

Description

The Futuregrowth Yield Enhanced Bond Composite targets high returns through a combination of moderate credit concentration limits, active interest rate risk management and active off-benchmark bets. The benchmark is the All Bond Index.

Portfolio manager	Jason Lightfoot
Benchmark	All Bond Index (ALBI)
Performance target	ALBI+1.25%
Current weighted average credit quality (Internal rating)	AA+
Average yield enhancement	1.23%
Listed yield enhancement	0.31%
Unlisted yield enhancement	2.66%
Current structure	Pooled/Segregated
Inception date	December 2001
Total composite assets	R22.9 billion
Minimum investment	Pooled - R25 million / Segregated - R500 million (Both at manager's discretion)
Termination period	1 calendar month (size dependent)



Jason Lightfoot
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.

Objective

The Composite seeks to outperform the ALBI + 1.25% over a rolling 3-year period.

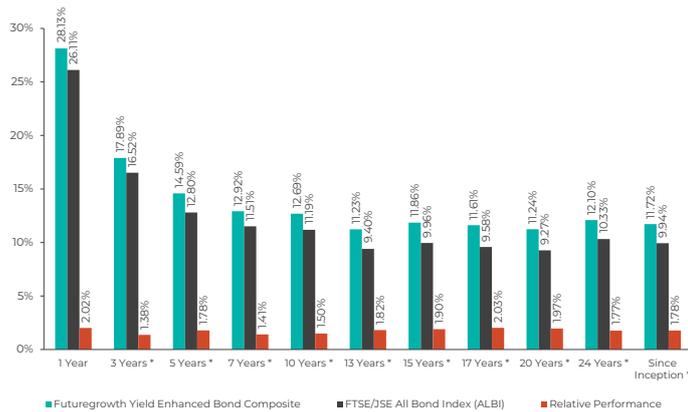
Composition

The Composite invests in a wide range of debt instruments including those issued by government, parastatals, corporates as well as securitised assets. The inclusion of such is subject to credit committee approval. The Composite has an allowance to invest up to 50% in unlisted credit and in addition, an allowance to invest in up to 5% equity assets (which is usually related to an underlying credit exposure) subject to investment committee approval. The resulting effect culminates in significant risk-adjusted alpha generation over time.

Yield enhanced strategy

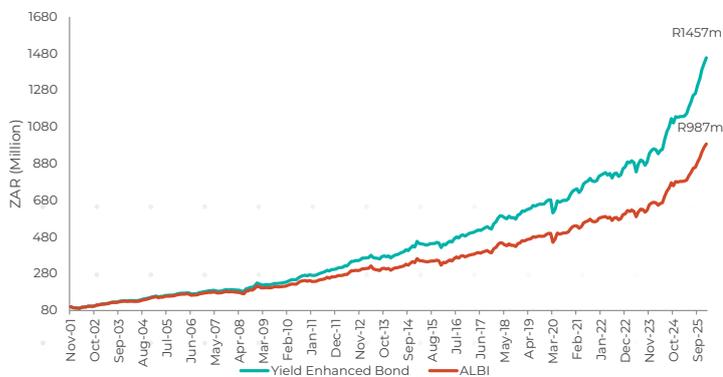
Our yield enhanced strategy relies on maintaining strong relationships with market players. This allows us to see a large degree of deal-flow on a continuous basis and keep an eye on ever-evolving credit events in the market. In the unlisted space, our specialist structuring skills allow us to make loans 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

	Composite	Benchmark
Equity	1.19%	
Inflation Linked Bond	0.88%	
Money market	7.91%	
Fixed rate bonds	90.02%	
1-3yr	-0.60%	3.4%
3-7yr	17.26%	28.1%
7-12yr	26.62%	28.1%
+12yr	46.74%	40.4%
MD	6.43	6.43

Risk statistics

	Information ratio	Tracking error
3 Years	1.42	0.97%
5 Years	1.93	0.93%
10 Years	1.65	0.91%
15 Years	1.75	1.08%
Since inception standard deviation		
Composite	7.23%	
Benchmark	7.43%	

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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