FUTUREGROWTH

/ ASSET MANAGEMENT

Monthly Review

October 2017

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The Futuregrowth story

A vision unfolding

Would the founders of Futuregrowth in 1994 recognise the leading asset management company it's become today?

Originally, Futuregrowth was founded to bring Michael Leeman's honours thesis to life. Backed by Southern Life, the initial suite of funds focused on social development and empowerment. The aim was to make money for pension funds while investing in disadvantaged communities.

Fast forward more than 20 years and today Futuregrowth manages around R170 billion of clients' assets, across the full range of fixed interest and development funds, and plays a key leadership role in the asset management industry in South Africa.

During this time, and under the leadership of Paul Rackstraw and Andrew Canter, we have not waivered from our purpose: "to protect and grow investors' savings through skill and diligence in a way that engenders trust and sustainably enriches people's lives, while being a positive force in society, markets and for all our stakeholders".

This purpose is based on the belief that investors can genuinely make a positive difference in society while earning sound investment performance for pension fund members.

This belief is what inspires us to pioneer development funds in sectors such as infrastructure, rural and township retail property, agriculture and renewable energy, channeling funds into innovative deals including low-income housing construction, a church in Soweto, urban regeneration projects and taxi finance, to name a few.

Because of our commitment to our clients, Futuregrowth has on various occasions taken action that has not necessarily been in our own best interests. Take the furore that ensued in 2016 after we announced that we could no longer in good conscience invest pension fund members' assets in certain SOEs until we had concluded a governance review.

On another occasion, we identified unfair and unsustainable practices within the micro-lending industry as non-developmental and ceased further investments from our development funds into this sector.

So to answer the question raised at the outset, we believe the answer is yes. The original concept of Futuregrowth is still alive, and thriving, in the Futuregrowth of today. Because even though the company has developed into a large and successful asset management brand, the philosophical belief on which the business was founded is still at the core of everything we do.

Market review

Economic and market review

Earlier undertaking of fiscal consolidation proved to be very unrealistic	The overwhelming driver of local bond market sentiment over the last month has been the Medium Term Budget Policy Statement (MTBPS). As we feared, the Minister of Finance could not hide the fact that the earlier undertaking of fiscal consolidation had been very unrealistic. Our investment theme, "When sustained low economic growth becomes bond bearish", unfortunately continues to play out. The latest fiscal numbers once again confirmed the undeniably strong link between economic growth and tax revenue collection. For now, significant tax revenue under-collection will force government to turn hat-in-hand to capital markets forcing the outstanding debt to GDP ratio much higher than previously anticipated. On the positive side, we believe that the latest estimates are more realistic and stand a better chance of lending some credibility to the budget process.
Bond yields spike on worse than expected mid-term budget update	As could be expected, the bond market response was vicious. The yield of the benchmark R186 (maturity 2026) spiked by more than 40 basis points to 9.27%, the highest level in more than a year. Although yields did pull back at month-end, the R186 yield still ended October 55bps weaker at 9.095%. More importantly, the yields of longer-dated bonds rose more than those of shorter-dated bonds, causing the slope of the nominal bond yield curve to steepen.
Bearish yield curve steepening reflecting fear of rising debt issuance and ratings downgrade	As a result, nominal bonds with a term to maturity of 12 years and longer, returned -2.7% compared to a significantly smaller loss of 0.2% for bonds in the 1-3 year maturity band. The All Bond Index rendered a return of -2.3%, well below the cash return of +0.6%. The forced selling around the budget points in the direction of foreign investors, who had been eager buyers of local currency bonds in the months leading up to the October event. Even so, the size of the post-MTBPS foreign sales was fairly small relative to the more than R70 billion accumulated since the start of this year by these investors, which implies that bond yields may rise a lot more should foreign investors decide to commence with more selling.
Our view of another round of rating downgrades closer to reality	One possible catalyst for continued foreign selling would be in response to international rating agencies' action, particularly Moody's and Standard and Poor's, who still have South African local currency bonds listed on the lowest step of the investment grade ladder. A local currency ratings downgrade is required by both agencies to result in South Africa's exclusion from some international bond indices, in turn forcing passive investors to liquidate their holdings.
Steady increase in global bond yields	Other noticeable happenings the past month include the steady increase in US and Euro bond yields, confirmation of stable local inflation in the short term and some tentative signs that local economic growth has lifted somewhat in the third quarter. However, none of these were strong enough to offset the negative implications of a significantly higher budget deficit on the South African economy in general and the local bond market in particular.

Market summary

Key macroeconomic themes

Economic growth	A moderate, uneven global economic recovery remains our base case, with a relatively strong US economy still leading the way. Although improving, we believe that the global recovery will continue to be structurally lower than in previous cycles, mainly due to lower productivity growth, ongoing broad-based balance sheet repair (deleveraging) and shifting demographics (ageing populations tend to save more and spend less). Most emerging market economies are caught between an improved, but still mixed outlook for the developed world, the implication of structurally lower Chinese economic growth on commodity demand as well as the US Federal Reserve's well telegraphed intent to normalise monetary policy. Therefore, commodity producers with external imbalances, such as SA, remain vulnerable. Locally, the biggest impediment to higher local growth remains of a more structural nature. Without urgent macroeconomic policy reform, any short-term cyclical upswing from the primary and secondary sectors of the economy will prove inadequate in addressing South Africa's economic growth ills. The low growth trap largely remains the result of a serious policy vacuum, policy uncertainty and unpredictability, weak consumer and investor confidence and a sclerotic labour market. Poorly managed state-owned enterprises also remain a negative contributor.
Inflation	The strong rise in energy and other raw material prices in the last few months has started showing in headline inflation numbers in many economies. Although reflation is welcomed with open arms, since this is what policy makers had aimed to achieve, the feed-through to underlying inflation is still not entirely convincing. Final demand is simply not yet strong enough. Locally, the telegraphed drop in food inflation and a broadly neutral currency view result in our 2017 annual average inflation forecast of 5.3%. Recent rand weakness in response to the President's 13th cabinet reshuffle as well as a disappointing MTBPS do not yet pose a meaningful threat to our medium-term inflation outlook, given that a weaker rand assumption has been accounted for in our consumer price inflation forecasts.
Balance of payments	Significant rand depreciation until about 18 months ago, an improved terms of trade position and a pick-up in global economic activity are lending relief to the balance of payments position. Weaker local consumer demand also proved to be a drag on merchandise imports. As a result, we expect a narrowing of the current account deficit from an annual average of 3.3% in 2016 to 2.2% in 2017, followed by a widening to 3.0% in 2018. The unfavourable income account deficit (primarily comprised of net dividend and interest payments to foreigners) remains a considerable drag on a sustained and meaningful balance of payments correction. A stronger currency may also limit a significant further narrowing of the current account deficit over the medium term.

Key macroeconomic themes continue

Monetary policy

Now firmly down the path of monetary policy normalisation in the US, we agree with the Federal Reserve's continued intent to follow a slow and gradual process. With an unemployment rate seemingly stuck below 5%, slowly-rising wages and the PCE core inflation rate slowly tending towards 2%, we believe that the Federal Reserve should continue with its interest rate normalisation process, but, for obvious reasons, at an appropriate pace. We believe that the imminent shrinking of the Federal Reserve's large balance sheet (the largest since the Second World War in response to the aftermath of the 2008 financial crisis) will be conducted in an interest rate neutral manner. Even so, this process should over time contribute to a gradual lift in the ceiling for US Treasury yields, especially if US economic growth remains on the path to recovery.

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 (ECB) and Bank of Japan will retain their respective quantitative easing and negative interest rate policy programmes, but with some tweaks. More recently, financial markets had to absorb slightly less dovish signals from the ECB and the Bank of England. We expect the central bank hawks to slowly gain some ground over the next few months.

The South African Reserve Bank thought it wise to reduce the repo rate in July, taking its cue from 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 (albeit improving) and the stickiness of inflation (still in the upper end of the target range), we deem a neutral policy stance (thus no more cuts) as the most appropriate course for monetary policy right now.

Fiscal policy

National Treasury now confronts a challenging fiscal path, as outlined in the tabling of a disappointing Medium Term Budget. As we've previously highlighted, structurally weak domestic growth is severely impeding the consolidation of SA's budget balance. We now look to the urgent delivery of fiscal and SOE reform to reinvigorate consumer and business confidence as the scope to steer SA Inc. towards a sustainable growth path quickly narrows.

Addressing the contingent liability overhang to the fiscus provided by SOEs is critical to regaining fiscal prudence. The recent reconstitution of the SAA board is a positive development in this regard and we look to the continuation of similar strong action on SOE governance.

Lastly, we remain concerned about flagging revenue collections by the South African Revenue Service as recent efficiency gains by the agency seemingly unwind. We'll continue to cast a keen eye on monthly revenue performance statistics.

Investment view and strategy

The modest global economic recovery sets the scene for limited inflationary pressure and a steady monetary tightening cycle for the few economies that are in a position to normalise policy. Our view remains that global bond markets are not appropriately priced, leaving some room for rising yields. Although the Federal Reserve and European Central Bank are both adamant that the unwinding of their respective balance sheets will be done in an interest rate neutral way, we believe that this long process will contribute to the lifting of the current ceiling on global bond rates over time.

Locally, the downward trend to inflation is entrenched, supported mostly by significantly lower food price increases while weak consumer demand is also playing a role. While the South African Reserve Bank has surprised many with the timing of the July cut, we still believe that a strong easing cycle should not be pursued. The external trade imbalance, albeit improving, is still too big to allow for a significantly lower real repo rate.

Our main concern remains the strong link between the local low economic growth backdrop and tax revenue collection. Persistent sub-trend economic growth and macro policy uncertainty have negative implications for fiscal consolidation and, eventually, sovereign credit ratings. The confirmation of these concerns with the tabling of the MTBPS does not imply that the theme has played out in full.

Negative ratings momentum in the medium to longer term caused mainly by sustained sub-trend economic growth as well as uncertainty about the fiscal outlook does not match the continued aggressive accumulation of local currency bonds by foreign investors. This mismatch presents a potential lethal mix for the local bond market. So, most market participants, including us at Futuregrowth, expect a noticeable sell-off fuelled by foreign investors when an imminent further credit rating downgrade forces the exclusion of the country from certain global bond indices. This selling refers specifically to the so-called benchmark constrained investor, who makes up more than half of the foreign holding of Rand denominated government bonds. However, it is worthwhile to consider the role the so-called benchmark-unconstrained investor could play in capping a bond sell-off.

Considering this, we shall continue to approach the market with extreme caution.

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

- Modified duration - Underweight (100% of maximum allowable range)
- Cash - Overweight
- Nominal bonds (1-3 years) - Underweight
- Nominal bonds (3-7 years) - Overweight
- Nominal bonds (7-12 years) - Underweight
- Nominal bonds (12+ year) - Underweight
- Inflation-linked bonds - Started the accumulation of a small holding of short-dated bonds

Key economic indicators and forecasts
(annual averages)

	2013	2014	2015	2016	2017	2018
Global GDP	2.6%	2.8%	2.9%	2.5%	3.1%	3.0%
SA GDP	2.2%	1.5%	1.3%	0.5%	0.8%	2.0%
SA Headline CPI	5.8%	6.1%	4.6%	6.3%	5.3%	4.8%
SA Current Account (% of GDP)	-5.8%	-5.4%	-4.4%	-3.3%	-2.5%	-3.5%

Source: Old Mutual Investment Group

Produced by

Wikus Furstenberg
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	7.25% 6.84% 0.41%	6.67% 6.25% 0.42%	6.06% 5.63% 0.43%	5.86% 5.41% 0.45%	6.87% 6.39% 0.48%	7.09% 6.61% 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	8.38% 7.20% 1.18%	7.73% 6.71% 1.02%	6.98% 6.12% 0.86%	6.70% 5.94% 0.76%	7.75% 6.91% 0.84%	7.87% 7.13% 0.74%
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	8.65% 7.60% 1.05%	8.03% 7.07% 0.96%	7.18% 6.43% 0.75%	6.92% 6.18% 0.74%	7.98% 7.08% 0.90%	8.10% 7.26% 0.84%
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	9.47% 7.60% 1.87%	8.43% 7.07% 1.36%	7.95% 6.43% 1.52%	7.83% 6.22% 1.61%	8.66% 7.18% 1.48%	9.00% 7.79% 1.21%
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	10.44% 7.60% 2.84%	9.50% 7.07% 2.43%	8.82% 6.43% 2.39%	8.64% 6.22% 2.42%		8.75% 6.31% 2.44%
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	11.85% 7.60% 4.25%	11.65% 7.07% 4.58%	10.54% 6.43% 4.11%	10.35% 6.22% 4.13%		10.29% 6.30% 3.99%

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	11.20% 7.60% 3.60%	12.78% 7.07% 5.71%	12.46% 6.43% 6.03%			12.05% 6.31% 5.74%
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	11.51% 7.60% 3.91%	12.77% 7.07% 5.70%	12.46% 6.43% 6.03%	11.73% 6.22% 5.51%		11.98% 7.13% 4.85%
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	11.87% 7.60% 4.27%	11.39% 7.07% 4.32%				11.60% 6.93% 4.67%
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	7.97% 8.00% -0.03%	7.33% 7.30% 0.03%	6.70% 6.46% 0.24%	7.00% 6.59% 0.41%	8.01% 7.37% 0.64%	8.53% 7.97% 0.56%
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	9.31% 7.64% 1.67%	7.75% 7.11% 0.64%	7.19% 6.48% 0.71%	7.74% 6.29% 1.45%	8.66% 7.23% 1.43%	8.93% 7.31% 1.62%
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	9.61% 7.10% 2.51%	8.92% 6.83% 2.09%	8.52% 6.38% 2.14%			8.68% 6.50% 2.18%

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%); STeFI 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	6.14% 3.40% 2.74%	6.10% 5.19% 0.91%	7.14% 5.82% 1.32%	8.70% 7.40% 1.30%		9.21% 8.03% 1.18%
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	-0.70% -0.82% 0.12%	3.81% 3.73% 0.08%	5.25% 5.25% 0.00%	7.90% 7.96% -0.06%	8.84% 8.88% -0.04%	9.00% 9.05% -0.05%
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	0.16% -0.83% 0.99%	4.13% 3.76% 0.37%	5.44% 5.27% 0.17%	8.37% 7.98% 0.39%	9.25% 8.89% 0.36%	9.16% 8.84% 0.32%
Yield Enhanced Long Duration ILB	Barclays SAGILB 15+ 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	-1.13% -4.05% 2.92%	4.87% 2.28% 2.59%	7.56% 5.00% 2.56%			9.68% 7.45% 2.23%
Power ILB***	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	-0.71% -4.85% 4.14%	5.72% 2.27% 3.45%				7.68% 4.78% 2.90%
Infrastructure & Development ILB	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	5.06% 5.04% 0.02%	5.61% 5.61% 0.00%	5.99% 5.98% 0.01%	7.22% 7.23% -0.01%	8.02% 8.01% 0.01%	10.58% 10.56% 0.02%
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	6.44% 5.04% 1.40%	6.23% 5.61% 0.62%	6.77% 5.98% 0.79%	8.03% 7.23% 0.80%	8.83% 8.01% 0.82%	11.08% 10.45% 0.63%

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	3.91% 3.52% 0.39%	4.55% 4.81% -0.26%	5.99% 6.16% -0.17%	6.90% 6.92% -0.02%	7.59% 7.26% 0.33%	7.47% 7.16% 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	7.18% 5.04% 2.14%	7.89% 5.61% 2.28%	8.48% 5.98% 2.50%	9.92% 7.23% 2.69%	10.52% 8.01% 2.51%	11.01% 9.05% 1.96%
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	7.08% 5.04% 2.04%	7.80% 5.61% 2.19%	8.55% 5.98% 2.57%	10.01% 7.23% 2.78%	10.62% 8.01% 2.61%	12.44% 10.45% 1.99%
DEVELOPMENTAL 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	7.08% 5.04% 2.04%	7.80% 5.61% 2.19%	8.55% 5.98% 2.57%	10.01% 7.23% 2.78%	10.62% 8.01% 2.61%	12.44% 10.45% 1.99%
Development Equity	Consumer Price Index (CPI) + 10%	Targeting high returns by investing in equity and related assets that are socially responsible or develop-mental.	James Howard and Sarah de Villiers	September 2006	Product Benchmark	4.91% 15.07% -10.16%	11.57% 15.27% -3.70%	14.29% 15.54% -1.25%	13.45% 15.56% -2.11%	12.63% 16.04% -3.41%	16.99% 16.16% 0.83%
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-serviced communi-ties throughout South Africa.	Smital Rambhai	June 1996	Product Benchmark	25.43% 9.07% 16.36%	17.74% 9.26% 8.48%	14.75% 9.53% 5.22%	12.87% 9.55% 3.32%	11.63% 10.03% 1.60%	13.79% 9.84% 3.95%
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*
DEVELOPMENTAL 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	12.74% 12.93% -0.19%	7.45% 6.04% 1.41%	9.98% 8.51% 1.47%	10.62% 9.13% 1.49%	8.55% 8.01% 0.54%	13.01% 12.13% 0.88%
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	11.87% 7.60% 4.27%	11.39% 7.07% 4.32%				11.60% 6.93% 4.67%
Power ILB***	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	-0.71% -4.85% 4.14%	5.72% 2.27% 3.45%				7.68% 4.78% 2.90%
Infrastructure & Development ILB	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 infomation.

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