

Description

The Futuregrowth Development Equity Composite, a portfolio specialising in equity and related investments in socially responsible projects and businesses or developmental assets, forms part of Futuregrowth's suite of developmental investments. The benchmark is CPI + 10%.

Key benefits

- Lower than market fee model.
- Developmental equity is a distinct asset class.
- Provides long-term stable returns.
- Low risk profile, lower volatility than traditional private equity.
- Suits a fiduciary fund management model.
- Leverages off existing team and process.
- Immediate access to diversified pool of assets.
- Strong deal pipeline.

Portfolio Management team

The Fund is managed day-to-day by the Futuregrowth Private Equity team, while the Futuregrowth Equity Investment Committee holds ultimate decision authority on all unlisted equity transactions in the Fund. In addition to sourcing and managing unlisted equity transactions, the team coordinates risk management, reporting, client engagement and funds-flow activities.

The Fund continues to benefit from investment opportunities from the wider Futuregrowth investment processes. The Private Equity team is headed by Amrish Narrandes who oversees a team of analysts. The team is supported by Futuregrowth's operational areas and members of the broader investment team. The Futuregrowth Equity Investment Committee is comprised of the Private Equity team analysts as well as other select senior Futuregrowth staff and independent members as well as independent members.

Portfolio manager	Portfolio Management team
Composition	Equity, mezzanine and debt instruments of infrastructure and developmental related entities; Includes principally unlisted investments; No more than 20% in debt instruments
Benchmark	CPI + 10%
Performance target	Long term 18-22% nominal
Current structure	Pooled
Fund life	Open-ended with an unlimited life
Inception date	September 2006
Total composite assets	R4.7 billion
Minimum investment	At manager's discretion
Withdrawal period	No investment should be made if the intention is to withdraw funds within three years
Termination period	36 months to liquidate assets

Objective

The Composite aims to outperform the benchmark with a nominal return of 18-22% per annum before the deduction of taxes and fees and with income reinvested over a rolling 3-year period.

Composition

The Composite invests mainly in unlisted equity and participating instruments, but allows up to 20% in debt instruments. Although the Composite invests principally in unlisted transactions, relevant listed instruments are not excluded.

The Composite provides investors with a cost effective and flexible channel to participate in the infrastructure and development equity asset class. Investors benefit from the exclusive ability to access an existing pool of stable assets, access to a flow of developmental transactions, a lower than market fee and the ability to play a role in creating a new pool of risk capital for South African development.

In order to retain adequate liquidity and flexibility, and in the course of managing new investments, asset maturities and sales and fund-flows, the Composite usually maintains a high degree of liquid and/or non-developmental assets.

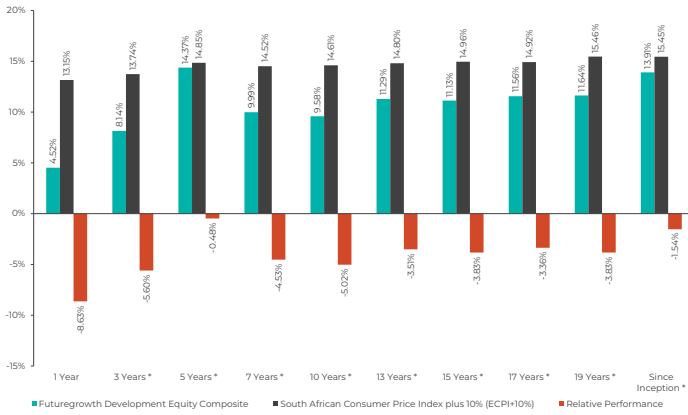
Social impact

The Composite aims to provide investors with a vehicle that facilitates infrastructural, social, environmental and economic development in southern Africa, while maintaining a high degree of exposure to developmental assets, and delivers on a variety of social impact requirements such as job creation, affordable housing, access to services and healthcare.

Social impact sectors

Sectors	Exposure
Infrastructure development and social services	31.26%
Communications	5.52%
Development finance	0.02%
Education	3.59%
Energy	4.86%
Health	1.03%
Tourism	2.23%
Transport	14.01%
Agricultural development and land ownership	6.55%
Black economic empowerment	0.03%
Consumer and business access to finance	4.55%
Environment preservation	0.00%
Low income and affordable housing	5.41%
Non infrastructure, eg cash, RSAs	46.23%
Other infrastructure e.g. ancillary municipal infrastructure	1.55%
SMME development	4.42%
Sub-total	100.96%
Less double counting	0.96%
Total	100%

Performance

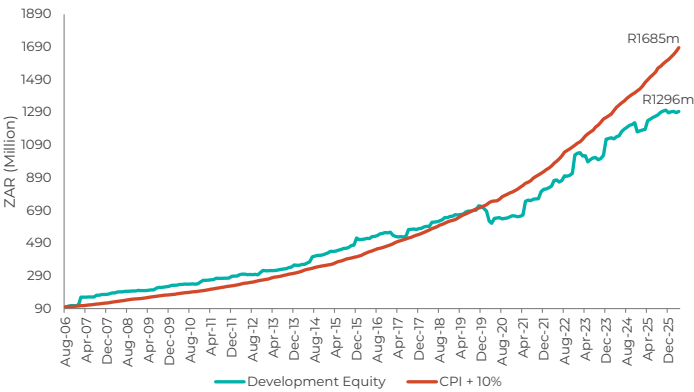


*Annualised

Geographic exposure

Province/Country	Composite
Eastern Cape	0.04%
Free State	2.30%
Gauteng	9.13%
KwaZulu Natal	2.07%
Lesotho	0.00%
Limpopo	5.64%
Mozambique	0.65%
Mpumalanga	3.13%
Namibia	0.00%
National	68.49%
Northern Cape	4.95%
Other	1.26%
Swaziland	0.00%
Western Cape	2.34%
Total	100.00%

Cumulative performance



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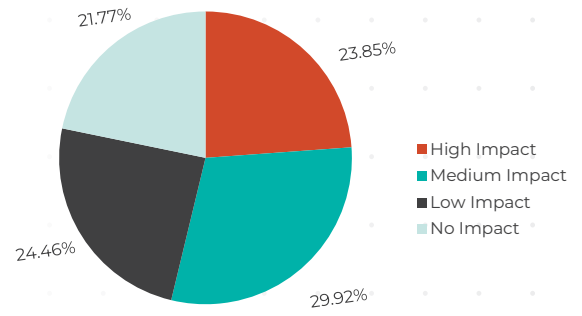
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Derivative disclosure: Market derivatives are used frequently and extensively to manage interest rate risk of the fund relative to the benchmark, and to enable the acquisition of short-term or floating rate instruments in the fund. Market derivatives 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 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.

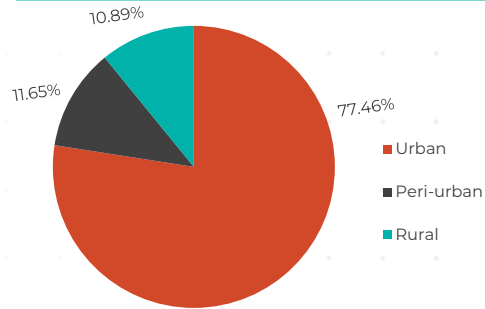
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Social impact analysis

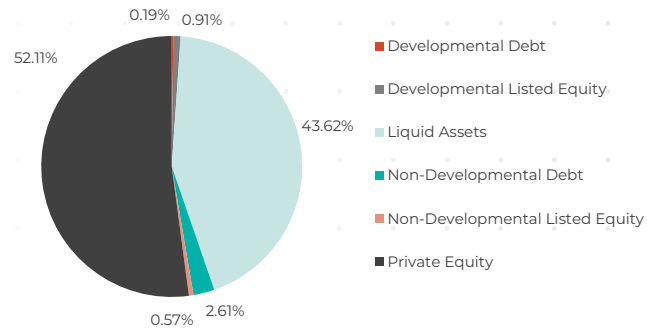


Low-, medium- and high-impact refers to how closely the underlying investments impact the consumer.

Rural development



Asset class split



Risk statistics

Since inception standard deviation

Composite	12.59%
Benchmark	1.30%