



**THE FUTURE
IS IN OUR
HANDS**

FUTUREGROWTH
/ ASSET MANAGEMENT



The Futuregrowth story Past and Future

A VISION UNFOLDING

Futuregrowth was founded in 1994 in the wake of South Africa's democratic transition, 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.

Futuregrowth's empowerment partnerships

From 2002 to 2008, Futuregrowth had an empowerment shareholder in Women's Investment Portfolio Holdings (Wiphold), a women-owned black empowerment fund. Wiphold acquired 40% of Futuregrowth in 2002, and in 2005 increased its holding to 70%, further cementing Futuregrowth as the largest Black-owned fund manager in South Africa. Since the exit of Wiphold with their sale to Old Mutual in 2008, we have had a strategic objective to reattain greater than 50% effective black share ownership – and to find a shareholder and empowerment partner with a similar sense of purpose and shared values. This was found in African Women Chartered Accountants Investment Holdings (Pty) Ltd (AIH). AIH is a wholly black women-owned investment company that supports the entry and advancement of black women in the chartered accountancy profession and beyond. On 3 March 2022, we announced the acquisition of 21.2% of Futuregrowth shares by a special purpose vehicle owned by AIH and AIH Capital (Pty) Ltd. Once all conditions precedent have been met, this transaction will move Futuregrowth significantly towards its goal of reattaining more than 50% black share ownership.

Making a bigger difference to our industry and people's lives

Today, Futuregrowth manages around ±R192.3 billion (±US\$11.3 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 environments 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, tech start-ups 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 for over a decade. In 2013, we identified unfair, unsustainable and prejudicial practices within the consumer lending industry and 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 have concluded detailed governance reviews. Recently, we have hosted or participated in webinars on corporate governance, investor activism, reform of the energy sector, the ailing fiscal position, whistleblowing and several other pertinent topics.

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.

OUR BUSINESS

Futuregrowth is a leading fixed interest investment company that manages assets on behalf of our investors, which are predominantly South African retirement, insurance and retail funds. We have been part of the South African asset management landscape since 1995.

Our large investment team manages the full scope of rand-denominated interest-bearing funds.



Our ±50 GIPS composites represent our widespread product suite, and range across money market funds, nominal and inflation-linked funds, active and passive funds, and yield enhanced funds, as well as South Africa's largest group of developmental impact funds.

We are a fiduciary asset manager, focussed on serving our clients with a non-conflicted business model. Our fee philosophy aligns us with our clients' aspirations and outcomes.

Investment strategy

We seek to identify, procure and manage several potential sources of performance for our client funds, and are constantly seeking ways to generate additional sustainable returns. Future growth favours broad mandates that allow us to allocate market positions and/or asset holdings across our funds, always within clearly delineated and constrained risk limits based on our clients' choices. The key elements of our returns are our interest rate strategy and asset selection process, which analyse and take advantage of opportunities in the lending market.

Interest rate strategy

Our approach to interest rate management is driven by fundamental economic factors, with consideration of market influences such as politics, global risk appetite, foreign capital flows and technical factors.

We use a top-down approach to formulate macroeconomic views in conjunction with a bottom-up approach to assess asset valuations. This forms our best investment view, which guides our interest rate investment strategy.

Implementation of the interest rate strategy includes optimising the mix of interest-bearing asset classes (for example, cash, nominal bonds, and inflation-linked bonds), interest rate risk positioning, and yield curve positioning. Once combined, we drill down to stock selection. The resulting investment views are executed across our range of funds, in relation to mandate limits and allowable risks.

Asset selection process

In our asset selection process, we add yield to client funds by analysing and taking advantage of the opportunities provided in lending and developmental equity markets – principally arising from credit, liquidity and term to maturity. Using mainly a bottom-up approach to the analysis of counterparties, potential deals in both the listed and unlisted credit asset space, as well as the unlisted developmental equity space, are assessed by the analytical team. Key elements in the analytical process are ensuring that the investment earns an appropriate risk-adjusted return and the inclusion of appropriate security, terms, covenants and reporting requirements, which are negotiated (where applicable) to protect clients' investments.

Our initial and ongoing analysis of the relevant debt and equity investments incorporates multiple factors, including, for example, business strategy, finances, operations, economic factors, as well as environment, social and governance (ESG) factors. Since our inception, we have never relied on official credit ratings to make investment decisions, nor to price or value investments. We use an internal rating model that uses qualitative and quantitative metrics to assign a relative rating to deals that our client funds invest in.

Promise to clients

Acting in your best interests

At Futuregrowth, we take our ethical and fiduciary responsibility towards our clients seriously. These nine statements make up our promise to you.

1. Our clients' interests always come first.
2. We apply investment judgment based on informed, diligent, objective and independent analysis.
3. Our behaviour is honest, competent and ethical, and complies with applicable laws and regulations.
4. We treat all clients fairly.
5. We avoid conflicts of interest in the provision of our products and services, but where unavoidable, make full disclosure to clients.
6. Client confidentiality is upheld at all times.
7. Our costs are fair, reasonable and transparent, and are clearly explained.
8. We communicate clearly, accurately, and in a timely and effective manner.
9. We keep appropriate and complete client records.

If your experience of Futuregrowth is not aligned with these statements please let us know at:

ourpromise@futuregrowth.co.za

Primary product suite

MONEY MARKET

Call
Core
Corporate Short Term (CISCA)
Enhanced

STEFI +

Yield Enhanced A STeFI + (Short Term)
Yield Enhanced A STeFI +
Yield Enhanced BBB STeFI +
Yield Enhanced BB STeFI +
Power Debt

INCOME

Core
Yield Enhanced

INTEREST RATE ASSET ALLOCATION

Interest Rate Asset Allocation

INFLATION-LINKED BONDS

Passive
Core

Yield Enhanced Long Duration
Power
Infrastructure & Development

BONDS

Passive
Core
Yield Enhanced
Infrastructure & Development

DEVELOPMENTAL INVESTMENTS

Infrastructure & Development Bond
Development Equity
Community Property
Agri
Development Balanced
Power Debt
Power ILB
Infrastructure & Development ILB
High Growth Development Equity

Within our fund mandates, Futuregrowth may provide debt or equity funding to organisations looking to raise capital. Investee companies include the government and its agencies, corporate entities, project finance entities, financial institutions and others, across the South African economy.

Our large team of analysts is experienced in structuring a range of financing solutions for investee companies, from senior to mezzanine debt, secured and unsecured debt, listed and unlisted debt, and unlisted equity, with transactions ranging in size from R20 million to over R1 billion, across a broad scope of deals, industries and sectors.

Our ability to identify, negotiate and manage opportunities in the unlisted market is a significant source of sustained investment performance for our clients, and a strategic focal area for the business.

Risk management

Our philosophy is to measure, manage and report on a wide range of risks. Investment risk is managed through constructing portfolios that match our clients' chosen risk/return profiles, within the parameters agreed with clients or set by legislation. While each asset is priced for risk, we add an additional layer of protection by constructing diverse portfolios, and seek to protect downside risks (through, for example, limited position sizes or suitable security provisions). Exposure to issuers and market positions may be increased or decreased to maintain the desired risk/return profile for each mandate.

THE PEOPLE WHO MANAGE YOUR MONEY

Futuregrowth has a staff complement of around 100, with about 40 people in the investment team. Led by Andrew Canter, Chief Investment Officer, the investment team has a diverse range of specialist knowledge and skills, ranging from macro-economic and interest rate management to investment analysis and dealing expertise.



Our awards

2019

MSCI South Africa Real Estate Investment Awards

Best Performing Specialist Fund over 3 Years

Best Net Income Growth for South Africa over 3 Years

2018

MSCI South Africa Real Estate Investment Awards

Best Performing Specialist Fund over 3 Years

Batseta Imbasa Yegolide Awards

Responsible Investment Manager of the Year

Bond Manager of the Year

Alternative Asset Class Manager of the Year

2017

MSCI South Africa Real Estate Investment Awards

Best Performing Specialist Fund over 3 Years

2016

Batseta Imbasa Yegolide Awards

Bond Manager of the Year

2015

Batseta Imbasa Yegolide Awards

Responsible Investment Manager of the Year

2014

Raging Bull Awards

Best South African Interest-bearing Variable-term Fund: Community Growth Gilt Fund

2013

AfricaAM Performance Awards

South Africa Fixed Income Fund - Long Term Performance: Futuregrowth Infrastructure & Development Bond Fund

POA Imbasa Yegolide Awards

Bond Manager of the Year

Responsible Investment Manager of the Year

2012

Raging Bull Awards

Best Domestic Fixed Interest Income Fund: Old Mutual Income Fund (R Class)

2011

Africa Investor Agribusiness Investment Awards

Agribusiness Fund of the Year

POA Imbasa Yegolide Awards

Socially Responsible Investor of the Year

Global Pensions Awards

Socially Responsible Investing

2010

The Mail & Guardian Investing in the Future Awards

Enterprise Development

Africa Investor Infrastructure Investment Awards

Social Infrastructure Deal of the Year

2009

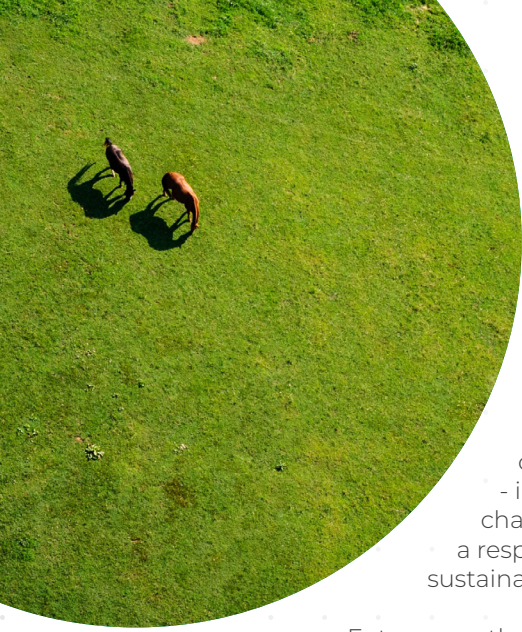
The Mail & Guardian Investing in the Future Awards

Enterprise Development

2008

Africa Investor Infrastructure Investment Awards

Infrastructure Fund of the Year



A word on sustainable investing

We consider that investors play a key role in the capital allocation mechanism of the economy, and our fund investors are part-and-parcel of South Africa's long-term development. We manage our business in a long-term, sustainable manner, and we seek to assess each investee company in terms of its own sustainable practices - including consideration of the counterparty's character, products and practices. We believe that a responsible investor channels capital suitably to sustainable enterprises.

Futuregrowth defines developmental investments as those that provide investors with both commercial returns and tangible social and developmental impact: We never compromise on returns in favour of impact. Our development funds cover a broad range of sectors such as infrastructure, agriculture, property, housing, healthcare and renewable energy, amongst others. We believe that a sound investment process can ensure that we provide a secure retirement benefit for members, and at the same time improve the lives of individuals and their families while they are still working.

Investing in transformation

Futuregrowth has been a leader in transformational and developmental investments for over 20 years. Transformation in South Africa includes a broad range of criteria, which we seek to apply within our business and in our investment process.

Internal transformation /

Futuregrowth is measured on a scorecard of transformation criteria which include BEE ownership, Board and Executive Committee composition, staff racial and gender diversity, staff training and development, affirmative procurement, corporate social investment and more.

External transformation /

Measures the impact that our business and investments have on our clients, communities, the investment industry, capital markets and the economy.

Our commitment to benchmark-beating performance, combined with our vision of contributing to a more equitable and prosperous society, drives us to deliver returns that matter - for investors, communities and the nation as a whole.

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FUTUREGROWTH

/ ASSET MANAGEMENT

FAIS disclaimer: Futuregrowth Asset Management (Pty) Ltd ("Futuregrowth") is a licensed discretionary financial services provider, FSP 520, approved by the Registrar of the Financial Sector Conduct Authority to provide intermediary services and advice in terms of the Financial Advisory and Intermediary Services Act 37 of 2002. The fund values may be market linked or policy based. Market fluctuations and changes in exchange rates may have an impact on fund values, prices and income and these are therefore not guaranteed. Past performance is not necessarily a guide to future performance. Futuregrowth has comprehensive crime and professional indemnity in place. Performance figures are sourced from Futuregrowth and IRESS.

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