FUTUREGROWTH
/ ASSET MANAGEMENT

Monthly Review

October 2018

Contents

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The Futuregrowth story: Past and future

A vision unfolding

In the wake of South Africa's democratic transition, Futuregrowth was founded in 1994, with a small suite of investment funds focused on social development and empowerment, and with the vision of creating a sustainable channel for pension funds to invest in disadvantaged communities and national development.

Fast forward more than 20 years: Today, Futuregrowth manages around R185 billion (+/- US$13 billion) of clients' assets, across the full range of fixed interest and development funds, and plays a leadership role in the asset management industry in South Africa. During this time we have not wavered from our purpose: to protect and grow investors' savings through skill and diligence, while being a force for good in the markets and environment in which we operate.

This sense of purpose is based on our belief that investors can make a positive difference in society while earning sound investment performance for pension fund members. That has inspired us to pioneer development funds in sectors such as infrastructure, rural and township retail property, agriculture and renewable energy, providing finance to innovative deals including low-income housing construction, a church in Soweto, urban regeneration projects, taxi finance, and alternative energy, to name a few.

As a responsible investor we engage with our industry and investee companies privately, and sometimes publicly, on sustainability issues. As examples: We have been working steadfastly to improve South Africa's debt capital market standards. In 2013, we identified unfair, unsustainable and prejudicial practices within the consumer lending industry. We chose to stop lending to such businesses in our developmental funds and publicly called for industry reform. And in 2016, we announced that we could no longer in good conscience invest pension fund members' assets in certain State Owned Enterprises (SOEs) until we had concluded detailed governance reviews.

The original concept of Futuregrowth is still alive and thriving in the Futuregrowth of today. Even though the company has developed into a successful asset management business, the philosophical belief on which the business was founded back in 1994 is still at the core of everything we do.

Market review

Economic and market review

Many global and local hurdles in support of bears	Investors faced the same hurdles during October that caused the global market weakness over the previous few months. From an emerging market point of view, the combination of continued US/China trade tension, the Italian fiscal debacle with the European Union, more signs of an economic slowdown in China, and global central banks moving away from accommodative monetary policy, applied pressure on financial market assets. With respect to policy normalisation, the Federal Reserve in particular is in a strong position to continue adjusting its policy rate higher and shrinking its balance sheet, as this is backed by the strong underlying momentum of both economic growth and inflation. It is therefore also in a position to ignore the past few weeks' baseless, opportunistic and populist political pressure from President Trump reflecting his aversion to the current well-considered interest rate path taken by the Federal Reserve.
Foreign investor risk appetite still low	In the case of South Africa, risk avoidance remained a core strategy among the majority of foreign investors as they sold R9.8 billion (bn) of rand-denominated RSA government bonds during October on a net basis. Net nominal foreign sales for the first ten months of 2018 now amount to approximately R68bn. This selling contributed to rand weakness and in turn heightened market fears of future inflationary pressure and a possible rate increase by the South African Reserve Bank (SARB). Although the SARB has thus far resisted the temptation to hike its policy rate, it has utilised every available opportunity to warn against the risks to higher inflation. This clearly implies higher future monetary rates, should the rate of inflation indeed accelerate too fast for the Bank's liking.
Local fiscal consolidation remains a pipe dream	While negative international developments remained prominent, local data releases were mixed. The rate of inflation at both consumer and producer levels stabilised at its more recent year-on-year levels of 4.9%and 6.2% respectively. Although the general market expectation remains one of higher inflation over the medium term, this acceleration is expected to be relatively benign compared to previous cycles, partly due to weak economic activity. The tabling of the 2018 Medium Term Budget Policy Statement by the newly appointed Finance Minister, Mr Tito Mboweni, once again exposed the challenges of fiscal consolidation. Disappointingly, National Treasury was forced to announce an average widening of the budget deficit of 0.6% (deficit to GDP ratio) over the medium term. This was mainly the result of revised underlying macroeconomic assumptions, specifically a lower GDP growth rate, lower actual and projected tax revenue collection and a significant increase in value added tax refunds. The higher budget deficit requires an increase in the projected gross borrowing requirement, meaning higher weekly bond auctions. Monthly international trade data for September was also markedly worse than expected. The R3bn deficit for the month represents a significant swing from the previous month's solid surplus of R8.8bn.
Long dated bonds rendered the worst performance	The events described above not only forced bond yields across the nominal yield curve to higher levels, but also contributed to significant intra-month volatility. The extent of this volatility is demonstrated by the trading range of 9.03% to 9.36% of the benchmark R186 (maturity 2026). The yield retracement over the past few months has been significant, as the R186 yield has now increased by 1.5% from the 2018 low recorded at the end of March. The net increase in yields during the quarter led to a disappointing JSE ASSA All Bond Index (ALBI) return of -1.7%.
Inflation-linked bonds stabilised following sharp sell-off	Inflation-linked bonds have entered a relatively stable phase since the end of the third quarter, following a sharp increase in real yields that started at the end of the first quarter of this year. The yield of the benchmark R197 (maturity 2023) stabilised in a relatively tight range of 2.90% to 2.96% during October. This relative, new-found stability applied to the real yield curve in its entirety. As a result, the JSE ASSA Government Inflation-linked Index (IGOV) managed to render a return of 0.8%, outperforming both nominal bonds and cash. The latter returned the usual, stable 0.6% for the month.

Key macroeconomic themes

Economic growth	A moderate global economic recovery remains our base case, with a sustained, strong US economic recovery still leading the way. The significant loosening of US fiscal policy will continue to contribute positively to growth, although this expansionary attempt by the US government could be moderated by tightening monetary policy. Even so, 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). In the short term, we expect the tension pertaining to international trade protectionism to escalate, mainly on the back of a worsening China-US trade dispute which currently sees no conciliatory efforts from either of the powerhouses. Compromised global trade relations, coupled with elevated crude oil prices, could potentially become a larger drag on the global growth outlook than initially anticipated. Locally, the biggest impediment to higher local growth remains of a structural nature. The low growth trap is largely due to a policy vacuum, policy uncertainty, low levels of fixed capital investment, and a rigid labour market. While acknowledging the positive steps towards improved governance, marked by the reconfiguration of the boards of Eskom and Transnet, and most recently, the fast tracking of the finalisation of the mining charter, state-owned enterprises remain a negative risk to the fiscus, and as a consequence, to domestic economic growth. For now, the risk of a failed economic recovery continues to be the biggest threat to our current investment theme.
Inflation	The US remains at the forefront of the global reflation effort, with a decade of ultra-easy monetary policy and recent fiscal stimulus yielding satisfactory inflationary effects. Progress towards European reflation is also highlighted by the recent announcement of asset purchase tapering by the European Central Bank. Although global reflation is welcomed, since this is what policy makers had aimed to achieve, it is important that the feed-through to underlying inflation remains contained. It is noteworthy, however, that final demand is not yet strong enough to cause core inflation rates in most developed economies to sustainably breach central bank targets. Locally, the telegraphed drop in food inflation and a broadly neutral currency view results in our 2018 annual average inflation forecast of 4.8%. The net impact of recent tax changes, the one percentage point value added tax (VAT) hike in particular, has thus far been evidenced to have an insignificant pass-through to consumer inflation, and is therefore negligible to our inflation outlook. On the other hand, the sharp increase in the rand oil price and the threat of renewed currency weakness will contribute to upside inflation risk over the medium term. Even so, the pass-through of rand weakness to inflation still appears to be relatively weak, supporting the view that the near-term acceleration in the rate of inflation may still turn out to be relatively benign, and thus remain within the SARB's target range.

Key macroeconomic themes continue

Balance of payments	Strong rand appreciation in December 2017 and the first three months of 2018, and a loss of competitiveness relative to peers, is undoing some of the previous benefit of rand weakness to the overall balance of payments. As a result, we expect a marginal widening of the current account balance from an annual average of -2.5% of GDP in 2017, to -3.5% in both 2018 and 2019. Even with the significant cumulative net selling of rand-denominated bonds and equities of R94bn that we've seen thus far this year, the unfavourable income account deficit (primarily due to the large net dividend and interest payments to foreigners) remains a considerable drag on a sustained and meaningful balance of payments correction. Rising international trade tension and the sharp increase in crude oil prices are cumulatively negative developments that will adversely impact the balance of payments, especially for a small open economy like South Africa, with strong eurozone and Chinese trade links.
Monetary policy	With the unemployment rate in the US now officially below 4% and inflation pressures gradually building, we believe that the Federal Reserve should continue with its interest rate normalisation process. While the Federal Reserve intends to reduce the size of its balance sheet in an interest rate neutral manner, we are of the opinion that the sheer size of this reduction should contribute to a gradual lift in the ceiling for US Treasury yields, which is already visible - with the 10-year Treasury bond once again surpassing the 3% mark in the latter part of September - especially if the economic recovery continues to gather momentum. In addition, the expected widening of the Federal budget deficit for the forthcoming fiscal year on the back of strong economic growth momentum will create additional scope for monetary policy normalisation. The current trend of global monetary policy direction is slowly changing from an overall quantitative easing stance to moderate tightening, with more policy tightening in the US on the cards, and the European Central Bank (ECB) confirming that it will continue to taper its bond buying programme. All told, we expect central bank hawks to slowly gain some ground over the next few months. The South African Reserve Bank is expected to maintain its more cautious stance, which we fully support. Factors contributing to this stance include: renewed pressure on the balance of payments; the fact that actual inflation is back above the mid-point of the target range (which the SARB has consistently telegraphed as the desired target point); inflation expectations remaining stubbornly close to the top end of the target band; and the waning support provided by a decade of ultra-loose global monetary policy. The risk to the stable repo rate outlook is skewed to the upside, mostly due to upside risks to the current inflation outlook. Even so, the central bank is not prone to respond in a panicked manner to shocks, such as the recent August emerging market sell-off.
Fiscal policy	Although fiscal year to date revenue performance had proved robust and had guided expectations for a positive result (albeit at a higher deficit) during this year's Medium Term Budget Policy Statement (MTBPS), the actual outcome was disappointing. National Treasury is still confronted by a very challenging fiscal path and continues to tread along the fine line between balancing the need for fiscal consolidation and economic stimulus. As we have previously highlighted, structurally weak domestic growth is primarily responsible for severely impeding the consolidation of SA's budget balance. Although likely positive over the longer term, efforts to address legacy issues around VAT refunds have also contributed to the slowing down of fiscal consolidation. We now look to the actual delivery of fiscal and wide-ranging state-owned enterprise reform to reinvigorate consumer and business confidence.

Investment view and strategy

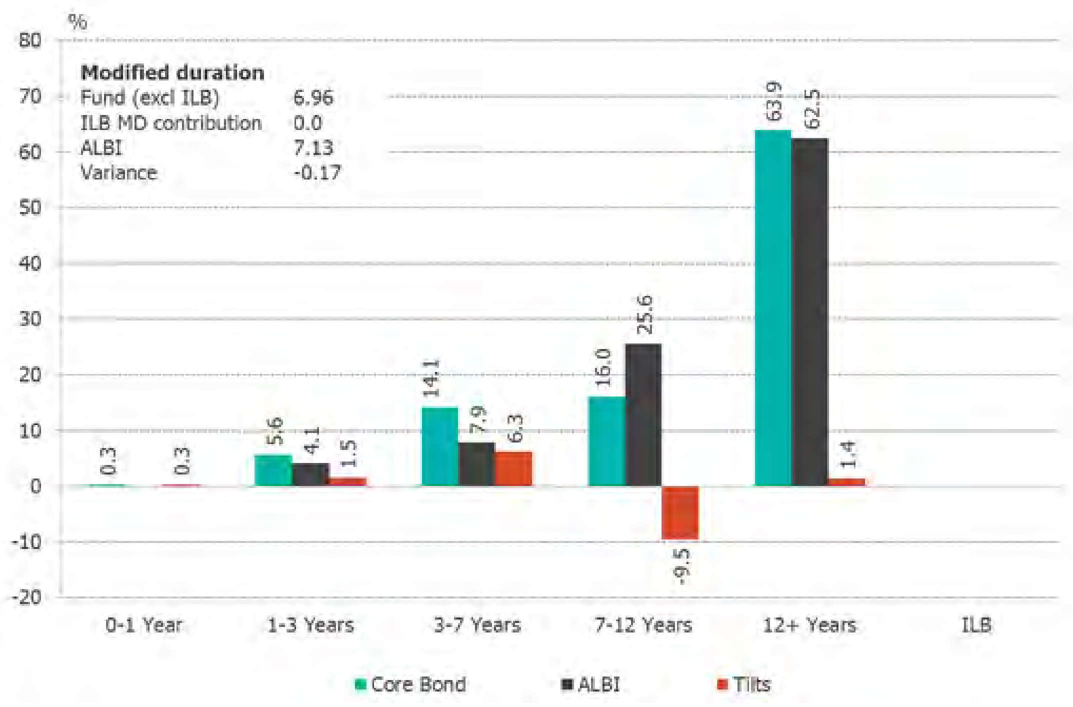
The recent, more sustained pick-up in global bond yields notwithstanding, our view remains that most developed bond markets are still not appropriately priced. In the case of the US, the strong pace of economic growth, the low level of unemployment and evidence of sustained higher inflation support further US monetary policy tightening. We believe that the Federal Reserve is in a position to lift its policy rate by at least another 25 basis points this year. More importantly, at a global level, the trend continues to gradually shift from quantitative easing to quantitative tightening.

Locally, our main concern with regards to the bond market remains the strong link between lacklustre economic growth and fiscal consolidation - or more specifically, the rising debt burden of government, which arises as a consequence of a lack of fiscal consolidation and therefore continues to threaten the country's sovereign risk profile. The risk of a failed economic recovery has risen following a slew of disappointing data releases over the past quarter. This makes us question the quality of tax revenue collections, which in turn keeps the risk of a budget deficit overrun at elevated levels. This concern was proven well founded following the tabling of the 2018 Medium Term Budget Policy Statement in October, when the Minister of Finance announced a widening of the budget deficit estimate released in February this year.

On the monetary policy front, we maintain our view that the central bank will remain hostage to the opposite forces of a lacklustre economic growth outlook and upside risks to inflation. For now, this suggests to us a stable policy path combined with a central bank that will keep on warning about the risk of inflation to its policy rate. The risk to this view is skewed in favour of some upside risk to inflation and thus interest rates.

While the observable investment theme and related real time developments mostly have negative consequences for the local bond market, it is important to note that current market valuation is largely reflective of this. Cheaper market valuations, following the sell-off during the second quarter, afforded us an opportunity to cautiously increase risk by selectively buying bonds. We shall continue to look for opportunities to increase bond market exposure, but only into bouts of weakness, considering the level of uncertainty discussed above.

As a result, our broad interest rate investment strategy remains defensive. In the case of our Core Bond Composite (benchmarked against the All Bond Index), this is expressed as follows:



Key economic indicators and forecasts (annual averages)

	2014	2015	2016	2017	2018	2019
Global GDP	2.8%	2.9%	2.5%	3.3%	3.3%	3.1%
SA GDP	1.5%	1.3%	0.3%	1.3%	0.9%	2.0%
SA Headline CPI	6.1%	4.6%	6.3%	5.3%	4.6%	5.0%
SA Current Account (% of GDP)	-5.4%	-4.4%	-3.3%	-2.0%	-3.5%	-3.5%

Source: Old Mutual Investment Group

Produced by the Interest Rate Team

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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	6.79% 6.52% 0.27%	6.98% 6.65% 0.33%	6.43% 6.05% 0.38%	6.05% 5.63% 0.41%	6.37% 5.92% 0.46%	7.06% 6.60% 0.45%
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	8.07% 6.93% 1.14%	8.14% 7.00% 1.14%	7.47% 6.51% 0.97%	6.99% 6.14% 0.85%	7.34% 6.47% 0.87%	7.89% 7.12% 0.77%
Corporate Short Term Funds (unit trust)	STeFI Composite Index	Aims to deliver a regular income and to outperform corporate bank deposits over time, while preserving capital and maintaining a high level of liquidity.	Michael van Rensburg/ Nazley Bardien	August 2018	Product Benchmark Outperformance	N/A					
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	8.27% 7.26% 1.02%	8.40% 7.36% 1.05%	7.70% 6.84% 0.86%	7.21% 6.42% 0.79%	7.58% 6.67% 0.91%	8.11% 7.26% 0.85%
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	8.73% 7.26% 1.47%	8.89% 7.36% 1.53%	8.24% 6.84% 1.40%	8.07% 6.43% 1.64%	8.29% 6.78% 1.51%	8.98% 7.75% 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	9.75% 7.26% 2.50%	10.01% 7.36% 2.66%	9.20% 6.84% 2.36%	8.91% 6.43% 2.48%		8.86% 6.42% 2.44%

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 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	10.32% 7.26% 3.06%	11.28% 7.36% 3.93%	10.73% 6.84% 3.89%	10.47% 6.43% 4.04%		10.30% 6.41% 3.89%
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	10.70% 7.26% 3.44%	11.17% 7.36% 3.81%	12.07% 6.84% 5.23%			11.85% 6.45% 5.41%
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	9.94% 7.26% 2.68%	11.03% 7.36% 3.68%	11.86% 6.84% 5.02%	11.45% 6.43% 5.02%	11.69% 6.78% 4.91%	11.79% 7.14% 4.64%
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	10.76% 7.26% 3.50%	11.43% 7.36% 4.08%				11.41% 7.00% 4.41%
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	7.83% 7.20% 0.63%	7.80% 7.63% 0.17%	7.28% 7.09% 0.19%	7.06% 6.58% 0.48%	7.72% 7.15% 0.58%	8.49% 7.90% 0.59%
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	8.46% 7.28% 1.18%	8.40% 7.43% 0.97%	7.64% 6.89% 0.75%	7.84% 6.49% 1.35%	8.60% 7.18% 1.41%	8.90% 7.31% 1.59%
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	9.74% 7.42% 2.32%	9.39% 7.26% 2.14%	8.87% 6.87% 2.01%			8.84% 6.64% 2.20%

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	6.34% 6.10% 0.24%	6.33% 5.46% 0.87%	7.21% 6.24% 0.97%	8.42% 7.07% 1.34%		8.86% 7.79% 1.07%
INFLATION-LINKED BONDS											
Passive ILB Index	JSE ILB IGOV Index	Aims to match the returns of the benchmark through passive interest rate and yield curve management.	Nazley Bardien	September 2005	Product Benchmark Outperformance	2.11% 2.39% -0.28%	2.66% 2.66% 0.00%	5.01% 5.03% -0.02%	6.74% 6.81% -0.07%	7.37% 7.42% -0.06%	8.46% 8.53% -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	2.71% 2.29% 0.42%	3.15% 2.66% 0.49%	5.25% 5.03% 0.22%	7.16% 6.81% 0.35%	7.84% 7.42% 0.42%	8.62% 8.29% 0.33%
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	1.52% -0.16% 1.68%	2.69% 0.40% 2.29%	6.71% 4.35% 2.36%	8.88% 6.56% 2.32%		8.54% 6.40% 2.15%
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	2.25% 0.04% 2.20%	4.15% 0.88% 3.27%				3.68% 0.43% 3.25%
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	0.28% -0.16% 0.44%					-0.96% -2.26% 1.31%
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	7.73% 7.79% -0.06%	6.57% 6.58% -0.00%	6.70% 6.71% -0.01%	7.24% 7.24% 0.00%	8.40% 8.42% -0.02%	10.43% 10.41% 0.02%

Product	Benchmark	Description	Portfolio manager	Inception date	Investment returns	1 Year	3 Years*	5 Years*	7 Years*	10 Years*	Since inception*
NOMINAL BONDS cont.											
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/ Rhandzo Mukansi	January 2000	Product Benchmark Outperformance	8.12% 7.79% 0.34%	7.18% 6.58% 0.60%	7.21% 6.71% 0.50%	8.00% 7.24% 0.76%	9.22% 8.42% 0.80%	10.93% 10.31% 0.62%
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	9.58% 7.79% 1.79%	8.62% 6.58% 2.04%	8.91% 6.71% 2.20%	9.70% 7.24% 2.46%	10.84% 8.42% 2.43%	10.93% 8.98% 1.95%
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	9.12% 7.79% 1.33%	8.35% 6.58% 1.77%	8.86% 6.71% 2.15%	9.72% 7.24% 2.48%	10.90% 8.42% 2.49%	12.26% 10.31% 1.95%
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	9.12% 7.79% 1.33%	8.35% 6.58% 1.77%	8.86% 6.71% 2.15%	9.72% 7.24% 2.48%	10.90% 8.42% 2.49%	12.26% 10.31% 1.95%
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 & Sarah de Villiers	September 2006	Product Benchmark Outperformance	12.17% 14.92% -2.75%	10.90% 15.37% -4.47%	13.72% 15.33% -1.61%	12.98% 15.44% -2.46%	12.60% 15.31% -2.71%	16.59% 16.06% 0.53%
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 Outperformance	13.24% 8.92% 4.32%	18.83% 9.37% 9.47%	15.21% 9.32% 5.89%	13.27% 9.43% 3.84%	12.09% 9.31% 2.79%	13.76% 9.79% 3.98%
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 Outperformance	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	1.17% -3.61% 4.78%	6.14% 3.66% 2.48%	6.99% 4.89% 2.11%	9.53% 7.32% 2.20%	10.74% 9.39% 1.35%	12.12% 10.92% 1.20%
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	10.76% 7.26% 3.50%	11.43% 7.36% 4.07%				11.41% 7.00% 4.41%
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	2.25% 0.04% 2.20%	4.15% 0.88% 3.27%				3.68% 0.43% 3.25%
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	0.28% -0.16% 0.44%					-0.96% -2.26% 1.31%

Currency: ZAR/Gross of fees

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

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