

Description

The Futuregrowth Power ILB Composite, an investment portfolio specialising in energy-related industries and sectors, forms part of Futuregrowth's suite of developmental investments. As a stand-alone investment, the Composite is not Reg. 28 compliant. The benchmark is the RSA Inflation Linked Government Bond I2038.

The Composite can be used:

- as part of the ILB allocation in larger balanced portfolios,
- as a core or specialised yield enhanced ILB holding, or
- as a developmental investment holding of an investor's portfolio.



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 category	Debt instruments, predominantly unlisted instruments of unlisted entities
Benchmark	RSA Inflation Linked Government Bond I2038 (I2038)
Performance target	I2038 + 1%
Current structure	Pooled, open-ended
Fund start date	March 2013
Total composite assets	R406.7 million
Minimum investment	Pooled - R25 million / Segregated - R100 million (Both at manager's discretion)
Termination period	12 months (size dependent)

Objective

The Composite aims to outperform the I2038 by 1% per annum before the deduction of taxes and fees and with income reinvested over a rolling 3-year period.

Composition

The Composite buys units in the Futuregrowth Power Debt Fund. The underlying nominal interest rate risk in the Power Debt Fund is hedged via derivatives to give the Composite inflation-linked exposure. Please note that there will never be any double-dipping of fees.

The Power Debt Fund, which invests in energy-related industries and sectors, 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.

The Power Debt Fund has fairly high risk and concentration limits, 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 a minimum of 5% in I2038 bonds to facilitate transactions and/or client cash flow needs.

Social impact

The Power Debt Fund 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 Power Debt Fund delivers on a variety of social impact requirements such as sustainable energy, job creation, skills transfer, Black Economic Empowerment (BEE), community upliftment and promotion of SMMEs.

The chart displays the relative performance of three investment strategies over various time horizons. The Y-axis represents the percentage of relative performance, ranging from 0% to 25%. The X-axis shows the time periods: 1 Year, 3 Years *, 5 Years *, 7 Years *, 11 Years *, and Since Inception *. The legend identifies three series: Futuregrowth Power ILB Composite (teal), RSA 2038 Bond (dark grey), and Relative Performance (Barclays South African Government Inflation Linked Bond Index) (red).

Time Period	Futuregrowth Power ILB Composite (%)	RSA 2038 Bond (%)	Relative Performance (%)
1 Year	20.88%	18.04%	2.85%
3 Years *	13.94%	10.97%	2.97%
5 Years *	12.07%	9.34%	2.72%
7 Years *	9.78%	7.03%	2.75%
11 Years *	7.60%	4.85%	2.74%
Since Inception *	7.35%	4.62%	2.74%

Supplemental information: Portfolio returns shown. The since inception date refers to the date the Fund started.

	Information ratio	Tracking error
3 Years	1.44	2.14%
5 Years	0.48	5.82%
10 Years	0.26	10.56%
Since inception standard deviation		
Composite	9.32%	
Benchmark	15.25%	

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.

The chart displays the ZAR (Million) for two financial instruments: Power ILB (teal line) and I2038 Bond (orange line) from April 2015 to July 2026. The Y-axis ranges from 60 to 240 million ZAR. The X-axis shows dates from Apr-15 to Jul-26. The Power ILB line starts around 100 million, fluctuates, and then shows a sharp decline in late 2019, followed by a recovery and a steady upward trend, reaching approximately 222 million by July 2026. The I2038 Bond line starts around 100 million, fluctuates, and also shows a sharp decline in late 2019, followed by a recovery and a steady upward trend, reaching approximately 166 million by July 2026. Both lines show significant volatility, particularly in the later years.

Date	Power ILB (ZAR Million)	I2038 Bond (ZAR Million)
Apr-15	100	100
Sep-15	100	100
Feb-16	100	100
Jul-16	100	100
Dec-16	100	100
May-17	100	100
Oct-17	100	100
Mar-18	100	100
Aug-18	100	100
Jan-19	100	100
Jun-19	100	100
Nov-19	100	100
Apr-20	100	100
Sep-20	100	100
Feb-21	100	100
Jul-21	100	100
Dec-21	100	100
May-22	100	100
Oct-22	100	100
Mar-23	100	100
Aug-23	100	100
Jan-24	100	100
Jun-24	100	100
Nov-24	100	100
Apr-25	100	100
Sep-25	100	100
Feb-26	100	100
Jul-26	100	100

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