

Description

The Futuregrowth Core Bond Composite aims to deliver excess return through a combination of interest bearing asset allocation, active interest rate risk management, appropriate yield curve positioning and moderate exposure to higher yielding non-government fixed-rate bonds. The benchmark is the All Bond Index.

Portfolio manager	Daphne Botha and Rhandzo Mukansi
Benchmark	All Bond Index (ALBI)
Performance target	ALBI + 0.5%
Current weighted average credit quality (Internal rating)	AAA
Average yield pickup over risk free rate	0.27%
Current structure	Segregated
Inception date*	January 2000
Total composite assets	R10.5 billion
Minimum investment	Pooled - R25 million / Segregated - R100 million (Both at managers' discretion)
Termination period	1 calendar month (size dependent)

*The inception date refers to the date the GIPS Composite was created.

Objective

The Composite seeks to outperform the ALBI by 1% over a rolling 3-year period.

Composition

The Composite invests in a wide range of RSA government, state-owned enterprise and corporate bonds (subject to credit committee approval). The Composite invests at least 50% in bonds with an effective government guarantee and can invest across the full spectrum of the yield curve. It is also mandated to invest in inflation-linked bonds up to a maximum limit of 7.5%.

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.

Portfolio Managers



Daphne Botha

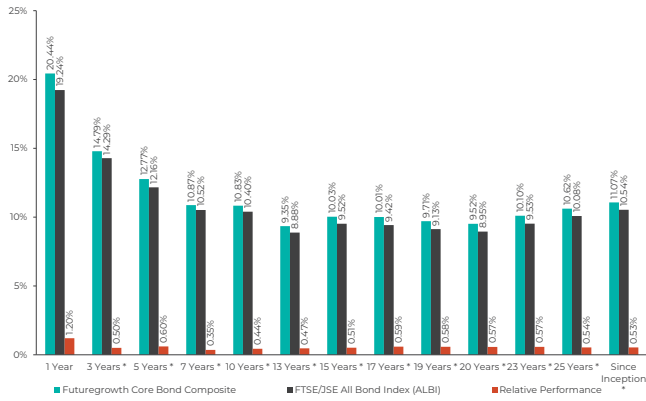
Daphne is the portfolio manager for various money market and bond portfolios. In addition, she is responsible for risk monitoring, heads up the Risk and PIT team and is a member of the Interest Rate team.



Rhandzo Mukansi

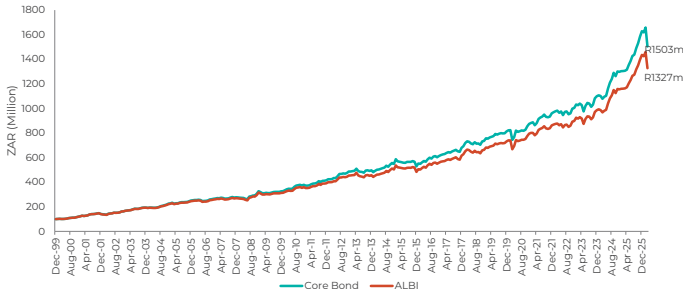
Rhandzo manages a range of institutional and retail fixed-income portfolios which include income, core bond and flexible interest rate funds. He also heads up the Interest Rate team at Futuregrowth.

Performance



*Annualised

Cumulative performance



Portfolio exposure

	Composite	Benchmark
Money market	3.44%	
Fixed rate bonds	94.97%	
1-3yrs	8.01%	3.5%
3-7yrs	5.77%	28.6%
7-12yrs	32.38%	29.1%
+12yrs	48.81%	38.8%
Derivatives	1.59%	
MD	6.46	6.40

Risk statistics

	Information ratio	Tracking error
3 Years	0.85	0.52%
5 Years	1.08	0.52%
10 Years	0.65	0.64%
15 Years	0.75	0.66%
Since inception standard deviation		
Composite	7.34%	
Benchmark	7.48%	

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 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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