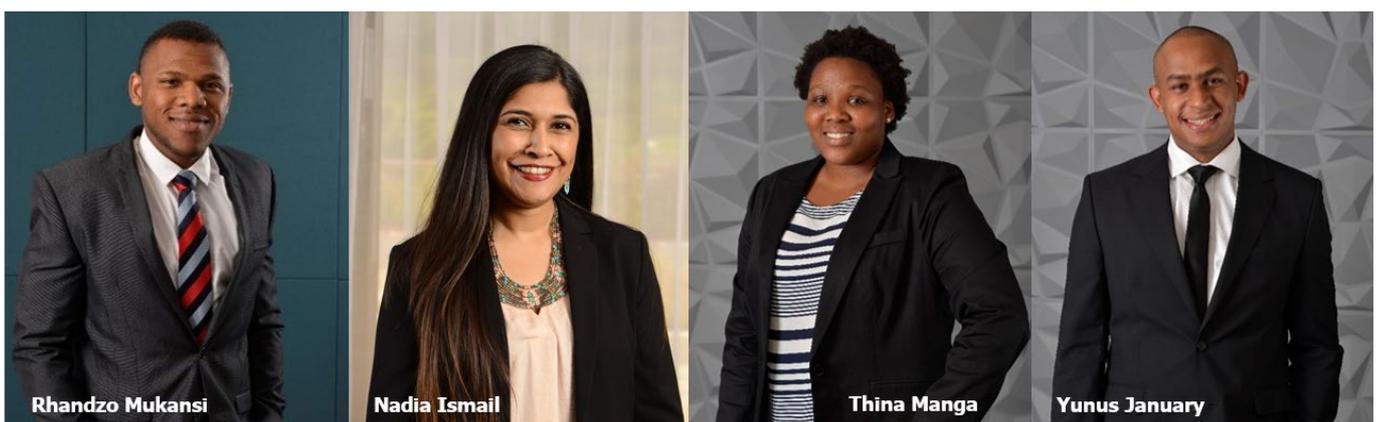
The GAP programme

Our GAP candidates are offered an internship at Futuregrowth for 18 months. These are recently graduated individuals who express a keen interest in pursuing a career in the asset management industry. They are given a specific role for their internship period, where their responsibilities and decision making start on day one. They have access to the entire investment team for guidance, and are invited to participate in the team's investment process if they have the capacity and interest to do so. They are also able to take advantage of training opportunities available to the rest of the Futuregrowth staff. Via this route (as we have witnessed), inexperienced Black graduates can go on to become self-sufficient investment professionals.

4. INCREASING THE DEPTH OF BLACK PORTFOLIO MANAGERS AND RANGE OF LEADERSHIP POSITIONS

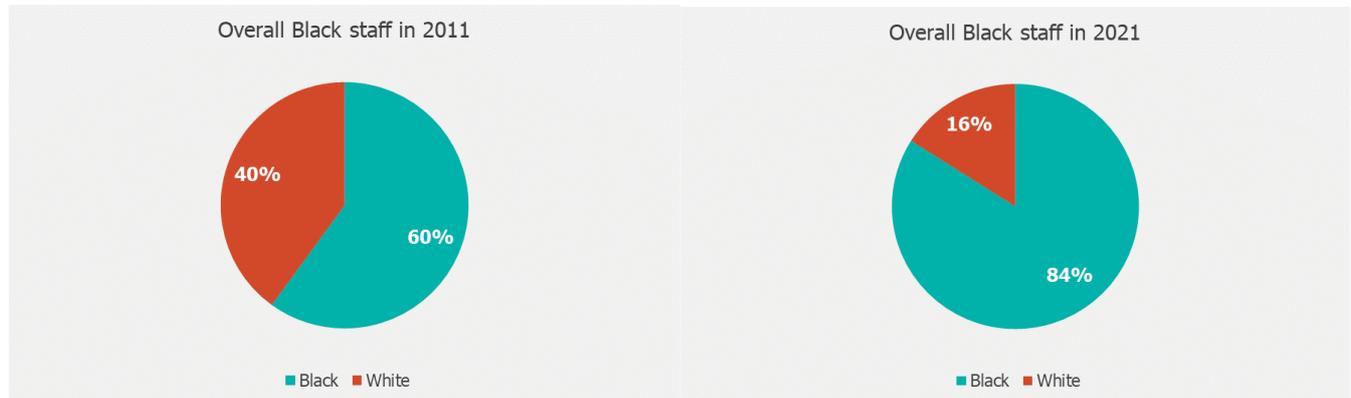
In addition to creating opportunities for young people, we have realised that we need to pay attention to the structure and depth of our senior staff levels. This has involved both growing our staff internally and adjusting our hiring strategy to include more experienced recruits. Recent examples of the latter include the appointment of our new Head of Business Development and Head of Listed Credit, who joined us with 16 and 14 years of experience in the industry, respectively.

Increasing our pool of Black portfolio managers has always been a challenge, mainly due to the complexity of our funds and the length of time it traditionally takes to rise to the position. To address this challenge, we started our *Portfolio Manager Trainee programme*, with the aim of fast tracking this aspect of career development for worthy candidates within the Investment team. The first graduate of our programme was appointed as a portfolio manager in 2017, and a further four were appointed in 2021. (A graduate left Futuregrowth in 2021.)



In addition, over the past three years, two Black staff have been promoted from within to take on portfolio management responsibilities.

As at September 2021, six **(55%)** of our eleven portfolio managers in the company were Black staff and four **(36%)** of the eleven were female. We still have some way to go to address our gender parity. Below is the makeup of our current group of portfolio managers:



How the Futuregrowth Portfolio Manager Trainee programme works

Trainee portfolio managers are paired with a senior portfolio manager who is responsible for their training over the period. The key areas of knowledge transfer include:

- Understanding the investment mandate to the extent that the trainee portfolio manager can negotiate with a client or consultant;
- Being able to perform the risk management of the portfolios (including calculations and review) from credit, interest rate risk, liquidity and derivative perspectives;
- Portfolio trading (listed and unlisted, house view trades, trades linked to cashflows and portfolio rebalance trades); and
- Client engagements, including new business pitches, report backs and due diligence.

The length of training differs for each participant depending on their starting level of experience. It is anticipated that the programme will run between 12 to 24 months. Once candidates feel ready, they are assessed to determine their readiness to manage portfolios. We intend to continue with this programme to build our portfolio management capability to match the company's needs as we grow. [For more on this programme watch here.](#)

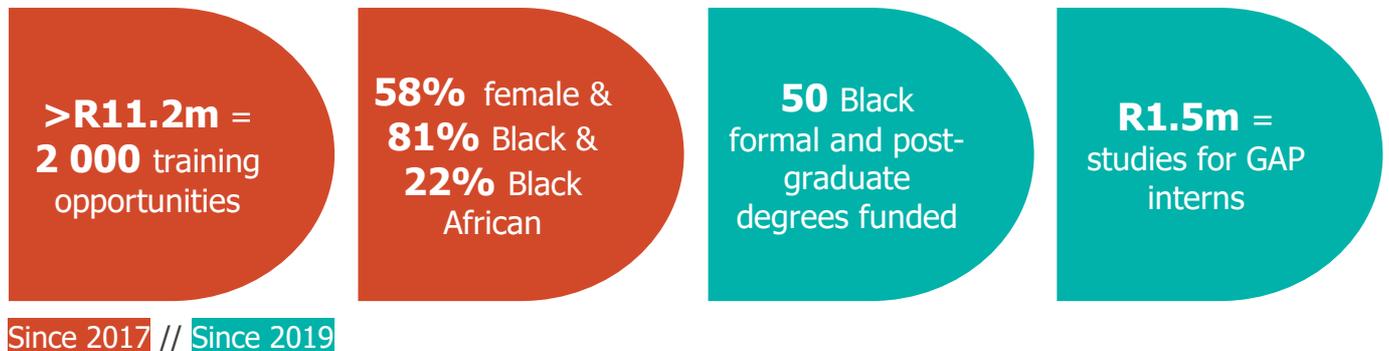
The range of leadership roles within our Investment team has also been expanded, to allow for a greater variety of leadership positions and opportunities for career growth.

These now include (with current incumbent):

- Head of Dealing (White male);
- Head of Interest Rates (White male);
- Head of Listed Credit (Black male);
- Head of Risk Management (Black female);
- Head of the Credit and Equity process (White female);
- Head of Unlisted Credit (White male); and
- Head of Unlisted Equity Transactions (Black male).

5. INVESTING IN LEARNING AND DEVELOPMENT

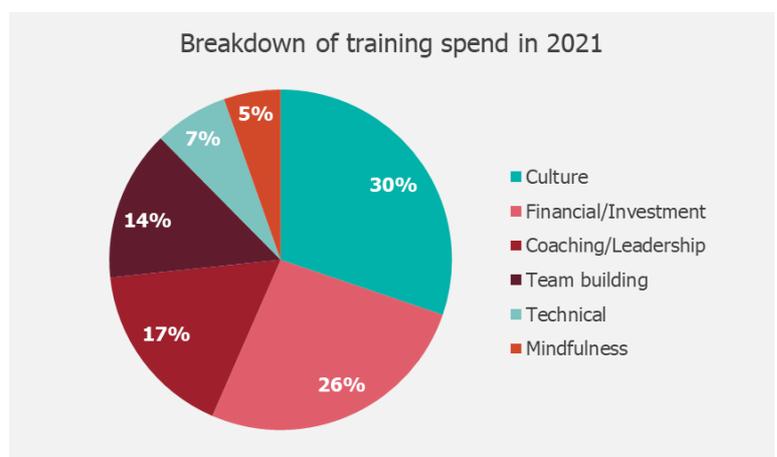
As our history suggests, learning and embracing change have been fundamental to our journey. Futuregrowth has therefore always been a learning organisation that takes pride in its investment in its staff, in the form of training opportunities and study support provided. These have been key tools in tackling the transformation of both our company and industry.



Over the past five years we have funded more than **2 000** training opportunities to a total of over **R11.2 million**. We focus not only on technical training, but training that will also create future leaders both within Futuregrowth and in the industry as a whole. A “training opportunity” is defined as a complete training programme for one employee. These range from formal degrees and professional qualifications (CFA, CIPM, CAIA, post-graduate degrees, FMI, etc.), technical training across all aspects of our work (IT, Marketing, ESG, Regulatory, etc.), to coaching, leadership, culture and team building workshops. On average, **58%** of these opportunities have been taken up by female workers, and **81%** by Black staff. **22%** have been taken up by Black African staff (a factor we need to continue to address).

Staff who wish to further their education while working for Futuregrowth are supported with both financial assistance, and study and exam leave. Over the past three years, we have supported **50** Black staff to study towards formal or post-graduate degrees. Over the past three years, nearly **R1.5 million** has also been spent by Futuregrowth to support our GAP interns to further their studies and qualifications.

Alongside is a breakdown of the training spend in 2021. With all the challenges presented by the pandemic, combined with the rapid growth from small to big, it perhaps comes as no surprise that the emphasis on Culture matches (and in fact just surpasses) the natural prominence of Financial/Investment-related training spending – with a dose of Mindfulness coming in at the tail end.



6. CREATING AN ENGAGING, INNOVATIVE AND EMPOWERING CULTURE

As a fiduciary asset manager, the values of ethics and integrity have always been the cornerstone of Futuregrowth’s culture. This is vividly depicted by a newly appointed senior staff member who described Futuregrowth as “*people living up to their purpose, who are not afraid to stand up for what is right and can sleep at night knowing they have done the right things during the day*”.

Along with this, we strive to create a feeling of ownership and engagement amongst all staff – from engaging them around strategy to providing opportunities to broaden their exposure to new areas and functions. Staff are encouraged to examine their individual skills and knowledge, and determine what they need to learn in order to ensure that they can grow with the organisation, given that their job requirements and roles are likely to change over time. This has fostered a culture of continuous learning and further study. Staff are urged to bring their learnings and new insights back into the organisation, while, of course, maintaining our very strong credit and investment discipline at all times.

Individuality, expressions of opposing views and open debate are supported.

Individuality, expressions of opposing views and open debate are supported. This provides a setting for staff to strengthen their individual sense of purpose, find their own voice, and take ownership of their space within the company in their distinctive way, as essential and committed members of the (high-performance) Futuregrowth team. As a result, the “whole” is infinitely greater than the sum of its parts, not to mention the gift of personal growth to those who choose to embrace this aspect of the culture.

This approach has resulted in a steadily increasing number of staff movements, career progressions and promotions within the company over the past decade. Such movements in 2021 are illustrated below:

Previous role	Current role	Previous EE category	Current EE category
GAP: Performance & Attribution	Quantitative Analyst	Technical/Specialist	Professional
Fixed Interest Dealer	Portfolio Manager & Fixed Interest Dealer	Professional	Professional
Fixed Interest Dealer	Portfolio Manager & Fixed Interest Dealer	Professional	Professional
Specialist Investment Administrator	Investment Analyst	Technical/Specialist	Professional
Investment Analyst	Portfolio Manager & Investment Analyst	Professional	Professional
GAP: Specialist Investment Administrator	Specialist Investment Administrator	Technical/Specialist	Technical/Specialist
Specialist Investment Administrator	Dealer: Cash Management & Money Market	Technical/Specialist	Technical/Specialist
Manager: Performance & Attribution	Risk Management Analyst	Professional	Professional
Operations Administrator	Client Services Project Specialist	Technical/Specialist	Technical/Specialist
Performance & Attribution Analyst	Manager: Performance & Attribution	Professional	Professional
Quantitative Analyst	Portfolio Manager & Interest Rate Analyst	Professional	Professional

7. WORKING TOWARDS BLACK OWNERSHIP

Futuregrowth embarked on a vigorous drive towards achieving an effective 51% Black ownership during 2021. We have been a B-BBEE Level Two contributor since 2018 and hope to achieve our Level One empowerment target in the near future. Below is a breakdown of our FSC scorecard since 2018:

Year	Converted score	Actual score
2018	92.11	76.45
2019	97.62	94.04
2020	98.00	94.41
2021	99.17	93.81

The composition of the Futuregrowth board will be reviewed once our Black ownership objective is reached.

The Futuregrowth share scheme, which forms part of the OMIG Management Equity Scheme (OMES), reserves 20% of Futuregrowth shares for staff, with a maximum holding by White staff of 12% and Black staff 20%. Futuregrowth has also carved out a portion of its bonus pool to allocate specifically to Black staff to accelerate the purchase of their Futuregrowth shares over the next few years.

8. TRANSFORMING OUR WORKSPACE

With the onset of the Coronavirus pandemic and enforced working from home, we've had to transform the way in which we work with and relate to one other. The experience has compelled us to question our assumptions, and this has led to several realisations. Topmost of these include:

- a. The importance of being a purpose-driven company with a shared vision and a holistic view of our clients' experience.
- b. The need to be agile and able to make fast decisions – and that opportunities to share ideas and what is going on in the business are vital for this.
- c. That lived experiences, in partnership with others, are irreplaceable learning tools.
- d. That what got us to where we are won't take us to where we need to go.

We have come to the conclusion that a hybrid model, incorporating working remotely and in the office, will benefit us most. Our offices are currently being revamped, to accommodate our larger staff complement and provide a safe workspace that allows for collaboration.

THE WAY AHEAD: A CUT ABOVE AVERAGE

Ghandi said "the future depends on what you do today". In many ways, Futuregrowth is at a crossroads, and what we do now will define the next 20-year trajectory of the company. We have invested heavily in the business, particularly over the past three years, to make it "future fit" and will continue to do so. Now, more than ever, we need to keep our eyes open for new and better ways to do things, both relevant to the current time, and with a view on the future.

Don't settle for average.

Paul Rackstraw, MD

At a recent online staff event, Futuregrowth MD Paul Rackstraw challenged all staff: "Don't settle for average – not for our clients, not for Futuregrowth, not for yourselves in your personal lives, and not for yourselves when you come to work."

Futuregrowth's sense of purpose was and is based on our belief that investors can make a positive difference in society while earning sound investment performance for pension fund members. Now is the time to ensure that new generations at Futuregrowth will be able to fulfil our founding promise – in new and exceptional ways.

Published on www.futuregrowth.co.za/insights.

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 IRESS.