

## Description

The Futuregrowth Interest Rate Asset Allocation Composite aims to deliver excess return mainly through a combination of aggressive interest-bearing asset allocation, overall active interest rate risk management and appropriate yield curve positioning within the various interest-bearing asset classes. Exposure to higher yielding non-government bonds is limited in order to enhance the ability of the composite to allocate to the most appropriate interest-bearing asset class at short notice. The Asset-weighted Aggregate Composite Benchmark is invested in the All Bond Index (ALBI), JSE ILB IGOV Index (IGOV) and Short Term Fixed Income Index (STeFI).

|                        |                                                                                 |
|------------------------|---------------------------------------------------------------------------------|
| Portfolio manager      | Yunus January                                                                   |
| Benchmark              | Asset-weighted Aggregate Composite Benchmark                                    |
| Performance target     | Benchmark + 1%                                                                  |
| Current structure      | Segregated                                                                      |
| Inception date         | July 2010                                                                       |
| Total composite assets | R760.3 million                                                                  |
| Minimum investment     | Pooled - R50 million / Segregated - R125 million (Both at manager's discretion) |
| Termination period     | 1 calendar month (size dependent)                                               |

The Composite is Regulation 28 & 30 compliant.



**Yunus January**  
PORTFOLIO MANAGER

Yunus manages a range of institutional and retail fixed income portfolios which include core bond, income and interest rate allocation funds. He also forms part of the Interest Rate team at Futuregrowth and performs quantitative and qualitative macroeconomic and fixed income research and analysis that is used to make investment decisions.

## Objective

The Composite aims to outperform the combined benchmark by 1% over a rolling 3-year period.

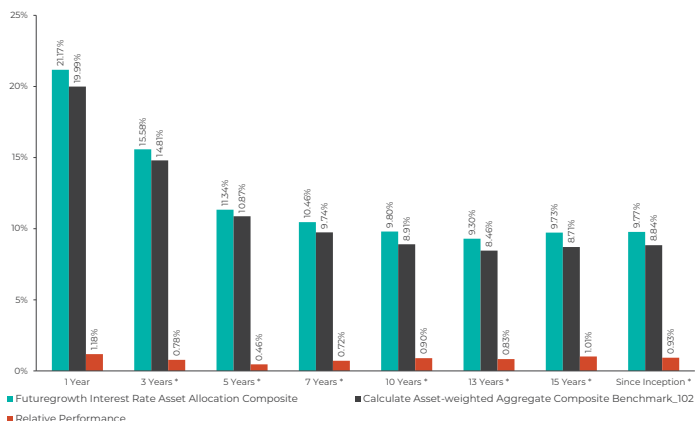
## Composition

The Composite invests in money market instruments, fixed and variable rate, and inflation-linked bonds. The Composite aims to be invested in the sub-interest rate asset class that renders a superior return over time through aggressive allocation shifts. It also reflects the best investment view regarding yield curve positioning and individual stock selection with focus on flexibility.

## Yield enhanced strategy

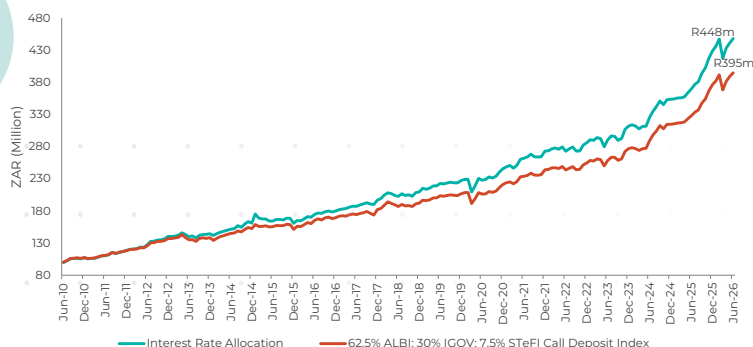
Our yield enhanced strategy relies on maintaining strong relationships with market players. This allows us to see a large degree of deal-flow on a continuous basis and keep an eye on ever-evolving credit events in the market. In the unlisted space, our specialist structuring skills allow us to make loans that ensure lenders achieve the greatest degree of investor protection through loan terms, covenants and security while ensuring risk-adjusted returns with good diversification.

## Performance



\*Annualised

## Cumulative performance



## Portfolio exposure

|                     |         |
|---------------------|---------|
| Money market        | -13.33% |
| Fixed rate bonds    | 50.47%  |
| 1-3yr               | 1.38%   |
| 3-7yr               | 7.85%   |
| 7-12yr              | 19.16%  |
| 12+yr               | 22.08%  |
| Variable rate bonds | 18.96%  |
| CPI linked bonds    | 27.37%  |
| Derivatives         | 16.52%  |
| MD                  | 4.13    |

## Risk statistics

|                                    | Information ratio | Tracking error |
|------------------------------------|-------------------|----------------|
| 3 Years                            | 0.56              | 0.71%          |
| 5 Years                            | 0.36              | 0.78%          |
| 10 Years                           | 0.67              | 1.18%          |
| 15 Years                           | 0.50              | 1.88%          |
| Since inception standard deviation |                   |                |
| Composite                          | 6.69%             |                |
| Benchmark                          | 6.27%             |                |

## Contact the Business Development team

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**Derivative disclosure:** Market derivatives are used frequently and extensively to manage interest rate risk of the fund relative to the benchmark, and to enable the acquisition of short-term or floating rate instruments in the fund. Market derivatives are used less frequently to opportunistically add value due to mispricings. The manager does not employ "naked" written options strategies to increase yield. Credit derivatives are allowed, but used infrequently and only within credit policies and limits. **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 IRESS. **GIPS disclaimer:** Futuregrowth is 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.

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