

Community Growth Funds



2019

CONTENTS

- 01** Our Heritage & Structure
- 02** Who We Are
- 03** Socially Responsible Screening Criteria
- 04** Our Funds
Community Growth Equity Fund
- 06** Our Funds
Community Growth Gift Fund
- 08** Contact Us
- 09** Statutory Information

OUR HERITAGE & STRUCTURE

OUR HERITAGE

Established in 1992, Community Growth Management socially responsible investment (SRI) fund manager in South Africa. Supported by six labour unions, our mandate is clear: to offer their members long-term, sustainable investments that offer market-related returns, while seeking to positively impact society and the environment.

So, at a time when SRI was unheard of in South Africa, COMANCO pioneered in the field with our Community Growth Funds. We started to engage with the management teams of investee and prospective companies to encourage best-practice in their labour, environmental and governance policies. Today, 27 years later, not only is SRI embedded in our DNA, we are also a responsible investor and actively screen for environmental, social and governance (ESG) factors in our investment processes.

WHY WE DO WHAT WE DO?

Our investment objective is to ensure that South Africans can retire with dignity, while enjoying an equitable society and a healthy, plentiful environment. This is why we offer socially and environmentally aware investors a choice of two SRI funds through which they can grow and manage their wealth, while contributing to the socio-economic and environmental stability of South Africa.

CONSISTENCY AND TRUST

Our SRI track record speaks for itself. Having successfully managed a range of SRI vehicles since 1992, COMANCO is able to generate consistent investment returns, while at the same time responding to the values its investors stand for.

OUR INVESTORS' VALUES



Uphold the Rights of Workers



Protect the Environment



Ensure Good Corporate Governance

OUR STRUCTURE



UNITY INCORPORATION

Unity Incorporation (Unity), founded in 1992, is the investment arm of a group of six trade unions affiliated to the Congress of South African Trade Unions (COSATU) and the National Council of Trade Unions (NACTU), South Africa's biggest trade union confederations. COMANCO is wholly-owned by Unity.

Unity ensures that SRI values and ESG factors are present in the investment decision-making process. They conduct active, extensive research on selected listed companies, ensuring that the labour movement is represented and that the resulting portfolios comprise SRI best-practice companies.

Old Mutual Investment Group

Our funds are managed by Old Mutual Equities and Futuregrowth Asset Management, both specialist investment boutiques within Old Mutual Investment Group, a leading African investment manager with over R636 billion in assets under management.

With a focus on delivering market-beating returns, being responsible stewards of the assets they manage and benefiting the communities in which they invest, Old Mutual Investment Group is aligned with the values of COMANCO.

WHO WE ARE

INVESTMENT PHILOSOPHY

We believe that wealth creation is achieved through investing in socially responsible companies and holding their shares for a long period of time. We invest in superior companies, based on their strong balance sheets, clear business strategies, above-average returns on capital invested and quality management teams.

In addition, the companies we invest in must be able to strike an appropriate balance between generating profits for their shareholders and meeting their social and environmental obligations. For us, this is the only sustainable way to grow earnings and create wealth in the long term.



OUR MISSION

To make a positive socio-economic impact by providing investors with long-term, sustainable and socially responsible investment solutions.



OUR VISION

To be the first choice of South African investors seeking socially responsible investment solutions.



OUR VALUES

- Transparency
- Good corporate governance
- Respect for people and the environment
- Honesty and integrity
- Accountability and trust
- Commitment to excellence
- Development and growth of our employees



BUSINESS PRINCIPLES

- Provide superior products and services that fulfil the financial, environmental, social and governance objectives of our investors.
- Develop and assist initiatives that support responsible investing within the investment industry.
- Create a work environment that encourages personal development and growth, in which ownership, responsibilities and rewards are broadly shared.
- Support initiatives that strive to create a fair society and a better world for everyone, and for generations to come.

WHY INVEST WITH US?

- ✓ A long-term track record in managing large funds.
- ✓ A selection of high-calibre SRI funds with defined risk objectives.
- ✓ Expertise in integrating SRI and ESG research in the investment process.
- ✓ Unique collaboration between the union movement and our asset manager, Old Mutual Investment Group, in the management of our funds.
- ✓ A combination of investment skills and well-defined, disciplined investment processes.
- ✓ We support transformation in the financial services sector via a minimum allocation to BBEE stockbroking firms.
- ✓ Old Mutual Equities has one of South Africa's largest investment research teams, offering proprietary research.

SOCIALLY RESPONSIBLE SCREENING CRITERIA

WE HAVE DEVELOPED SPECIFIC SCREENING CRITERIA TO GUIDE OUR PORTFOLIO MANAGERS WHEN SELECTING INVESTMENTS AND ASSETS TO INCLUDE IN OUR PORTFOLIOS.

JOB CREATION THROUGH INNOVATION AND GROWTH

Companies that innovate, expand and invest for growth create jobs. The senior management teams of investee companies must give evidence of their plans and strategies to enable job-creating growth.

SKILLS DEVELOPMENT

Company training programmes and grading systems that provide clear career paths for all employees must be in place. This will upskill the workforce and lead to higher productivity and higher wages. There must be evidence of union and worker participation in decisions about training and development programmes.

ECONOMIC AND SOCIAL EMPOWERMENT

There must be evidence of high levels of worker empowerment. This is assessed which is rated according to the degree of worker participation in training, affirmative action, health and safety, advancing union rights and centralised bargaining. Union involvement in decisions over company restructuring is scrutinised closely. Companies that are committed to creating genuine economic opportunities for emerging black businesses are favourably regarded.

EQUITY THROUGH AFFIRMATIVE ACTION IN THE WORKPLACE

Companies should have carefully planned and meaningful affirmative action programmes that will optimise performance, offer opportunities for advancement, with a focus on black and disabled employees. Affirmative action is closely linked to a company's training programmes.

GOOD CONDITIONS OF EMPLOYMENT

The minimum wage offered is key, and company benefits, such as maternity pay and hours of work, must be at least above the industry's average. Companies that outsource work must ensure that conditions of employment in contracted companies are above industry standards and that unions can operate freely.

SOUND ENVIRONMENTAL PRACTICES MUST BE PROMOTED

Companies must develop and implement policies and practices which will protect the environment and the communities in which they operate. Companies that have regular independent environmental audits are preferred.

HIGH HEALTH AND SAFETY STANDARDS MUST BE APPLIED

Companies must have good health and safety records. The screening process will include reports by employees and the safety record of a company. The involvement of trade unions in health and safety will be further evidence of high standards at a company.

DEMONSTRATE OPEN AND EFFECTIVE CORPORATE GOVERNANCE

Best-practice corporate governance is essential, and companies are required to meet the requirements of the King IV Report on Corporate Governance. The role of directors is scrutinised, with special attention paid to full disclosure of directors' pay, the appointment of independent remuneration and audit committees, and effective stakeholder communication.



FUND MANAGER BRIAN PYLE

PORTFOLIO MANAGER
B. Com, CA (SA), CFA Charterholder
19 Years industry experience

DISCLOSURE OF FSP

Old Mutual Equities is an equity boutique within Old Mutual Investment Group (Pty) Ltd, which is a Licensed Financial Services Provider, FSP 604.

MARKET COMMENTARY

30 June 2019

The second quarter of 2019 was volatile; at one stage the FTSE/JSE Shareholder Weighted All Share Index (SWIX) was 3.9% down, but finished the quarter at 3.1% up. The South African market continued to be heavily influenced by global news flow – particularly the development of the “trade war” between the USA and China (it is interesting how the way we get news flow has changed and markets now move one way or another off the back of Twitter comments). The MSCI World Index increased by 3.4% in US dollar terms in Q2 2019, continuing the strong rebound from a particularly weak last three months of 2018.

Resource shares have had a particularly good start to the year, with the FTSE/JSE Resources Index (J258) returning 18.4%. This was partly driven by increasing commodity prices, particularly iron ore (+57.7%) and rhodium (+32.1%).

SA Inc. shares (those companies generating the majority of their earnings locally) on the other hand continued to struggle. This comes off the back of poor results released by companies in the first half of 2019. The poor results are generally reporting particular difficulty in passing on rising input costs (for instance, a higher fuel price), while demand (and therefore turnover) remains under pressure – this, of course, means that companies’ operating margins are under pressure and many have announced restructuring plans.

We believe that this fund gives investors a good balance of exposure to a diversified basket of global stock markets, shares and currencies. We continue to actively seek investment opportunities in the local and global markets.

Source: Old Mutual Investment Group as at 30 June 2019.

FUND INFORMATION RISK PROFILE



FUND OBJECTIVE

To provide long-term capital growth and returns in excess of inflation while promoting social responsibility investing. The fund invests in companies that are concerned with job creation, training and skills development, employment equity, economic and social empowerment, high health and safety standards, sound environmental practices and effective corporate governance.

RECOMMENDED MINIMUM INVESTMENT TERM



INVESTMENT MANDATE

South African listed securities that comply with socially responsible criteria. All investments in SA equity must be approved by Unity Incorporation according to SRI guidelines. The fund maintains 75% equity exposure at all times.

CHARACTERISTICS OF THE FUND AND RISKS

This fund is suited to investors seeking long-term capital growth while investing in socially responsible investments.

Fund Category	South African - Equity - General
Fund Benchmark	FTSE/JSE All Share Index
Launch Date	1 June 1992
Fund Size	R92 million
Fund Code	CGMG
Dealing Price	NAV
Distributions	Declared in February 2019 September 2017: 29.30c per unit September 2018: 41.62c per unit February 2019: 8.92c per unit
Minimum Investment	R5 000 lump sum. Monthly debit order R500.
Initial Charge	No initial administration charge. Initial adviser fee will be between 0% to 3.45% (incl. VAT).
Service Fee	0.5% p.a.
NAV Price (cents/unit)	1 249.42c
Total Expense Ratio (TER)	0.65% (Annualised)

FUND COMPOSITION

as at 30 June 2019

TOP TEN HOLDINGS

INSTRUMENT	
Naspers LTD	20,775,674
BHP Group PLC	10,041,614
Anglo American PLC	6,352,354
Sasol LTD	3,978,494
Standard Bank Group LTD	3,392,796
Firstrand LTD	3,131,318
The Bidvest Group LTD	3,040,254
Investec PLC	2,965,762
ABSA Group Limited	2,933,749
Anglogold Ashanti Limited	2,856,860
TOTAL	59,468,875

SECTOR ALLOCATIONS

Basic Material	23.00
Consumer Goods	0.92
Consumer Services	31.54
Telecommunications	2.48
Financials	24.86
Health	0.52
Industrials	6.73
Oil & Gas	4.17
Technology	2.05
Assets in Liquid Form	3.72
TOTAL	100.00

OTHER

Market Value (R mill)	95,438,593
NET Asset Value	91,886,230
BUY & SELL PRICE (cents)	1,249.42

ASSET ALLOCATION

Equity	96 %
Assets in Liquid form	4 %

FUND PERFORMANCE

as at 30 June 2019

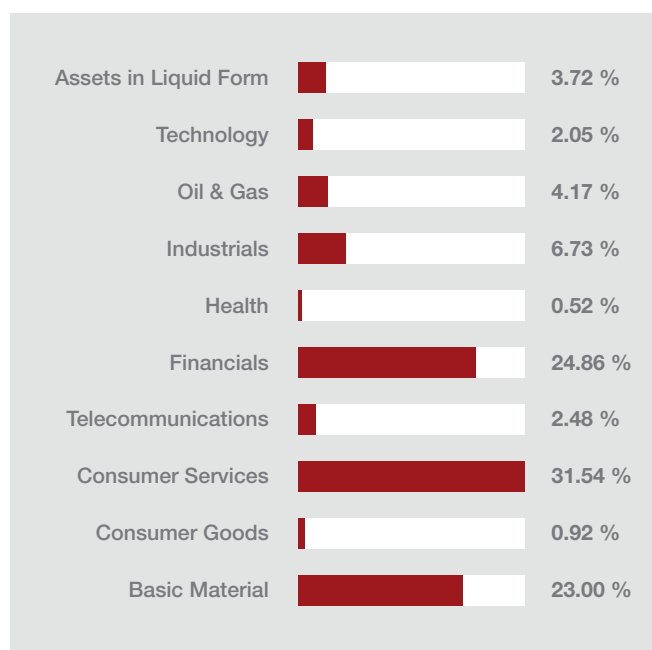
% Performance (annualised)

YEARS	FUND %	FUND BENCHMARK %	CATEGORY RANKINGS
1	7.6	3.2	13 / 157
3	4.4	5.7	35 / 126
5	4.7	4.7	28 / 98
7	9.8	10.2	29 / 81
10	10.5	12.2	37 / 58

**Past performance is no indication of future performance.*

FUND (since inception)	HIGHEST %	AVERAGE %	LOWEST %
12 month returns	53.56	13.37	-34.68

TOP TEN HOLDINGS





FUND MANAGER RHANDZO MUKANSI

PORTFOLIO MANAGER

B.Com Finance (Hons)

5 years of investment experience

DISCLOSURE OF FSP

Futuregrowth Asset Management (Pty) Ltd
("Futuregrowth") is a licensed discretionary financial services provider, FSP 520.

MARKET COMMENTARY

30 June 2019

Our main concern regarding the bond market remains the strong link between lacklustre economic growth and the lack of fiscal consolidation. More specifically, this points to the rising debt burden of the state, which arises as a consequence of the lack of fiscal consolidation. This continues to threaten the country's sovereign risk profile and places pressure on domestic funding costs. The risk of a failed economic recovery has certainly not dissipated; with this firmly supported by disappointing first quarter GDP data. This makes us question the quality of tax revenue collections, and consequently the state of health of the tax base, which in turn keeps the risk of a budget deficit overrun at elevated levels. The financial burden of poorly managed SOEs on state finances has reached a point where the delivery of a credible national budget is nearly impossible in the absence of a substantial remedial action for the unfolding financial disaster. The proverbial chickens, mainly in the form of Eskom, have come home to roost and this requires more than the usual liquidity provision. Addressing solvency is an entirely different matter, requiring more than simply kicking the can down the road via more liquidity bail-outs.

We continue to endeavour to strike a balance between avoiding capital loss in the case of a market sell-off and losing out on the accrual offered by a steeply sloped yield curve. We have also considered the fact that long-dated nominal bonds are currently trading at an attractive real yield of around 4%. So, while our broad interest rate investment strategy remains defensive, the modified duration variance of -0.2 is some way off the maximum allowed position of -1.0. This acknowledges reasonable valuation, which partly offsets the relatively poor investment theme.

The fund underperformed the benchmark by 0.2% on a net of fee basis for the 12-month period ending June 2019. This was mainly due to the more conservative positioning of the fund relative to the benchmark, specifically the underweight modified duration position during the period under review. This negative contribution was partly offset by the accrual earned from the higher yielding non-government bond holding in the fund.

The fund is defensively positioned, with an underweight modified duration tilt of 0.2 relative to the All Bond Index modified duration of 7.1. This is the result of a smaller holding of nominal bonds with a term to maturity of 25 years and longer relative to the benchmark.

Source: Old Mutual Investment Group as at 31 March 2019.

FUND INFORMATION RISK PROFILE

Low	Low to Moderate	Moderate	Moderate to High	High
-----	-----------------	----------	------------------	------

FUND OBJECTIVE

To maximise this fund's total returns through a balance of capital growth and a high level of income. To invest funds into longer term, fixed interest instruments with an emphasis on institutions and projects that contribute to the development of South Africa through meaningful social impact, commitment to development, community participation and support.

INVESTMENT MANDATE

The fund invests in interest-bearing securities and money market instruments. All investments in interest-bearing securities must be approved by Unity Corporation.

CHARACTERISTICS OF THE FUND AND RISKS

This fund is suited to astute investors who have a particular view on a single asset class whilst investing in socially responsible investments. The investor understands the impact of the interest rate cycle and accepts this risk in exchange for moderate capital growth. The Fund is exposed to both interest rate risk and credit risk. In terms of interest rate risk, the risk to the Fund is moderate as the mandate allows for limited positioning relative to benchmark and in terms of credit risk; the Fund's investments are limited to listed credit assets with a credit rating of investment grade or better.

Fund Category	South African - Interest Bearing - Variable Term
Fund Benchmark	BEASSA All Bond Index
Launch Date	14 July 1998
Fund Size	R10 million
Fund Code	CGMI
Dealing Price	NAV
Distributions	Declared: February 2019 Distributed 1 business day after declaration March 2018: 5.80c per unit August 2018: 5.63c per unit February 2019: 6.42 per unit
Minimum Investment	R5 000 lump sum. Monthly debit order R500.
Initial Charge	No initial administration charge. Initial adviser fee will be between 0% to 0.68% (incl. VAT).
Service Fee	0.5% p.a.
NAV Price (cents/unit)	153.70c
Total Expense Ratio (TER)	0.67% (Annualised)

PORTFOLIO COMPOSITION

as at 30 June 2019

TEN LARGEST HOLDINGS

HOLDING	%		MARKET VALUE
RSA	8.50	31012037	1 085 433
RSA	8.75	28022048	1 059 424
RSA	8.00	31012030	895 381
RSA	8.875	28022035	857 350
RSA	9.00	31012040	797 519
RSA	8.75	31012044	607 712
RSA	8.25	31032032	557 125
RSA	10.5	21122026	481 347
ESKOM HOLDINGS LTD	8.5	25042042	315 501
ES33	7.5	150933	230 466
NAV AS AT 31.12.2018		153.70	

MATURITY BANDS

YEARS	%	MARKET VALUE
0-3	4.3	430 120
3-7	12.7	1 277 728
7-12	21.6	2 169 687
12+	57.6	5 790 210
CASH	3.9	390 147
NET ASSET VALUE	100.00	10 057 892

FUND PERFORMANCE

as at 30 June 2019

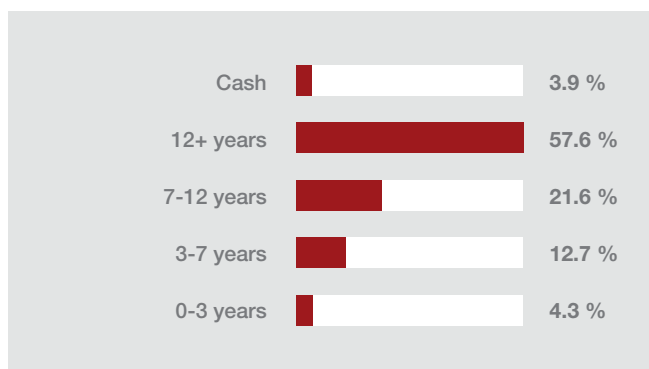
% Performance (annualised)

YEARS	FUND %	FUND BENCHMARK %	CATEGORY RANKINGS
1	10.8	10.9	12 / 30
3	9.5	9.2	11 / 25
5	8.2	8.0	7 / 16
7	7.8	7.2	6 / 14
10	9.2	8.4	5 / 14

Past performance is no indication of future performance.

FUND (since inception)	HIGHEST %	AVERAGE %	LOWEST %
12 month returns	12.79	0.72	-14.13

MATURITY BANDS



CONTACT US

ADDRESS

6th Floor, 85 Main Street, Marshalltown, Johannesburg, 2017.
PO Box 1773, Johannesburg 2000

CONTACT

Tel: +27 11 333 7545

Fax: +27 11 336 8333

Email: invest@comanco.co.za

Web: www.comanco.co.za

STATUTORY INFORMATION

Collective Investment Schemes in Securities (unit trusts) are generally medium- to long-term investments. Past performance is no indication of future growth. It is important that you are prepared for some shorter-term fluctuations as your investment moves in line with markets. Fluctuations or movements in the market may cause the capital value and return of your investments to go up or down. Since the performance of financial markets fluctuates, an investor may not get back the full amount invested.

Unit trusts may engage in scrip lending and may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. Unit trust prices are calculated on a net asset value (NAV) basis, which is the total market value of all assets in the portfolio including any income accrual and less any permissible deductions from the portfolio divided by the number of units in issue. Permissible deductions may include compulsory and bank charges, brokerage, marketable securities tax, other taxes and levies, custodian and trustees' fees and audit fees.

Commission and incentives may be paid by Comanco and if so, are included in the overall costs. A schedule of fees and charges and maximum commissions is available from the management company/intermediary. Comanco does not charge performance fees. Each fund's total expense ratio (TER) reflects the percentage of the average Net Asset Value of each portfolio that was incurred as charges, levies and fees related to the management of the portfolio. A higher TER ratio does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TERs. Daily Prices are available on the COMANCO public website and in the media.

You can easily sell your investment at the ruling price of the day (calculated at 15h00 on a forward pricing basis). Excessive withdrawals may place the portfolio under liquidity pressures, in such circumstances a process of ring-fencing of withdrawal instructions and managed pay-outs over time may be followed. Instructions must reach Community Growth Management Company (RF) (Pty) Ltd (COMANCO) before 15h00 to ensure same day value.

The Net Asset Value to Net Asset Value figures are used for the performance calculations. The performance quoted is for a lump sum investment. The performance calculation includes income distributions prior to the deduction of taxes and is reinvested on the ex-dividend date. Performance may differ as a result of actual initial fees, the actual investment date, the date of reinvestment and dividend withholding tax. Past performance is not a guide to future performance. Annualised returns are the weighted average compound growth rate over the performance period measured.

Community Growth Management Company (RF) (Pty) Ltd (COMANCO) has a right to close any fund at anytime at its own discretion.

The portfolio performance is calculated on a NAV-NAV basis and does not take any initial fees into account. Income is reinvested on the ex-dividend date NAV price. Actual investment performance will differ based on the initial fees applicable, the actual investment date and the date of reinvestment of income. Performances are in ZAR as at 31 March 2018.

Additional information is available free of charge and you could email: invest@comanco.co.za

Sources: Old Mutual Investment Group and Morningstar.

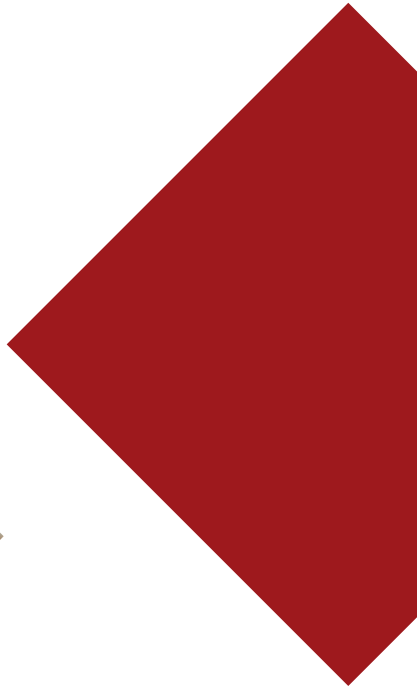
TRUSTEES

The Standard Bank of South Africa Limited, PO Box 54, Cape Town, 8000.
Tel: +2721 401 2002 | Fax: +27 24 401 3887

Community Growth Management Company (RF) (Pty) Ltd (COMANCO) is a licensed Management Company approved by the Registrar of Collective Investment Schemes (www.fsb.co.za), (Registration no. 1992/002327/07),
6th Floor, 85 Main Street, Marshalltown, Johannesburg, 2017. PO Box 1773, Johannesburg 2000.

COMPLAINTS

Write to the Compliance Officer at the above address or for further information call **011 333 7545**



**Community
Growth Funds**

WWW.COMANCO.CO.ZA