

The image shows three white wind turbines standing on a grassy hill. The sky is a clear, bright blue. The turbines are positioned in a line across the middle ground. The foreground is a grassy slope. The overall scene is clean and modern, representing renewable energy.

FUTUREGROWTH

/ ASSET MANAGEMENT

Monthly Review

November 2016

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Product information and performance

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Market review

Economic and market review

Trump victory serves as catalyst for bond correction

Another incredible month! The bearish correction in global bond markets, but specifically the US Treasury market, picked up pace following the Trump victory which caught so many by surprise. Bond bears focused on the president-elect's campaign promises of significant unfunded government spending, which if it actually materialises, would boost final demand, inflation and of course state borrowing. These investor expectations as well as strong economic data and the consensus view of a December Federal Reserve rate increase of 25 basis points, caused large scale bond selling. As a result, the US 10-year Treasury yield spiked from 1.84% to 2.39%, another month of very significant capital loss. Bless those who so unwisely bought these bonds at a yield of 1.36% as recently as July this year.

Poor month for both nominal and inflation-linked bonds

As could be expected, the above had a direct negative impact on the local bond market. For the second consecutive month local bond yields marched higher with the yield of the benchmark R186 (maturity 2026) closing the month 32 basis points higher at 9.02%, the weakest monthly close since June this year. Once again, foreign investors reduced their RSA local currency debt holding; this time by R15 billion following net sales amounting to R13 billion in October. Although still a mere drop relative to the estimated total foreign holding just short of R0.6 trillion, it nonetheless contributed to significant market weakness as the secondary market experienced difficulty clearing the surplus stock. For the month, the JSE All Bond Index returned -1.8%, compared to the -1.1% of the official inflation-linked index. Cash returned 0.6%. On a year-to-date basis, ended 30 November, nominal bonds are still leading the trio with a strong total return of 13.6%, followed by inflation-linked bonds at 6.7% and a cash return of 6.2%.

Inflation lifts temporarily

Regarding local data releases, the broader trends remain unchanged: very weak underlying economic activity and the more recent deceleration in the rate of inflation which turned into a widely expected temporary acceleration. Some stabilisation in the external trade deficit is still ongoing, although we still maintain that the smaller current account deficit remains too wide for comfort.

Another foreign currency ratings reprieve

Moody's rating agency made no changes to its South African sovereign credit ratings, remaining the most bullish of the three agencies as Fitch changed it previous stable outlook to negative, implying a higher risk of a sub-investment sovereign rating. S&P Global Ratings reduced the local currency rating one notch, while retaining the BBB- long-term foreign currency rating and negative outlook. With South Africa now on negative watch with all three major rating agencies, pressure remains to deliver on more comprehensive progress on structural reform instead of the more recent "piecemeal" flurry of announcements. On a relative basis, the pricing in the Credit Default Swap market (where investors can hedge themselves against the risk of default), suggests that the market is still priced for a downgrade to sub-investment grade for the country. We are still in agreement with the market on the prospects of a future downgrade.

Key macroeconomic themes

Economic growth

A mild, uneven global economic recovery remains our base case, with a relatively strong US economy leading the way. The Trump presidential victory (together with a House Republican majority) boosted speculation that higher US fiscal spending will benefit the US growth trajectory. In contrast, euro zone growth remains challenged while prospects for Japan look particularly poor. We believe that the global recovery will be structurally lower than in previous cycles, mainly due to lower productivity growth, ongoing broad-based balance sheet repair (deleveraging) and shifting demographics (older populations tend to save more and spend less). BREXIT is another factor that is driving uncertainty about the prospects for a more sustained strong global recovery.

Most emerging market economies are caught between a mixed outlook for the developed world, the implication of structurally lower Chinese economic growth on commodity demand and the US Federal Reserve's well telegraphed intent to normalise monetary policy. Therefore, commodity producers with large external imbalances, such as SA, remain particularly vulnerable.

Locally, the biggest impediment to higher local growth remains of a more structural nature. The second quarter's higher GDP growth rate was unsustainable and this is supported by disappointing manufacturing, mining and retail data releases during the third quarter. Encouragingly, overdue engagement between government and business raises the prospect of unlocking some domestic growth potential – but prompt and practical follow through is still necessary for it to be impactful. Quite frankly, the jury is still out on actual delivery, which if it happens, can only be expected to produce results in the long run.

Inflation

Global inflation trends are likely to remain subdued in our view. Final demand is simply not strong enough. If any, we believe that central banks in the developed world should revisit the general dogmatic pursuit of a 2% inflation target and the appropriate level of so-called price stability.

Locally, a milder than previously envisioned food inflation forecast, fairly stable crude oil prices and recent rand appreciation have forced down our 2016 and 2017 annual average inflation forecasts to 6.3% and 5.4% respectively. We temper excitement about the expected lower future inflation path simply because a level of around 5% is still too far above the bottom end of the inflation target range and actual inflation in many parts of the globe. Banking on continued currency depreciation to maintain global competitiveness is unsustainable in the long run. The central bank has no option but to prioritise and target price stability at a lower level.

Balance of payments

The combination of years of rand weakness and an improved terms of trade position is finally lending relief to the fragile balance of payment situation. As a result, we expect a narrowing in the current account deficit from an annual average of 4.4% in 2015 to 3.7% in both 2016 and 2017. However, even at these lower levels, SA is still saddled with a relatively weak external trade position, which in turn will remain a drag on the currency. The unfavourable and growing income account deficit (primarily comprised of net dividend and interest payments to foreigners), has become a significant drag on a sustained and meaningful balance of payments recovery. One of the dark sides of the foreign rush into local currency debt is exactly this; unless of course coupons are re-invested, which we do not know for certain.

Key macroeconomic themes *continued*

Monetary policy

Having finally started the long awaited and well telegraphed monetary policy normalisation process, we agree with the Federal Reserve's intent to follow a slow and gradual process. With an unemployment rate just below 5%, slowly-rising wages and the more stable core inflation rate hovering above 2%, we feel strongly that the Federal Reserve should resume the normalisation process at the first available opportunity, but for obvious reasons at an appropriately slow pace.

The current trend of global monetary policy divergence is expected to continue over the next year or so. With more policy tightening in the US on the cards, the European Central Bank and Bank of Japan will retain their quantitative easing and negative interest rate policy programmes, with some tweaks. At the same time, some of the smaller advanced and commodity-driven economies may be forced to ease policy, mainly due to below-trend economic growth and a modest inflation backdrop. On the positive side, monetary policy divergence will act to soften the impact of higher US rates on global growth.

In the case of SA, we feel comfortable with the prospects of the South Africa Reserve Bank (SARB) being at the peak of the interest rate tightening cycle. A cautious approach is supported by the weak economic growth backdrop, low levels of credit extension growth and limited evidence of demand-led inflation. However, considering the size of the balance of payments deficit and the stickiness of inflation (in the upper end of the target range), we deem a neutral policy stance (thus no cuts) as the most appropriate course for monetary policy.

Fiscal policy

The Minister of Finance followed the realistic and balanced national budget delivered in February with a reasonable Medium Term Budget Policy Statement, considering very challenging circumstances. However, we cannot ignore the marginal slippage relative to the February commitment on the planned consolidation path, which has indeed confirmed our fears of elevated execution risk in the outer years of the Medium Term Expenditure Framework. While bearing cognisance of a raft of new policies aimed at improving the governance of SOEs, the financial state of some state-owned enterprises, and the implications for a finely balanced fiscal position, remain a significant concern. Recent changes at SAA are not entirely convincing either. In addition, some SOEs appear to act in contravention of the Public Finance Management Act as demonstrated by recent events at the Strategic Fuel Fund. Our concern about the implication of this on the already high level of contingent liabilities at a national level remains elevated.

At a macro level, discussions around structural economic reform seem to have yielded some fruit, with a suggested minimum wage of R3 500. However, a number of policy initiatives are still unresolved. This includes important changes to mining legislation as well as agreement on secret strike-balloting. The risk we run from a credit ratings perspective is that the lack of promised structural reforms start weighing more than the strengths offered by monetary and fiscal policy credibility.

Investment view and strategy

The global growth recovery remains fragile and patchy, which sets the scene for a modest future inflation profile as well as significant monetary policy divergence. It also implies a steady and shallow tightening cycle for the few economies that are in a position to normalise monetary policy, especially the US. This should cap global bond yields. On the negative side, the continued uncertainty about the global, and particularly the Chinese, growth outlook remains a risk – especially for emerging market commodity producers with a weak external position in both absolute and relative terms, like South Africa. We also expect global risk appetite to remain volatile and do not regard market rallies boosted by expectations of more policy easing to be sustainable. If any, we are starting to fear that the unintended consequences of unprecedented monetary policy measures among the major developed market central banks should not be ignored. Monetary policy has lost its effectiveness on final demand and instead has caused major distortions, mainly across developed bond markets. This requires a serious consideration of a change in the policy mix. The impact of fiscal spending on final demand tends to be more effective.

Locally, we still expect a bout of upward pressure on inflation over the next three to four months, but are more focused on the downward trend expected for next year. While the South African Reserve Bank has now adopted a neutral bias, it is unlikely that they would consider interest rate cuts soon. The external imbalance is simply too big to allow for a lower real repo rate, while unpredictable currency swings continue to pose a risk to the more benign inflation outlook. Although the Minister of Finance is clearly determined to rectify the damage to fiscal policy credibility and, by implication, to avoid a sovereign credit downgrade to non-investment grade status, the jury is still out on actual delivery. Therefore, the risk of a credit rating downgrade over the next 12 months still hovers. In the short term, local political uncertainty remains a nagging risk. This is particularly worrying considering how much risk has been priced out of the market since the end of last year, mostly the result of the global reach for yield which has managed to whitewash the economic and policy sins of South Africa.

Considering the above, we will continue to approach the market with caution. The emphasis therefore remains on capital preservation. This is expressed by the large underweight modified duration and 12+ year nominal bond positions. We have reduced our inflation-linked bond holding significantly in response to the more benign twelve month inflation outlook and have instead opted to create an overweight position in short- and medium-dated nominal bonds. The biggest risk to our cautious stance is sustained net foreign inflows into the local nominal bond market.

Our broad interest rate investment strategy for a core bond fund benchmarked against the ALBI is as follows:

- Modified duration – Underweight (70% of maximum allowable range)
- Cash – Small overweight
- Nominal bonds (1-12 years) - Overweight
- Nominal bonds (12+ year) - Underweight
- Inflation-linked bonds – Zero holding

Key economic indicators and forecasts (annual averages)

	2013	2014	2015	2016	2017	2018
Global GDP						
USA	1.9%	2.4%	2.4%	1.5%	2.0%	2.0%
Euro area	-0.4%	0.9%	1.5%	1.6%	1.5%	1.5%
Japan	1.6%	-0.1%	0.5%	0.7%	1.1%	1.3%
China	7.7%	7.4%	6.9%	6.7%	6.4%	6.2%
SA GDP	2.2%	1.5%	1.3%	0.5%	1.3%	1.5%
SA Headline CPI	5.8%	6.1%	4.6%	6.3%	5.4%	5.5%
SA Current Account (% of GDP)	-5.8%	-5.4%	-4.4%	-3.7%	-3.7%	-4.0%

Source: Old Mutual Investment Group

Produced by



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Portfolio Manager &
Head: Interest Rate Process

Product information and performance

Product	Benchmark	Description	Portfolio manager	Inception date	Investment returns	1 Year	3 Years*	5 Years*	7 Years*	10 Years*	Since inception*
MONEY MARKET											
Call Money Market	Average Call rate of four largest SA banks	Aims to provide maximum return on overnight cash investments.	Nazley Bardien	January 2000	Product Benchmark Outperformance	7.01% 6.68% 0.33%	6.11% 5.71% 0.40%	5.70% 5.25% 0.45%	5.78% 5.30% 0.48%	7.06% 6.58% 0.48%	7.07% 6.59% 0.48%
Core Money Market	STeFI 3-month Index	Targets high cash returns through a carefully balanced and actively managed mix of short-term interest-bearing investments. The weighted average duration for the Composite may not exceed 120 days.	Michael van Rensburg	July 2004	Product Benchmark Outperformance	8.11% 6.97% 1.14%	7.05% 6.20% 0.85%	6.54% 5.80% 0.74%	6.61% 5.88% 0.73%	7.87% 7.09% 0.78%	7.84% 7.13% 0.71%
180 day Enhanced Money Market	STeFI Composite Index	Targets high cash returns through a carefully balanced and actively managed mix of short- and medium-term interest-bearing investments with maturities ranging from 180 days to 2 years.	Michael van Rensburg	July 2004	Product Benchmark Outperformance	8.42% 7.31% 1.11%	7.28% 6.52% 0.76%	6.76% 6.06% 0.70%	6.84% 6.07% 0.77%	8.06% 7.22% 0.84%	8.06% 7.23% 0.83%
STeFI PLUS											
Yield Enhanced A STeFI+ Short Term	STeFI Composite Index	Targets high cash returns through active interest rate risk management and yield enhancement. The Composite's weighted average rated credit quality must be a minimum of A-. Weighted average term to maturity less than 365 days.	Daphne Botha	October 2002	Product Benchmark Outperformance	8.68% 7.31% 1.37%	7.76% 6.52% 1.24%	7.69% 6.06% 1.63%	7.65% 6.16% 1.49%	8.69% 7.32% 1.37%	8.97% 7.80% 1.17%
Yield Enhanced A STeFI+	STeFI Composite Index	Targets high cash returns through active interest rate risk management and yield enhancement. The Composite's weighted average rated credit quality must be a minimum of A based on official ratings. Weighted average term to maturity less than five years.	Daphne Botha	January 2010	Product Benchmark Outperformance	9.99% 7.31% 2.68%	8.72% 6.52% 2.20%	8.46% 6.06% 2.40%			8.52% 6.14% 2.38%
Yield Enhanced BBB STeFI+	STeFI Composite Index	Targets high cash returns through active interest rate risk management and yield enhancement. The Composite's weighted average rated credit quality must be a minimum of BBB.	Daphne Botha	February 2010	Product Benchmark Outperformance	12.12% 7.31% 4.81%	10.79% 6.52% 4.27%	10.35% 6.06% 4.29%			10.14% 6.12% 4.02%

Product	Benchmark	Description	Portfolio manager	Inception date	Investment returns	1 Year	3 Years*	5 Years*	7 Years*	10 Years*	Since inception*
STEFI PLUS CONT.											
Yield Enhanced BB SteFI+	STeFI Composite Index	Targets high cash returns through active interest rate risk management and yield enhancement. The Composite's weighted average rated credit quality must be a minimum of BB.	Daphne Botha	January 2012	Product Benchmark Outperformance	12.40% 7.31% 5.09%	13.36% 6.52% 6.84%				12.39% 6.07% 6.32%
Yield Enhanced Geared BB SteFI+	STeFI Composite Index	Targets high cash returns through active interest rate risk management and yield enhancement, as well as equity risk. The Composite's weighted average rated credit quality must be a minimum of BB-.	Daphne Botha	January 2008	Product Benchmark Outperformance	12.39% 7.31% 5.08%	13.15% 6.52% 6.63%	11.89% 6.06% 5.83%	12.03% 6.16% 5.87%		12.12% 7.08% 5.04%
Power Debt***	STeFI Composite Index	Targets high cash returns through active interest rate risk management and yield enhancement. The Composite's weighted average rated credit quality must be a minimum of BBB. Investments in this product are limited to listed and unlisted assets in the power sector and supporting industries.	Paul Semple	May 2014	Product Benchmark Outperformance	11.71% 7.31% 4.40%	11.70% 6.52% 5.18%				10.36% 6.18% 4.18%
INCOME											
Core Income	50% STeFI Call Deposit Index; 50% 3-7 Years All Bond Index	Aims to deliver excess return by investing in money market and bond assets with a focus on yield enhancement while limiting interest rate risk to a maximum average duration of two years.	Wikus Furstenberg	November 2002	Product Benchmark Outperformance	7.70% 7.67% 0.03%	7.01% 6.89% 0.12%	6.66% 6.11% 0.55%	7.03% 6.47% 0.56%	8.06% 7.37% 0.69%	8.53% 7.91% 0.62%
Flexible Income	110% SteFI Call Index	Aims to deliver excess return by investing in money market, bonds, preference shares and listed property and taking advantage of yield enhancement and capital growth opportunities. The composite is not limited by duration constraints.	Wikus Furstenberg	July 2006	Product Benchmark Outperformance	7.97% 7.47% 0.50%	6.91% 6.57% 0.34%	7.40% 6.13% 1.27%	7.87% 6.46% 1.41%	8.83% 7.30% 1.53%	8.88% 7.28% 1.60%
Yield Enhanced Income	20% All Bond Index; 80% STeFI Composite Index	Aims to deliver excess returns through a combination of active interest rate risk management and yield enhancement by investing in listed and unlisted assets. Interest rate risk is constrained.	Wikus Furstenberg	May 2012	Product Benchmark Outperformance	9.07% 7.16% 1.91%	8.46% 6.62% 1.84%				8.45% 6.28% 2.17%

Product	Benchmark	Description	Portfolio manager	Inception date	Investment returns	1 Year	3 Years*	5 Years*	7 Years*	10 Years*	Since inception*
INTEREST RATE ASSET ALLOCATION											
Interest Rate Asset Allocation	ALBI (62.5%); JSE ILB IGOV Index (30%); STe-FI Call Deposit Index (7.5%)	Aims to deliver excess return mainly through a combination of aggressive asset allocation within the various interest-bearing asset classes.	Wikus Furstenberg	July 2010	Product Benchmark Outperformance	5.97% 5.80% 0.17%	7.56% 6.99% 0.57%	8.83% 7.54% 1.29%			9.45% 8.41% 1.04%
INFLATION-LINKED BONDS											
Passive ILB Index	Barclays Capital/ Absa SAGILB	Aims to match the returns of the benchmark through passive interest rate and yield curve management.	Nazley Bardien	September 2005	Product Benchmark Outperformance	4.69% 4.71% -0.02%	7.44% 7.47% -0.03%	8.49% 8.56% -0.07%	9.22% 9.29% -0.07%	9.45% 9.53% -0.08%	9.73% 9.80% -0.07%
Core ILB	JSE ILB IGOV Index	Aims to deliver excess return through active interest rate risk management and limited yield enhancement.	Wikus Furstenberg	November 2005	Product Benchmark Outperformance	4.73% 4.67% 0.06%	7.35% 7.48% -0.13%	8.76% 8.57% 0.19%	9.68% 9.30% 0.38%	9.80% 9.53% 0.27%	9.89% 9.64% 0.25%
Yield Enhanced Inflation-linked	RSA Inflation Linked Government Bond R202 Total Return Index	Targets high cash returns through a combination of active, real and nominal interest rate risk management and yield enhancement by investing in listed and unlisted assets.	Mei-Chi Liou	June 2011	Product Benchmark Outperformance	6.75% 4.23% 2.52%	10.78% 8.16% 2.62%	11.52% 9.17% 2.35%			11.53% 9.40% 2.13%
Power Inflation-linked***	RSA Inflation Linked Government Bond I2038 Total Return Index	Targets high cash returns through a combination of active, real and nominal interest rate risk management and yield enhancement by investing in listed and unlisted assets in the power sector and supporting industries.	Mei-Chi Liou	January 2014	Product Benchmark Outperformance	7.08% 3.80% 3.28%	12.79% 9.64% 3.15%				9.42% 6.90% 2.52%
Infrastructure & Development Inflation-linked	Barclays BESA SAGILB 15+	Targets high cash returns through a combination of active, real and nominal interest rate risk management and yield enhancement by investing in listed and unlisted socially responsible and developmental assets.	Mei-Chi Liou	Pending	Product Benchmark Outperformance	N/A					
NOMINAL BONDS											
Passive All Bond	All Bond Index	Aims to match the returns of the benchmark through passive interest rate and yield curve management.	Nazley Bardien	June 2000	Product Benchmark Outperformance	6.11% 6.08% 0.03%	6.74% 6.74% 0.00%	7.18% 7.18% 0.00%	8.55% 8.56% -0.01%	7.98% 7.96% 0.02%	10.75% 10.72% 0.03%
Core Bond	All Bond Index	Aims to deliver excess return through a combination of interest-bearing asset allocation, active duration management and yield enhancement.	Daphne Botha/ Wikus Furstenberg	January 2000	Product Benchmark Outperformance	6.38% 6.08% 0.30%	7.04% 6.74% 0.30%	7.93% 7.18% 0.75%	9.37% 8.56% 0.81%	8.70% 7.96% 0.74%	11.21% 10.61% 0.60%

Product	Benchmark	Description	Portfolio manager	Inception date	Investment returns	1 Year	3 Years*	5 Years*	7 Years*	10 Years*	Since inception*
NOMINAL BONDS cont.											
Long Duration Bond	All Bond Index 12+ Years	Aims to deliver excess return through active allocation between long-dated fixed rate and inflation-linked bonds, limited yield curve selection, duration management and yield enhancement.	Wikus Furstenberg	December 2006	Product Benchmark Outperformance	4.66% 5.57% -0.91%	6.64% 7.09% -0.45%	7.36% 7.60% -0.24%	8.69% 8.66% 0.03%	7.51% 7.20% 0.31%	7.51% 7.20% 0.31%
Yield Enhanced Bond	All Bond Index	Targets high cash returns through a combination of active interest rate risk management and yield enhancement by investing in listed and unlisted assets.	Jason Lightfoot	December 2001	Product Benchmark Outperformance	8.50% 6.08% 2.42%	9.26% 6.74% 2.52%	9.89% 7.18% 2.71%	11.36% 8.56% 2.80%	10.43% 7.96% 2.47%	11.11% 9.14% 1.97%
Infrastructure & Development Bond	All Bond Index	Targets high cash returns through a combination of active interest rate risk management and yield enhancement by investing in listed and unlisted socially responsible and developmental assets.	Jason Lightfoot	January 1995	Product Benchmark Outperformance	8.22% 6.08% 2.14%	9.22% 6.74% 2.48%	10.02% 7.18% 2.84%	11.49% 8.56% 2.93%	10.70% 7.96% 2.74%	12.61% 10.61% 2.00%
SOCIALLY RESPONSIBLE INVESTMENTS											
Infrastructure & Development Bond	All Bond Index	Targets high cash returns through a combination of active interest rate risk management and yield enhancement by investing in listed and unlisted socially responsible and developmental assets.	Jason Lightfoot	January 1995	Product Benchmark Outperformance	8.22% 6.08% 2.14%	9.22% 6.74% 2.48%	10.02% 7.18% 2.84%	11.49% 8.56% 2.93%	10.70% 7.96% 2.74%	12.61% 10.61% 2.00%
Development Equity	Consumer Price Index (CPI) + 10%	Targeting high returns by investing in equity and related assets that are socially responsible or developmental.	James Howard	September 2006	Product Benchmark	16.03% 16.37% -0.34%	17.37% 15.66% 1.71%	14.94% 15.63% -0.69%	13.89% 15.35% -1.46%	17.86% 16.28% 1.58%	18.20% 16.26% 1.94%
Community Property	Consumer Price Index (CPI) + 4%	A portfolio specialising in the finance and development of retail shopping centres catering to the needs of under-served communities throughout South Africa.	Smital Rambhai (Product Manager)	June 1996	Product Benchmark	18.51% 10.36% 8.15%	12.59% 9.65% 2.94%	11.67% 9.62% 2.05%	10.72% 9.35% 1.37%	11.92% 10.27% 1.65%	13.12% 9.88% 3.24%
Agri	Consumer Price Index (CPI) + 10%	A portfolio specialising in equity investments in agricultural land, agribusinesses and farming infrastructure.	Smital Rambhai (Product Manager)	March 2010	Product Benchmark	N/A					

Product	Benchmark	Description	Portfolio manager	Inception date	Investment returns	1 Year	3 Years*	5 Years*	7 Years*	10 Years*	Since inception*
SOCIALLY RESPONSIBLE INVESTMENTS cont.											
Development Balanced***	A composite weighting of the underlying funds' benchmarks.	A balanced portfolio providing investors with social impact from a targeted and development perspective and exposure to listed equities that track the JSE's SRI Index.	James Howard	November 2004	Product Benchmark Outperformance	5.86% 3.41% 2.45%	7.26% 5.11% 2.15%	10.18% 7.93% 2.25%	10.51% 8.79% 1.72%	10.11% 8.71% 1.40%	12.85% 11.82% 1.03%
Power Debt***	STeFI Composite Index	Targets high cash returns through active interest rate risk management and yield enhancement. The Composite's weighted average rated credit quality must be a minimum of BBB. Investments in this product are limited to listed and unlisted assets in the power sector and supporting industries.	Paul Semple	May 2014	Product Benchmark Outperformance	11.71% 7.31% 4.40%	11.70% 6.52% 5.18%				10.36% 6.18% 4.18%
Power Inflation-linked bond***	RSA Inflation Linked Government Bond I2038 Total Return Index	Targets high cash returns through a combination of active, real and nominal interest rate risk management and yield enhancement by investing in listed and unlisted assets in the power sector and supporting industries.	Mei-Chi Liou	January 2014	Product Benchmark Outperformance	7.08% 3.80% 3.28%	12.79% 9.64% 3.15%				9.42% 6.90% 2.52%
Infrastructure & Development Inflation-linked bond	Barclays BESA SAGILB 15+	Targets high cash returns through a combination of active, real and nominal interest rate risk management and yield enhancement by investing in listed and unlisted socially responsible and developmental assets.	Mei-Chi Liou	Pending	Product Benchmark Outperformance	N/A					

Currency: ZAR/Gross of fees

* Annualised

** Currently investors are Futuregrowth staff who may elect to invest through their retirement funds.

*** Portfolio returns. Supplemental information.

FUTUREGROWTH

/ ASSET MANAGEMENT

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