

DELIVERING WITH **IMPACT**



Izak Odendaal

We invest across asset classes to meet the investment objectives for each portfolio we manage for our clients, based on the respective strategic asset allocations. As a multi-manager, we select the most suitable external asset managers locally and globally to manage these assets. We are committed to driving responsible investments through our appointed asset managers and ensure that all the managers we appoint have an ESG Framework.

Once appointed, we monitor their ESG processes as well as the activities and engagements they undertake with the companies in which they invest, since it is these investee companies that ultimately operate in the real economy. As detailed further on in this report, we also measure the commitment to, and progress on, transformation by all our managers and particularly support those who engage in activist investing.



Listed investments

Our focus in the realm of listed investments is on monitoring and engagement. The greater the number of listed companies that take sustainability and ESG seriously and embed it in their core business strategy, the better the impact on communities, workers and the environment. Given that most of the investee companies are well-established, our main means of impact is through ensuring that they take social and environmental sustainability and governance seriously. This means monitoring and supporting our asset managers in their engagements with the management structures and bodies of these companies.

Unlisted investments

It is in the unlisted or alternatives space where we believe we can have the biggest impact in terms of job creation and development in South Africa, thereby improving socio-economic outcomes (the “S” in ESG). South Africa's economic and social infrastructure is underdeveloped, holding back economic growth and limiting quality of life in many communities. By allocating capital to various forms of infrastructure, we not only earn a return for our investors but can also make a real difference in boosting economic development, enhancing ease of doing business and improving the quality of life for the users of that infrastructure, whether it is transport, communications, water or electricity.

So, to compare our impacts in these two investment types, and at the risk of oversimplifying, in the listed space, our impact largely takes the form of risk mitigation and harm reduction. In the unlisted space, however, we are better able to put money to work in growing the economy and improving lives.

The table below shows how our current allocation of R1,3 billion is made up.






| Alternatives | Investment |
|---|------------|
| Futuregrowth Infrastructure & Development Bond Fund | 38.0% |
| Futuregrowth Community Property Fund | 19.1% |
| Futuregrowth Development Equity | 4.6% |
| Infra Impact Fund (incl. unallocated) | 12.7% |
| OM Private Equity | 18.1% |
| OMAI Hybrid Equity (incl. unallocated) | 7.5% |
| Total | 100% |

The first four funds can be considered direct impact investments, in that these add to the country's social and economic infrastructure. That said, the Private Equity and Hybrid Equity funds also provide funding to companies and therefore support economic growth.

By way of example, the Futuregrowth Infrastructure & Development Bond Fund has, since its launch more than two decades ago, funded various infrastructure and developmental initiatives, with exposure to sectors such as power, transport corridors, healthcare, education, SMME development and affordable housing. It has delivered this infrastructure investment without sacrificing returns for investors, handsomely beating its JSE All Bond Index benchmark since inception, while at the same time supporting an extensive number of UN Sustainable Development Goals (SDGs):

-  SDG 3 - Good health and well-being
-  SDG 4 - Quality Education
-  SDG 7 - Affordable and clean energy
-  SDG 8 - Decent work and economic growth
-  SDG 9 - Industry, innovation and infrastructure
-  SDG 10 - Reduced inequalities
-  SDG 11 - Sustainable cities and economies
-  SDG 12 - Responsible consumption and production
-  SDG 13 - Climate action

Another example of the impact that can be achieved through investment in unlisted companies is the Infra Impact Fund. This 100% Black-owned investment manager provides growth capital for Southern African focused mid-market infrastructure businesses. These businesses operate real assets in the water, waste, energy and telecommunications sectors, providing essential services. The Infra Impact fund's impact investment outcomes support the following SDGs:

-  SDG 8 – decent work and economic growth
-  SDG 6 - access to clean water and sanitation,
-  SDG 7 - clean energy
-  SDG 9 – access to information and communications technologies.
-  SDG 13 – climate action