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**Market review**

### Economic and market review

<table>
<thead>
<tr>
<th>Improved risk appetite and SARB decisiveness assist bond market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Towards the end of January, the local bond market received support from a marginal improvement in global risk appetite resulting in an appreciation of the rand. The bond market also benefited from the South African central bank's 50 basis points (bps) repo rate increase. The central bank action was a step in the right direction in managing rising inflation expectations and, more broadly, macro policy credibility, which is still recovering from the damaging December events.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Monetary policy divergence in action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global risk appetite received a boost, albeit possibly only temporarily, from a more dovish than expected statement which accompanied the US Federal Reserve Boards' decision to leave interest rates unchanged at the recent FOMC meeting. Elsewhere, our long held view of policy divergence continued to play out as the Bank of Japan eased monetary policy while pressure continues to build on the European Central Bank to do more to address subdued economic activity, which in turn forced benchmark German bond yields to lower levels.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Local economic data also supportive of lower yields... for now</th>
</tr>
</thead>
<tbody>
<tr>
<td>On the local economic data front, the latest inflation data printed in line with market expectations with limited evidence of significant currency pass through, while food prices started trending higher in response to the worst drought in more than a century. Better than expected external trade data for December contributed to improved sentiment, while proposals by the Minister of Finance to reduce state spending were welcomed by a weary market. Based on the December release the Ministry of Finance still remains on track to stick to its 2015-16 main budget deficit targets. Although this should be welcomed as encouraging news, market focus has already shifted to the 2016/17 and medium term budget due to be tabled this month for more evidence of fiscal consolidation.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Market recovered some of the December losses</th>
</tr>
</thead>
<tbody>
<tr>
<td>In response to the above, both the local nominal and inflation-linked bond markets ended the month on a stronger note. The yield of the benchmark R186 closed at 9.20% or 50 bps below the December close and well below the weakest level of 9.84% for January. The JSE ASSA All Bond Index returned 4.6%, recovering some of the December loss. Inflation-linked bonds (JSE ASSA Government Inflation-linked Index) also put in a decent performance of 0.79%, beating the 0.5% cash return.</td>
</tr>
</tbody>
</table>

### Summary

### Key macroeconomic themes

#### Economic growth

A mild cyclical and uneven global economic recovery remains our base case, with a stronger US economy leading the way. In contrast, euro zone growth remains challenged, with prospects for Japan particularly poor. We believe that the global recovery would be structurally lower than in previous cycles, mainly due to low productivity growth, high leverage levels (albeit much improved from pre-crisis levels) and demographic factors (older populations tend to save more and spend less).

Most emerging market economies are caught between a mixed outlook for the developed world, concern about the implications of weaker Chinese growth on commodity demand and the impact of the Federal Reserve’s well telegraphed intent to normalise monetary policy. Commodity producers with large external imbalances such as SA remain particularly vulnerable.

Locally, the biggest impediment to higher local growth remains structural, while the persistent bleak outlook for metals and the severity of the drought add to the list of growth detractors.
### Key macroeconomic themes continue

| **Inflation** | Although recent data releases have quelled earlier excessive global deflation fears, expectations of rapid reflation are also misplaced. Global inflation trends are likely to remain subdued in our view.  
Locally, the combination of sustained and broad-based rand weakness, rising local grain prices and higher Eskom tariffs have pushed our 2016 and 2017 annual average inflation forecasts to 6.2% and 5.7% respectively. We shall be keeping one eye on the core measure of inflation for a more reliable indication of underlying inflationary pressure, which is still stable below 6%. As yet, evidence of significant pass through of rand weakness remains fairly limited. However, the risk remains that this will eventually follow. |
| **Balance of payments** | The combination of rand weakness, a slow global economic recovery and an improved terms of trade position (mostly due to sharply lower crude oil prices), provide a welcome boost to the fragile balance of payment situation. As a result, we expect a narrowing in the current account deficit from an annual average of 5.4% in 2014 to 3.7% in both 2016 and 2017. Although this improvement is welcomed, we note with a fair degree of concern that South Africa is still saddled with a relatively weak external trade position which in turn will remain a drag on the currency. Similarly, it leaves the SARB with less room to manoeuvre since a deficit of this magnitude implies a higher real repo rate. |
| **Monetary policy** | The US finally started the long awaited and well telegraphed monetary policy normalisation process. We agree with the Federal Reserve's intent to follow a slow and gradual process.  
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 (and eventually in the UK) on the cards, the European Central Bank (ECB) and Bank of Japan (BOJ) will retain their quantitative easing programmes. This was confirmed by the BOJ’s most recent policy action. At the same time some of the smaller advanced and commodity driven economies may be forced to ease policy, mainly due to low growth and a modest inflation backdrop. On the positive side, monetary policy divergence will act to soften the impact of higher US rates on global growth.  
In the case of South Africa, we feel comfortable with the prospects of a very gradual tightening process, especially considering that the repo rate has already been increased by a cumulative 1.75% in this cycle. A cautious approach is supported by the weak economic growth backdrop, low levels of credit extension growth and limited evidence of demand-led inflation. Unfortunately, the monetary authorities cannot ignore rising cost pressures, especially those originating from food prices, energy prices and persistent currency weakness. Moreover, monetary policy, even if credible, cannot be considered in isolation. It goes hand in hand with fiscal prudence and a more balanced external account. Considering the size of the balance of payments deficit, the real repo rate has to be raised more. |
Key macroeconomic themes continue

**Fiscal policy**

The fiscal situation remains delicately balanced. In our view, the 2015 Medium Term Budget Policy announcements under delivered with regards to the appropriate pace of deficit reduction. We are nervous about the financial state of some of the state-owned enterprises and what it implies for a stretched fiscal situation. Even so, monthly public finance data to the end of December suggest that government may meet its deficit target for the current fiscal year. However, the forthcoming fiscal year(s) are of greater concern, which in turn adds to the risk of South Africa losing its investment grade status. At the very least, Minster Gordhan is seemingly pulling out all the stops to avert a worsening of the credibility crisis.

**Investment view and strategy**

The global growth recovery remains fragile and patchy, which sets the scene for a more modest future inflation profile as well as significant monetary policy divergence. It also implies a steady and shallow tightening cycle for the few economies that are in a position to normalise monetary policy, especially the US. This should cap global bond yields especially as inflation pressures in developed markets remain subdued. On the negative side, the continued uncertainty about the Chinese growth outlook remains a risk, especially for emerging market commodity producers with a weak external position like South Africa.

Locally, investors face a worsening inflation outlook on the back of rising food prices, the risk posed by sustained rand weakness and the likely increase in inflation expectations. Although the Minister of Finance is clearly determined to rectify the damage to fiscal policy credibility and, by implication, a sovereign credit downgrade to non-investment status, the jury is still out on actual delivery. Besides South African idiosyncratic factors, we also expect global risk appetite to remain volatile. As a result, we will approach the market with caution and focus on increasing our holding of low duration inflation-linked bonds. Moreover, the SARB will need to raise the repo rate again, a move already anticipated by both the money and bond markets.

At face value, this backdrop favours an overweight position in cash, underweight position in nominal bonds and the further accumulation of inflation-linked bonds. However, in acknowledgement of the fact that markets move fast in pricing risk, we would retain a small overweight exposure to long-dated nominal bonds.

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

- Modified duration - Underweight
- Cash - Overweight
- Nominal bonds (1-12 years) - Underweight
- Nominal bonds (15+ years) - Overweight
- Inflation-linked bonds - Overweight
### Key economic indicators and forecasts (annual averages)

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global GDP</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>USA</td>
<td>2.2%</td>
<td>1.9%</td>
<td>2.4%</td>
<td>2.5%</td>
<td>2.3%</td>
<td>2.6%</td>
</tr>
<tr>
<td>Euro area</td>
<td>0.1%</td>
<td>-0.4%</td>
<td>0.9%</td>
<td>1.5%</td>
<td>1.8%</td>
<td>2.3%</td>
</tr>
<tr>
<td>Japan</td>
<td>2.1%</td>
<td>1.6%</td>
<td>-0.1%</td>
<td>0.5%</td>
<td>0.9%</td>
<td>1.5%</td>
</tr>
<tr>
<td>China</td>
<td>7.8%</td>
<td>7.7%</td>
<td>7.4%</td>
<td>6.8%</td>
<td>6.6%</td>
<td>6.5%</td>
</tr>
<tr>
<td>SA GDP</td>
<td>2.2%</td>
<td>2.2%</td>
<td>1.5%</td>
<td>1.4%</td>
<td>1.2%</td>
<td>2.0%</td>
</tr>
<tr>
<td>SA Headline CPI</td>
<td>5.6%</td>
<td>5.8%</td>
<td>6.1%</td>
<td>4.6%</td>
<td>6.2%</td>
<td>5.7%</td>
</tr>
<tr>
<td>SA Current Account (% of GDP)</td>
<td>-5.2%</td>
<td>-5.8%</td>
<td>-5.4%</td>
<td>-3.9%</td>
<td>-3.7%</td>
<td>-3.7%</td>
</tr>
</tbody>
</table>

*Source: Old Mutual Investment Group*
### MONEY MARKET

<table>
<thead>
<tr>
<th>Product Description</th>
<th>Portfolio manager</th>
<th>Inception date</th>
<th>Investment returns</th>
<th>Since inception*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aims to provide maximum return on overnight cash investments.</td>
<td>Nazley Bardien</td>
<td>January 2000</td>
<td>5.96%</td>
<td>7.06%</td>
</tr>
<tr>
<td>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 90 days.</td>
<td>Michael van Rensburg</td>
<td>July 2004</td>
<td>6.86%</td>
<td>7.80%</td>
</tr>
<tr>
<td>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.</td>
<td>Michael van Rensburg</td>
<td>July 2004</td>
<td>7.11%</td>
<td>7.97%</td>
</tr>
</tbody>
</table>

### STEFI PLUS

<table>
<thead>
<tr>
<th>Product Description</th>
<th>Portfolio manager</th>
<th>Inception date</th>
<th>Investment returns</th>
<th>Since inception*</th>
</tr>
</thead>
<tbody>
<tr>
<td>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.</td>
<td>Daphne Botha</td>
<td>October 2002</td>
<td>7.30%</td>
<td>8.33%</td>
</tr>
<tr>
<td>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.</td>
<td>Daphne Botha</td>
<td>January 2010</td>
<td>8.33%</td>
<td>8.32%</td>
</tr>
<tr>
<td>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.</td>
<td>Daphne Botha</td>
<td>February 2010</td>
<td>10.84%</td>
<td>9.87%</td>
</tr>
<tr>
<td>Product</td>
<td>Benchmark</td>
<td>Description</td>
<td>Portfolio manager</td>
<td>Inception date</td>
</tr>
<tr>
<td>------------------------------------</td>
<td>----------------------------------</td>
<td>------------------------------------------------------------------------------</td>
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<td>----------------</td>
</tr>
<tr>
<td><strong>STEFI PLUS CONT.</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yield Enhanced BB STeFi +</td>
<td>STeFi Composite Index</td>
<td>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.</td>
<td>Daphne Botha</td>
<td>January 2012</td>
</tr>
<tr>
<td>Yield Enhanced Geared BB STeFi+</td>
<td>STeFi Composite Index</td>
<td>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-.</td>
<td>Daphne Botha</td>
<td>January 2008</td>
</tr>
<tr>
<td>Power Debt</td>
<td>STeFi Composite Index</td>
<td>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.</td>
<td>Paul Semple</td>
<td>May 2014</td>
</tr>
<tr>
<td><strong>INCOME</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Core Income</td>
<td>50% STeFi Call Deposit Index; 50% 3-7 Years All Bond Index</td>
<td>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.</td>
<td>Wikus Furstenberg</td>
<td>November 2002</td>
</tr>
<tr>
<td>Flexible Income</td>
<td>110% STeFi Call Index</td>
<td>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.</td>
<td>Wikus Furstenberg</td>
<td>July 2006</td>
</tr>
<tr>
<td>Yield Enhanced Income</td>
<td>20% All Bond Index; 80% STeFi Composite Index</td>
<td>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.</td>
<td>Wikus Furstenberg</td>
<td>May 2012</td>
</tr>
</tbody>
</table>
### INTEREST RATE ASSET ALLOCATION

<table>
<thead>
<tr>
<th>Product</th>
<th>Benchmark</th>
<th>Description</th>
<th>Portfolio manager</th>
<th>Inception date</th>
<th>Investment returns</th>
<th>1 Year</th>
<th>3 Years*</th>
<th>5 Years*</th>
<th>7 Years*</th>
<th>10 Years*</th>
<th>Since inception*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Rate Asset Allocation</td>
<td>ALBI (62.5%); JSE ILB IGOV Index (30%); Ste-Fl Call Deposit Index (7.5%)</td>
<td>Aims to deliver excess return mainly through a combination of aggressive asset allocation within the various interest-bearing asset classes.</td>
<td>Wikus Furstenberg</td>
<td>July 2010</td>
<td>Product Benchmark</td>
<td>-5.78%</td>
<td>5.62%</td>
<td>9.34%</td>
<td>9.39%</td>
<td>8.29%</td>
<td>1.10%</td>
</tr>
</tbody>
</table>

### INFLATION-LINKED BONDS

<table>
<thead>
<tr>
<th>Product</th>
<th>Benchmark</th>
<th>Description</th>
<th>Portfolio manager</th>
<th>Inception date</th>
<th>Investment returns</th>
<th>1 Year</th>
<th>3 Years*</th>
<th>5 Years*</th>
<th>7 Years*</th>
<th>10 Years*</th>
<th>Since inception*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passive ILB Index</td>
<td>Barclays Capital/ Absa SAGILB</td>
<td>Aims to match the returns of the benchmark through passive interest rate and yield curve management.</td>
<td>Nazley Bardien</td>
<td>September 2005</td>
<td>Product Benchmark</td>
<td>4.43%</td>
<td>5.47%</td>
<td>9.53%</td>
<td>9.75%</td>
<td>9.95%</td>
<td>10.03%</td>
</tr>
<tr>
<td>Core ILB</td>
<td>JSE ILB IGOV Index</td>
<td>Aims to deliver excess return through active interest rate risk management and limited yield enhancement.</td>
<td>Wikus Furstenberg</td>
<td>November 2005</td>
<td>Product Benchmark</td>
<td>4.30%</td>
<td>5.47%</td>
<td>9.95%</td>
<td>9.90%</td>
<td>10.15%</td>
<td>9.87%</td>
</tr>
<tr>
<td>Yield Enhanced Inflation-linked</td>
<td>RSA Inflation Linked Government Bond R202 Total Return Index</td>
<td>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.</td>
<td>Mei-Chi Liou</td>
<td>June 2011</td>
<td>Product Benchmark</td>
<td>5.88%</td>
<td>9.22%</td>
<td>12.07%</td>
<td>9.95%</td>
<td>12.07%</td>
<td>9.5%</td>
</tr>
<tr>
<td>Power Inflation-Linked***</td>
<td>RSA Inflation Linked Government Bond I2038 Total Return Index</td>
<td>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.</td>
<td>Mei-Chi Liou</td>
<td>January 2014</td>
<td>Product Benchmark</td>
<td>6.92%</td>
<td>2.60%</td>
<td>9.18%</td>
<td>6.78%</td>
<td>9.18%</td>
<td>2.40%</td>
</tr>
<tr>
<td>Infrastructure &amp; Development Inflation-linked</td>
<td>Barclays BESA SAGILB 15+</td>
<td>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.</td>
<td>Mei-Chi Liou</td>
<td>Pending</td>
<td>Product Benchmark</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
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</table>

### NOMINAL BONDS

<table>
<thead>
<tr>
<th>Product</th>
<th>Benchmark</th>
<th>Description</th>
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<th>Investment returns</th>
<th>1 Year</th>
<th>3 Years*</th>
<th>5 Years*</th>
<th>7 Years*</th>
<th>10 Years*</th>
<th>Since inception*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passive All Bond</td>
<td>All Bond Index</td>
<td>Aims to match the returns of the benchmark through passive interest rate and yield curve management.</td>
<td>Nazley Bardien</td>
<td>June 2000</td>
<td>Product Benchmark</td>
<td>-5.64%</td>
<td>3.66%</td>
<td>7.50%</td>
<td>7.39%</td>
<td>7.93%</td>
<td>10.76%</td>
</tr>
<tr>
<td>Core Bond</td>
<td>All Bond Index</td>
<td>Aims to deliver excess return through a combination of interest-bearing asset allocation, active duration management and yield enhancement.</td>
<td>Daphne Botha/ Wikus Furstenberg</td>
<td>January 2000</td>
<td>Product Benchmark</td>
<td>-6.00%</td>
<td>4.30%</td>
<td>8.22%</td>
<td>8.14%</td>
<td>8.11%</td>
<td>11.22%</td>
</tr>
</tbody>
</table>
### 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**
  - 1 Year: -11.08% (-10.22% -0.86%)
  - 3 Years*: 3.21% 3.41% -0.20%
  - 5 Years*: 7.26% 7.41% -0.15%
  - 7 Years*: 6.90% 6.74% 0.16%
  - 10 Years*: 7.22% 6.86% 0.36%

### 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**
  - 1 Year: -3.35% (-5.61% 2.26%)
  - 3 Years*: 6.47% 3.65% 2.82%
  - 5 Years*: 10.20% 7.52% 2.68%
  - 7 Years*: 10.08% 7.32% 2.76%
  - 10 Years*: 9.80% 7.38% 2.42%
  - 3.21% 3.41% -0.20%

### 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**
  - 1 Year: -3.53% (-5.61% 2.08%)
  - 3 Years*: 6.55% 3.65% 2.90%
  - 5 Years*: 10.24% 7.52% 2.72%
  - 7 Years*: 10.33% 7.32% 3.01%
  - 10 Years*: 10.12% 7.38% 2.74%
  - 3.21% 3.41% -0.20%

### SOCIALLY RESPONSIBLE 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**
  - 1 Year: -3.53% (-5.61% 2.08%)
  - 3 Years*: 6.55% 3.65% 2.90%
  - 5 Years*: 10.24% 7.52% 2.72%
  - 7 Years*: 10.33% 7.32% 3.01%
  - 10 Years*: 10.12% 7.38% 2.74%
  - 3.21% 3.41% -0.20%

#### 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**
- **September 2006**
- **Product Benchmark Outperformance**
  - 1 Year: 18.87% 15.24% 3.63%
  - 3 Years*: 16.76% 15.33% 1.43%
  - 5 Years*: 14.22% 15.55% -1.33%
  - 7 Years*: 14.34% 15.36% -1.02%
  - 10 Years*: 18.92% 16.18% 2.74%
  - 3.21% 3.41% -0.20%

#### 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 Outperformance**
  - 1 Year: 17.91% 9.23% 8.68%
  - 3 Years*: 11.91% 9.32% 2.59%
  - 5 Years*: 10.60% 9.54% 1.06%
  - 7 Years*: 10.33% 9.35% 0.98%
  - 10 Years*: 12.83% 10.22% 2.61%
  - 3.21% 3.41% -0.20%

#### Agri
- **Consumer Price Index (CPI) + 10%**
- **A portfolio specialising in equity investments in agricultural land, agribusinesses and farming infrastructure.**
- **Smital Rambhai**
- **March 2010**
- **Product Benchmark Outperformance**
  - 1 Year: N/A
  - 3 Years*: N/A
  - 5 Years*: N/A
  - 7 Years*: N/A
  - 10 Years*: N/A
  - 3.21% 3.41% -0.20%
<table>
<thead>
<tr>
<th>Product</th>
<th>Benchmark</th>
<th>Description</th>
<th>Portfolio manager</th>
<th>Inception date</th>
<th>Investment returns</th>
<th>1 Year</th>
<th>3 Years*</th>
<th>5 Years*</th>
<th>7 Years*</th>
<th>10 Years*</th>
<th>Since inception*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development Balanced**</td>
<td>A composite weighting of the underlying funds' benchmarks.</td>
<td>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.</td>
<td>James Howard</td>
<td>November 2004</td>
<td>Product Benchmark Outperformance</td>
<td>-4.06%</td>
<td>-4.75%</td>
<td>6.41%</td>
<td>9.53%</td>
<td>11.71%</td>
<td>10.37%</td>
</tr>
<tr>
<td>Power Debt</td>
<td>STeFI Composite Index</td>
<td>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.</td>
<td>Paul Semple</td>
<td>May 2014</td>
<td>Product Benchmark Outperformance</td>
<td>10.26%</td>
<td>6.49%</td>
<td>3.77%</td>
<td>9.18%</td>
<td>6.36%</td>
<td>5.00%</td>
</tr>
<tr>
<td>Power Inflation-Linked***</td>
<td>RSA Inflation Linked Government Bond Id2038 Total Return Index</td>
<td>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.</td>
<td>Mei-Chi Liou</td>
<td>January 2014</td>
<td>Product Benchmark Outperformance</td>
<td>6.92%</td>
<td>4.32%</td>
<td>2.60%</td>
<td>2.40%</td>
<td>2.40%</td>
<td>2.40%</td>
</tr>
<tr>
<td>Infrastructure &amp; Development Inflation-Linked bond</td>
<td>Barclays BESA SAGILB 15+</td>
<td>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.</td>
<td>Mei-Chi Liou</td>
<td>Pending</td>
<td>Product Benchmark Outperformance</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Currency: ZAR/Gross of fees

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