

Description

The Futuregrowth Power ILB Composite, an investment portfolio specialising in energy-related industries and sectors, forms part of Futuregrowth's suite of developmental investments. As a stand-alone investment, the Composite is not Reg. 28 compliant. The benchmark is the RSA Inflation Linked Government Bond I2038.

The Composite can be used:

- as part of the ILB allocation in larger balanced portfolios,
- as a core or specialised yield enhanced ILB holding, or
- as a developmental investment holding of an investor's portfolio.



Jason Lightfoot

SENIOR PORTFOLIO MANAGER

Jason is the Portfolio Manager of our flagship products, the Futuregrowth Infrastructure & Development Bond Fund and the Futuregrowth Power Debt Fund, as well as various other credit funds across STeFI, Income and ILB benchmarks. He holds a pivotal position within the team, contributing to diverse investment processes and decisions with an expertise in credit and risk assessment.

Portfolio manager	Jason Lightfoot
Asset class	Fixed & variable rate debt instruments
Reg. 28 category	Debt instruments, predominantly unlisted instruments of unlisted entities
Benchmark	RSA Inflation Linked Government Bond I2038 (I2038)
Performance target	I2038 + 1%
Current structure	Pooled, open-ended
Fund start date	March 2013
Total composite assets	R403.5 million
Minimum investment	Pooled - R25 million / Segregated - R100 million (Both at manager's discretion)
Termination period	12 months (size dependent)

Objective

The Composite aims to outperform the I2038 by 1% per annum before the deduction of taxes and fees and with income reinvested over a rolling 3-year period.

Composition

The Composite buys units in the Futuregrowth Power Debt Fund. The underlying nominal interest rate risk in the Power Debt Fund is hedged via derivatives to give the Composite inflation-linked exposure. Please note that there will never be any double-dipping of fees.

The Power Debt Fund, which invests in energy-related industries and sectors, is largely invested/committed to invest in renewable energy deals that form part of the Department of Energy's Renewable Energy Independent Power Producer Procurement Programme (REIPPPP). These include investments in solar photovoltaic (PV), concentrated solar power (CSP) and wind farms. Projects approved so far are located in the Northern Cape, Eastern Cape and Limpopo Provinces. All projects under the REIPPPP enter into an off-take purchase agreement with Eskom for power they will produce during the next twenty years and these revenue streams will be used by the projects to repay the debt finance.

The Power Debt Fund has fairly high risk and concentration limits, and is not intended to be highly liquid given that the underlying transactions are unlisted, unrated and have relatively few co-creditors. The Composite will maintain a minimum of 5% in I2038 bonds to facilitate transactions and/or client cash flow needs.

Social impact

The Power Debt Fund aims to provide investors with a vehicle that facilitates infrastructural, social, environmental and economic development in southern Africa through investments in energy-related businesses and sectors. These include electricity generation from renewable, alternative and traditional sources, power distribution and reticulation, and supporting industries and sectors. The Power Debt Fund delivers on a variety of social impact requirements such as sustainable energy, job creation, skills transfer, Black Economic Empowerment (BEE), community upliftment and promotion of SMMEs.

