THE FUTURE IS IN OUR HANDS
Would the founders of Futuregrowth in 1994 recognise the leading asset management company it’s become today?

Originally, Futuregrowth was founded to bring Michael Leeman’s honours thesis to life. Backed by Southern Life, the initial suite of funds focused on social development and empowerment. The aim was to make money for pension funds while investing in disadvantaged communities.

Fast forward more than 20 years and today Futuregrowth manages around R170 billion of clients’ assets, across the full range of fixed interest and development funds, and plays a key leadership role in the asset management industry in South Africa.

During this time, and under the leadership of Paul Rackstraw and Andrew Canter, we have not waivered from our purpose: “to protect and grow investors’ savings through skill and diligence in a way that engenders trust and sustainably enriches people’s lives, while being a positive force in society, markets and for all our stakeholders”.

This purpose is based on the belief that investors can genuinely make a positive difference in society while earning sound investment performance for pension fund members.

This belief is what inspires us to pioneer development funds in sectors such as infrastructure, rural and township retail property, agriculture and renewable energy, channeling funds into innovative deals including low-income housing construction, a church in Soweto, urban regeneration projects and taxi finance, to name a few.

Because of our commitment to our clients, Futuregrowth has on various occasions taken action that has not necessarily been in our own best interests. Take the furore that ensued in 2016 after we announced that we could no longer in good conscience invest pension fund members’ assets in certain SOEs until we had concluded a governance review.

On another occasion, we identified unfair and unsustainable practices within the micro-lending industry as non-developmental and ceased further investments from our development funds into this sector.

So to answer the question raised at the outset, we believe the answer is yes. The original concept of Futuregrowth is still alive, and thriving, in the Futuregrowth of today. Because even though the company has developed into a large and successful asset management brand, the philosophical belief on which the business was founded is still at the core of everything we do.
Interest rate strategy
Our approach to interest rate management is driven by fundamental economic factors, although we also consider many other market influences, including the potential impact of non-fundamental drivers. We use a top-down approach to formulate our macroeconomic view in conjunction with a bottom-up approach to price instruments. Together this forms our best investment view which guides our investment strategy.

Implementation of the strategy includes optimising the mix of interest-bearing assets (cash, variable rate, fixed rate and inflation linked bonds), duration size and yield curve position, that once combined, will drill down to stock selection.

Asset selection
Our asset selection process is designed to add yield to client funds by analysing and taking advantage of the opportunities provided in the lending markets. Using mainly a bottom up approach to analysis of borrowers, potential deals in both the listed and unlisted sectors are independently assessed. Key elements in the process are pricing for risk, and terms and covenants negotiated to protect clients’ investments.

When seeking assets in the development equity space, we use our existing knowledge of companies and markets to identify long-term opportunities in unlisted equity.

Ongoing analysis of the relevant debt and equity instruments, including both economic and environment, social and governance (ESG) factors, is conducted.
The above sources of outperformance are blended with the aim of reaching the best possible outcome depending on the mandate and the needs of our clients. We are constantly seeking better ways to generate sustainable returns for our clients.

/ Risk management
Our philosophy is to measure, manage and report on a wide range of risks. Investment risk is managed through selecting or creating a portfolio that matches the clients’ risk/return profile, within the parameters set by the clients or legislation. Exposure to issuers and instruments is increased or decreased to maintain the desired risk/return profile.

/ Deal sourcing
On behalf of our client funds, Futuregrowth provides debt and equity funding to organisations looking to raise funds in the capital markets. Investees include the government and its agencies, corporate entities, financial institutions, and others -- in both the listed and unlisted markets.

Our large team of analysts are experienced in structuring a range of financing solutions for investees, from senior to mezzanine debt, secured and unsecured, listed and unlisted debt and unlisted equity, with transactions ranging in size from R20m to R1bn, across a broad scope of deals.

Our ability to source rare opportunities in the unlisted market is a significant source of investment performance and a strategic competitive advantage for the business.
A word on sustainable investing
Futuregrowth defines developmental investments as those that provide investors with both commercial returns and tangible social and developmental impact. Our development funds cover a broad range of sectors such as infrastructure, agriculture, property, housing, healthcare and renewable energy, to name a few. We believe that a sound investment process can ensure we provide a retirement benefit for members while also improving 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. We consider transformation to be far broader than the key criteria against which it is generally measured. Therefore, as part of our assessment, we include the impact our business and investments have on the broader environment in which we operate.

Internal // the transformation of our business to reflect the racial and gender diversity of our country.
External // the impact that our business and investments have on our clients, communities, the investment industry, capital markets and the economy as a whole.

The people who manage your money
Futuregrowth has a staff complement of around 80, with about 38 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 skills.

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.
Our awards

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

POA Imbasa Yegolide Awards
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

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