

Transforming transformation - Futuregrowth's perspective

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8 November 2019

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Futuregrowth has been a leader in developmental investments for over 20 years. Our flagship funds, the Futuregrowth Community Property Fund and the Futuregrowth Infrastructure and Development Bond Fund, were launched in 1994 and 1996 respectively and we currently manage assets in development funds totalling over R33 billion.

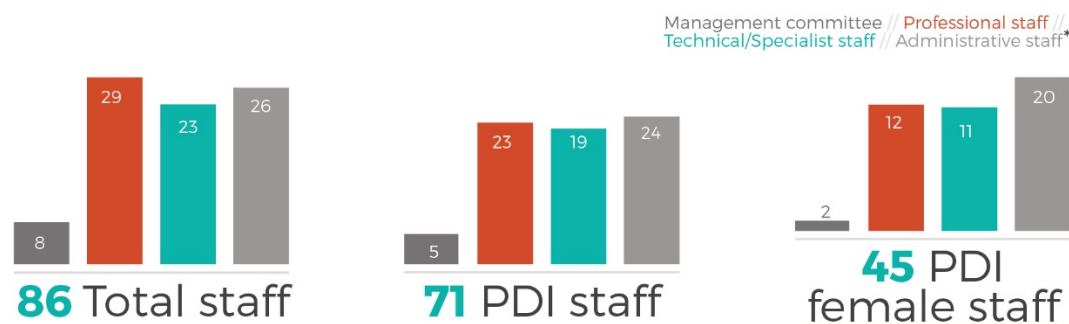
Investing in transformation is at the heart of our business, investment and organisational strategies. Our hope is that that we have played a small but significant role in helping to develop and transform South Africa over the past 20 years. This begins at home, by tackling the drive for change from several angles.

Transformation using our products as a vehicle

It goes without saying that our products reflect our ethos when it comes to transformation.

- Futuregrowth was one of the first investment houses to build and invest in retail shopping centres in townships and rural areas in South Africa post the 1994 elections, as it saw the dire need for infrastructure development in these areas, which were severely underdeveloped at the time. These communities were also in desperate need of essential goods and services at affordable prices. Many of the banks and property companies did not want to invest in these localities due to a lack of understanding of the risks. Futuregrowth also saw the opportunity to create jobs for the local community during the construction phase - and new permanent jobs once the shopping centres were completed.
- The key focus of the Infrastructure and Development Bond Fund is to invest in companies or projects that facilitate infrastructural, social, environmental and economic development in Southern Africa.
- The companies in which we invest are required to provide us with impact data wherever possible, so that we can measure how our investments are transforming the lives of South Africans in a tangible way. This is a 'work in progress', where we are continuously improving the collection and reporting of this information.

Transformation through people



Futuregrowth has 86 employees spread across the operational areas of Human Resources, Performance, Marketing, Information Technology, Compliance and Risk Management, Change Management, Client Reporting, Business Development, and Specialist Investment Administration – in addition to the Investment Team.

- Since 2011, Futuregrowth has made 71 new appointments. 68 of these have been PDI staff, with 31 of the appointments Black African.
- As Black African staff were under-represented in the company at the time, we started to place a stronger emphasis on employing Black African candidates in 2012, and this effort has intensified over the past seven years.
- Through the establishment of our Employment Equity Committee, we have formalised our focus on PDI staff appointments and promotions, with a specific emphasis on increasing Black African representation in the company.

Transformation through skills development

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PDI staff are studying or studied towards a formal qualification (CFA, CIPM, post graduate degrees, FMI).



Data as at 30 September 2019 (since 2013)

- The latest Stats SA Quarterly Labour Force Survey shows that the country's unemployment rate has hit its highest level since 2011, with the youth and Black women bearing the brunt of South Africa's struggling economy. The unemployment rate of Black women is currently more than 30 percent, while the youth is the most vulnerable group when it comes to finding a job. Futuregrowth makes a concerted effort to improve this situation, through our internal skills development programmes and our participation in the Imfundo Trust, which was launched in 2011 to address South Africa's shortage of PDI investment professionals in the asset management industry.
- The average age of new recruits at Futuregrowth over the past five years is 29.9, and 33 of these have been female (of a total female staff of 52).
- Every year, Futuregrowth hires a number of graduates with no working experience fresh from universities around the country – to enable them to kick-start their careers.
- Since 2011, we have hired 17 PDI graduates for 18-month internships, of which 11 have been Black African.
- Post their internships, all 17 graduates were offered permanent employment.
- Five of these have been promoted to analysts in the Investment Team and one to portfolio manager. Four of the five are Black African.
- Imfundo Trust owns 5.30% of Futuregrowth's shares, and the annual dividends form a significant portion of the funding of the Trust's student bursaries. In 2018, Futuregrowth dividends made up 50% of this funding.
- Since its start, the Trust has spent R35 million on student bursaries. It currently supports 25 students in a variety of study programmes at South Africa's public tertiary institutions.

Internal Investment Team Transformation

Our aim is for our business to reflect the racial and gender diversity of our country. [View all our people.](#)



- We have 17 Black female investment professionals, who which make up 49% of the total Investment Team in the company.
- The Futuregrowth Investment Team applies a 'team-based approach' when it comes to investment decision making, ensuring that all voices are heard.
- No one portfolio manager can decide or action a 'buy' or 'sell' instruction on their own.
- Investment decisions are made by the whole Investment Team through various committees.
- This collaborative ethos promotes the transfer of skills, with junior analysts contributing to the makeup of the portfolios long before they become portfolio managers.

Ownership and status

- Old Mutual Investment Group South Africa has been the majority shareholder of Futuregrowth since 2008.
- Futuregrowth has a Management Shareholding Trust, of which up to 20% can be allocated to staff in the business.

- To date, more than 90% of Futuregrowth staff are shareholders.
- Futuregrowth is a BEE Level Two Contributor. [View](#) our latest BEE certificate.

In closing

At Futuregrowth, we know that transforming South Africa is about a lot more than scorecards and tick-boxes. We recognise the impact that our business and investments have on our clients, communities, the investment industry, capital markets and the economy as a whole.

As such, we take our role as responsible investor seriously. This extends beyond the initiatives covered above, to our role in raising awareness and sharing knowledge in both our immediate environment and the broader public. It is our duty to assist others to make informed and educated investment and economic decisions. This is evidenced in our communications around the status of State-Owned Enterprises, and the training that we run for pension fund trustees, amongst others – which have had an ever bigger impact than we expected.

Published on www.futuregrowth.co.za/newsroom.

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