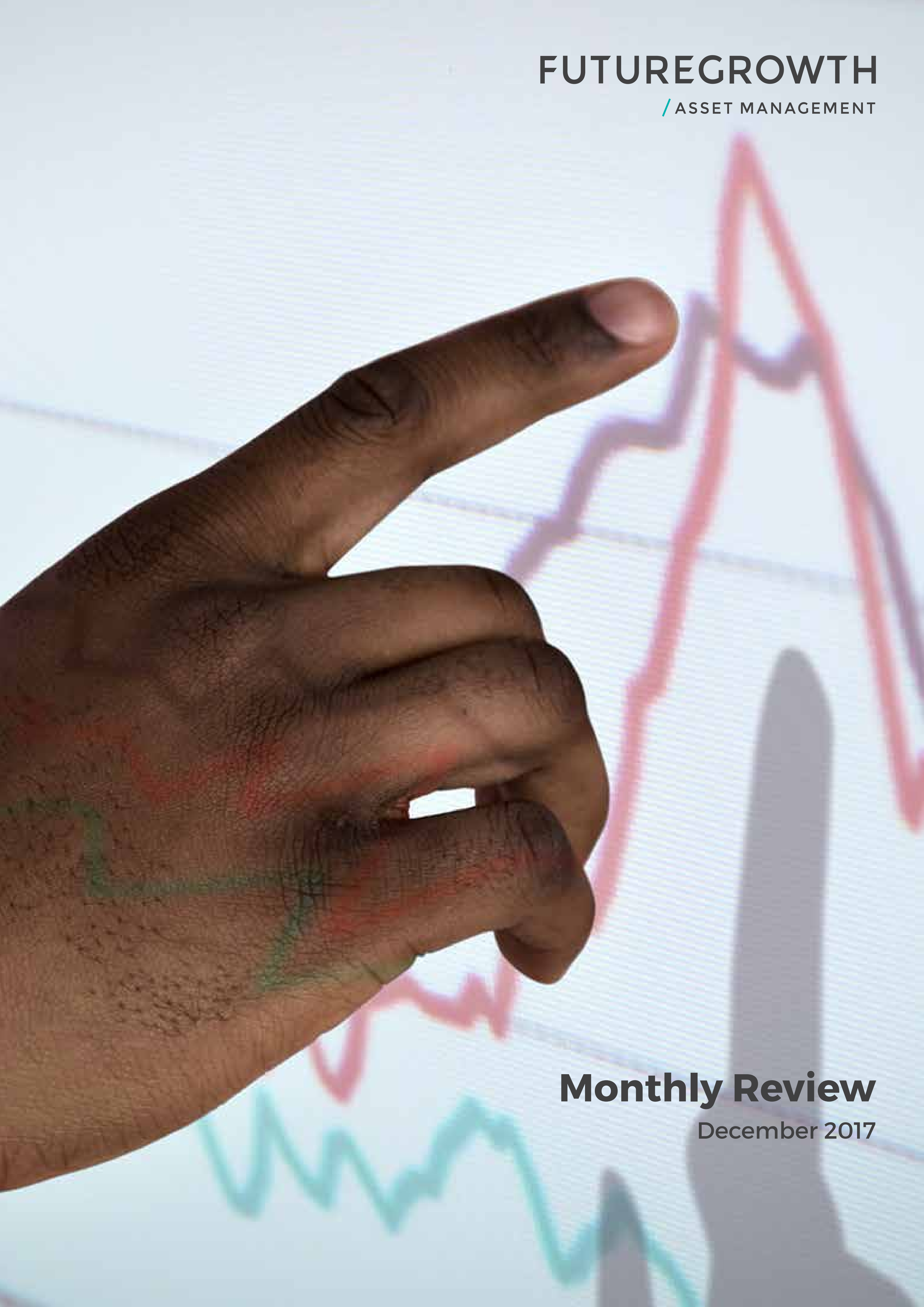
FUTUREGROWTH
ASSET MANAGEMENT



Monthly Review

December 2017

Contents

Page 3
The Futuregrowth story
Page 4
Economic and market review
Page 5-7
Market summary
Page 8-12
Product information and performance

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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

Intense bond market roller coaster ride	For the local bond market, the fourth quarter of 2017 was dominated by two events. In October, a disastrous Medium Term Budget Policy Statement (MTBPS) served as the catalyst for a sharp rise in bond yields. A significant widening of the budget deficit, which consequently implies a weakening of South Africa's creditworthiness, fed rising investor concern about the possibility of multiple sovereign credit downgrades. This concern manifested itself in some aggressive bond selling, both by local and foreign investors. As a result, the yield of the benchmark R186 (maturity 2026) increased sharply from a September close of 8.55% to its weakest closing level of 9.47% around mid-November.
SA local currency sovereign debt now rated sub-investment by two of the three major rating agencies	As a result, markets were not surprised when S&P Global Ratings announced on 24 November that it decided to downgrade the South African local currency sovereign credit rating from an investment grade rating of BBB- to a sub-investment grade level of BB+ (negative outlook maintained). In contrast, Moody's rating agency opted to wait until after the ANC Elective Conference in December and the delivery of the 2018/2019 national budget in February before resolving their rating review (Baa3 with a negative outlook). The single downgrade resulted only in the exclusion of South Africa from the Barclays Global Aggregate Index and not the City Bank's World Government Bond Index. Exclusion from the latter requires a sub-investment grade local currency rating from both rating agencies. Rand and bond strength immediately following these announcements suggest that some investors expected ratings downgrades from both S&P Global Ratings and Moody's. The exclusion from both indices would have resulted in a sizeable forced sale by foreign bond investors.
Significant post-ANC Elective Conference relief rally	Following this, local currency and bond market sentiment received another boost when Mr Ramaphosa won election as the party's new leader at the ANC's Elective Conference. Investors were keen to jump to the conclusion that this outcome may prove to be a major turning point for the country. The rand strengthened against the US dollar to levels last recorded in the fourth quarter of 2015. Bonds moved in tandem and the yield of the R186 decreased sharply to close the quarter at 8.59%.
Very strong quarter for long-dated nominal bonds	In light of the above, the fourth quarter of 2017 turned out to be a very strong quarter for nominal bonds, and particularly so for long-duration nominal bonds. The JSE All Bond Index ended its fourth quarter rollercoaster ride with a decent return of 2.2% after reaching an intra-quarter worst point of -4.4%. Cash rendered a return of 1.6% for the same 3-month period. The post ANC Elective Conference relief rally had been strong enough to push the All Bond Index return for the calendar year to 10.2%, well above that of cash (6.8%). The 2017 calendar year was not a good year for inflation-linked bonds. The sharp drop in inflation and rising real yields kept this market on the back foot, with long-dated inflation-linked bonds taking the brunt of the losses. As a result, the JSE Inflation-linked Government Bond Index only managed to eke out a return of 2.6% for the year.

Market summary

Key macroeconomic themes

Economic growth	A moderate 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 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 rigid labour market. Poorly managed state-owned enterprises also remain a negative contributor. Although a new ANC leader has been well received by financial markets in particular, the jury is still out on the planned course and efficacy of corrective policy action. Given the tight margin of victory, as well as the fact that the NEC is relatively evenly split between the two factions, the road to reform may yet prove to be a bumpy one.
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. The sharp rise in crude oil prices is particularly worth noting, especially on the local front. Although global reflation is welcomed, since this is what policy makers had aimed to achieve, the feed-through to underlying inflation remains unconvincing. 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 strength in response to the perceived market friendly outcome of the ANC Elective Conference as well as NERSA's decision to only allow Eskom a 5.2% tariff increase, as opposed to the requested 19.9%, should contribute to a slightly better inflation outlook in 2018.
Balance of payments	An improved terms of trade position and a pick-up in global economic activity are still lending relief to the South African 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 fundamental balance of payments correction. A stronger currency may 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 monetary policy 'normalisation' process. With an unemployment rate seemingly marching to 4% and inflation pressures building in the US, we believe that the Federal Reserve should continue with its interest rate normalisation process. If anything, we are also of the view that it may be in a position to raise rates by more than what is currently priced by markets. While the shrinking of the Federal Reserve's large balance sheet will be conducted in an interest rate neutral manner, this should over time contribute to a gradual lift in the ceiling for US Treasury yields, especially if the economic recovery gathers more momentum. 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 Bank of England. We expect the central bank hawks to slowly gain some ground over the next few months. Following the surprise repo rate reduction in July 2017, the South African Reserve Bank has since consistently remained on a more cautious path. We fully support this more defensive stance. Considering the size of the balance of payments deficit (albeit improving), the stickiness of inflation expectations (still in the upper end of the target range), higher crude oil prices and the increased risk of rand volatility (with a weakening bias), we deem a neutral policy stance the most appropriate course for monetary policy right now. It is worth noting that at the time of writing the forward rate market has started pricing rate cuts.
Fiscal policy	National Treasury still 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 forward to the continuation of similar strong action on SOE governance. For now, the very significant financial assistance required by a growing number of badly managed SOEs and tax revenue under-collection remain the two main threats to fiscal consolidation, and thus an improvement in the credit worthiness of the country.

Investment view and strategy

The stronger 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. In our view, the Federal Reserve is in a position to lift their policy rate at the next meeting, but this is part of a gradual normalisation of policy. Our view remains that global bond markets are not appropriately priced, leaving some room for rising yields. Although the Federal Reserve is adamant that the unwinding of its balance sheet will be done in an interest rate neutral way, we believe that the steady unwind will still contribute to the lifting of the current ceiling on global bond rates over time.

Investment view and strategy

Locally, the downward trend to inflation is expected to slowly turn. Although we do not expect the rate of inflation to accelerate at a break-neck speed, even just a slightly higher future rate of increase does support the steady accumulation of inflation-linked bonds into bouts of market weakness. We are in agreement with the current cautious stance of the South African Reserve Bank. The external trade imbalance, albeit improving, is still too big to allow for a significantly lower real repo rate, especially when considered against the background of possible large scale foreign selling of local currency bonds. The lack of fiscal consolidation also makes it harder to ease monetary policy.

From a fundamental perspective, our main concern with regards to the bond market 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 rating downgrades. The confirmation of these concerns with the tabling of the MTBPS does not imply that the theme has played out in full. As things stand, we expected Moody's to resolve the ratings review with a downgrade to sub-investment by the end of the first quarter. The change of political leadership is welcomed with caution. However, the structural nature and extent of the country's ills require significant policy adjustment and time to be resolved. For now, we fear that markets got ahead of themselves with unrealistic expectations.

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. Considering this, we shall continue to approach the market with extreme caution. That said, we have been utilising bouts of market weakness post the MTBPS to reduce the size of the defensive position. This is based on the fact that market valuation following the post MTBPS correction had improved significantly. Following the strong late December relief rally, this is not the case anymore. As a result, we opted to pause the accumulation of stock until market valuation improves again.

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 - Overweight
- Nominal bonds (1-3 years) - Overweight
- Nominal bonds (3-7 years) - Overweight
- Nominal bonds (7-12 years) - Underweight
- Nominal bonds (12+ year) - Underweight
- Inflation-linked bonds - Small (2.5%) short-dated holding

Key economic indicators and forecasts (annual averages)

	2014	2015	2016	2017	2018	2019
Global GDP	2.8%	2.9%	2.5%	3.2%	3.2%	2.8%
SA GDP	1.5%	1.3%	0.3%	0.8%	1.8%	2.0%
SA Headline CPI	6.1%	4.6%	6.3%	5.3%	4.8%	5.0%
SA Current Account (% of GDP)	-5.4%	-4.4%	-3.3%	-2.2%	-3.0%	-3.2%

Source: Old Mutual Investment Group

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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	7.20% 6.80% 0.40%	6.74% 6.34% 0.40%	6.13% 5.71% 0.42%	5.90% 5.45% 0.45%	6.80% 6.32% 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	8.36% 7.15% 1.21%	7.81% 6.76% 1.05%	7.07% 6.19% 0.88%	6.74% 5.97% 0.77%	7.71% 6.85% 0.86%	7.88% 7.13% 0.75%
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	8.64% 7.54% 1.10%	8.12% 7.13% 0.99%	7.27% 6.50% 0.77%	6.97% 6.21% 0.76%	7.94% 7.03% 0.91%	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.	Rhandzo Mukansi	October 2002	Product Benchmark Outperformance	9.52% 7.54% 1.98%	8.59% 7.13% 1.46%	8.01% 6.50% 1.51%	7.88% 6.25% 1.63%	8.63% 7.14% 1.49%	9.01% 7.78% 1.23%
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.	Rhandzo Mukansi	January 2010	Product Benchmark Outperformance	10.47% 7.54% 2.93%	9.63% 7.13% 2.50%	8.89% 6.50% 2.39%	8.62% 6.25% 2.37%		8.78% 6.33% 2.45%
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	11.39% 7.54% 3.85%	11.61% 7.13% 4.48%	10.51% 6.50% 4.01%	10.30% 6.25% 4.05%		10.31% 6.32% 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	10.11% 7.54% 2.57%	12.37% 7.13% 5.24%	12.18% 6.50% 5.68%			12.00% 6.34% 5.66%
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	10.59% 7.54% 3.05%	12.31% 7.13% 5.18%	12.12% 6.50% 5.62%	11.54% 6.25% 5.29%	11.96% 7.14% 4.82%	11.96% 7.14% 4.82%
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	11.43% 7.54% 3.89%	11.32% 7.13% 4.19%				11.49% 6.95% 4.54%
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	9.19% 9.39% -0.20%	7.81% 7.79% 0.02%	6.92% 6.72% 0.20%	7.15% 6.77% 0.38%	8.11% 7.50% 0.61%	8.59% 8.03% 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% 7.59% 1.72%	7.90% 7.18% 0.72%	7.14% 6.55% 0.59%	7.78% 6.32% 1.46%	8.70% 7.32% 1.38%	8.94% 7.31% 1.63%
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	10.02% 8.10% 1.92%	9.09% 7.15% 1.94%	8.45% 6.50% 1.95%			8.77% 6.66% 2.11%

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	9.39% 7.67% 1.72%	6.93% 6.12% 0.81%	6.97% 5.87% 1.10%	9.08% 7.85% 1.23%		9.45% 8.34% 1.11%
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	2.65% 2.93% -0.28%	4.09% 4.28% -0.19%	4.76% 4.90% -0.14%	7.83% 8.01% -0.18%	8.68% 8.81% -0.13%	9.02% 9.13% -0.11%
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	3.53% 2.62% 0.91%	4.42% 4.11% 0.31%	4.96% 4.80% 0.16%	8.30% 7.93% 0.37%	9.12% 8.76% 0.36%	9.19% 8.87% 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.	Jason Lightfoot	June 2011	Product Benchmark Outperformance	1.89% 0.18% 1.71%	4.89% 2.83% 2.06%	6.66% 4.54% 2.12%			9.73% 7.74% 1.99%
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.	Jason Lightfoot	January 2014	Product Benchmark Outperformance	3.52% 0.56% 2.96%	6.09% 3.19% 2.90%				7.82% 5.30% 2.52%
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.	Jason Lightfoot	November 2016	Product Benchmark Outperformance	1.35% 0.35% 1.00%					-0.31% -1.24% 0.93%
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	10.22% 10.22% 0.00%	6.92% 6.92% 0.00%	6.27% 6.27% 0.00%	7.96% 7.97% -0.01%	8.58% 8.58% 0.00%	10.76% 10.74% 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	11.06% 10.22% 0.84%	7.44% 6.92% 0.52%	6.92% 6.27% 0.65%	8.69% 7.97% 0.72%	9.36% 8.58% 0.78%	11.24% 10.63% 0.61%

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	9.43% 9.69% -0.26%	5.81% 6.20% -0.39%	5.84% 6.08% -0.24%	7.68% 7.80% -0.12%	8.24% 7.98% 0.26%	7.81% 7.53% 0.28%
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	11.76% 10.22% 1.54%	9.05% 6.92% 2.13%	8.61% 6.27% 2.34%	10.50% 7.97% 2.53%	11.07% 8.58% 2.49%	11.20% 9.26% 1.94%
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	11.76% 10.22% 1.54%	8.97% 6.92% 2.05%	8.63% 6.27% 2.36%	10.54% 7.97% 2.57%	11.17% 8.58% 2.59%	12.60% 10.63% 1.97%
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	11.76% 10.22% 1.54%	8.97% 6.92% 2.05%	8.63% 6.27% 2.36%	10.54% 7.97% 2.57%	11.17% 8.58% 2.59%	12.60% 10.63% 1.97%
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 & Sarah de Villiers	September 2006	Product Benchmark	4.83% 14.62% -9.79%	10.94% 15.34% -4.40%	12.35% 15.43% -3.08%	12.60% 15.56% -2.96%	12.62% 15.95% -3.33%	16.76% 16.10% 0.66%
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 communities throughout South Africa.	Smital Rambhai	June 1996	Product Benchmark	14.05% 8.62% 5.43%	18.53% 9.33% 9.20%	14.91% 9.42% 5.49%	12.91% 9.56% 3.35%	11.84% 9.94% 1.90%	13.88% 9.81% 4.07%
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	17.21% 16.51% 0.70%	9.20% 7.51% 1.69%	9.89% 8.28% 1.61%	10.86% 9.09% 1.77%	9.64% 8.79% 0.85%	13.30% 12.22% 1.08%
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	11.43% 7.54% 3.89%	11.32% 7.13% 4.19%				11.49% 6.95% 4.54%
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 lis ted and unlisted assets in the power sector and supporting industries.	Jason Lightfoot	January 2014	Product Benchmark Outperformance	3.52% 0.56% 2.96%	6.09% 3.19% 2.90%				7.82% 5.30% 2.52%
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.	Jason Lightfoot	November 2016	Product Benchmark Outperformance	1.35% 0.35% 1.00%					-0.31% -1.24% 0.93%

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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