

### Description

The Futuregrowth Power Debt Composite, an investment portfolio specialising in energy-related industries and sectors, forms part of Futuregrowth's suite of developmental investments. The benchmark is the South African STeFI Composite Index.

### Key benefits

- Competitive market fee.
- Renewable energy is a distinct asset class.
- Provides long-term stable returns.
- Fairly high risk profile, lower volatility than traditional corporate listed bonds.
- Suits a fiduciary fund management model.
- Leverage off existing team and process.
- Immediate access to diversified pool of assets.
- Strong deal pipeline.
- Positive environmental impact
- Tangible social and developmental impact.
- Yield enhanced returns.



**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 classification	Debt instruments, predominantly unlisted instruments of unlisted entities
Investment focus	Debt and fixed income in energy-related industries and sectors
Benchmark	South African STeFI Composite Index (STeFI)
Performance target	STeFI + 2.25% per annum before the deduction of taxes and fees, with income reinvested
Current structure	Pooled, open-ended
Fund start date	January 2013
Total composite assets	R9.8 billion
Geography and currency	Focused on South Africa and SADC, and denominated in SA rands.
Minimum investment	R50 million (At manager's discretion)
Termination period	12 months (size dependent)

### Objective

The Composite aims to outperform the STeFI by 2.25% per annum before the deduction of taxes and fees and with income reinvested over a rolling 3-year period.

### Composition

The Composite 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.

This Composite has fairly high risk and concentration limits and good yield enhancement, 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 only a small holding of liquid assets to facilitate transactions and/or client cashflow needs.

### Social impact

The Composite 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 Composite delivers on a variety of social impact requirements such as:

- Job creation
  - Employing local labour to build and maintain the plants.
  - Short- and long-term job creation.
  - SMME development through employing contractors.
- High level of mentorship and skills transfer from international developers.
- Local technology and subcontractors which will be used in all projects according to Government's minimum requirements.
- International developers partnering with local firms that have a strong knowledge of the South African market.
- BEE equity requirements - including participation by a trust representing the local community which will be implemented according to minimums set by Government.
- Investment by the projects into local socio-economic infrastructure and services.
- Compliance with the Equator Principles.

