
**COMMUNITY GROWTH
MANAGEMENT COMPANY**
2017

The Socially Responsible Investment Pioneer



**Community
Growth Funds**

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OUR HERITAGE & STRUCTURE

OUR HERITAGE

Established in 1992, Community Growth Management Company Ltd (COMANCO) became the first dedicated 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, 25 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. Our funds provide them with the potential to 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 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, and 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 that 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.

OUR FUNDS

COMMUNITY GROWTH EQUITY FUND

PORTFOLIO MANAGERS



Brian Pyle



Kayaletu Nodada

FUND

CATEGORY:

Domestic -
Equity - General

FUND

BENCHMARK:

FTSE/JSE
All Share Index

LAUNCH

DATE:

1 June 1992

INVESTMENT APPROACH

A combination of fundamental and quantitative analysis is applied. Each investee company is subject to a robust research process, which follows a cash flow return on investment (CFROI) approach. Emphasis is placed on a disciplined portfolio construction process, to ensure that the potential of Old Mutual Equities' research ideas is maximised in the portfolio.

INVESTMENT AIM

This general equity unit trust fund aims to provide long-term capital growth while promoting sustainable and responsible investing. The Fund invests in JSE-listed companies that are viable and sustainable, and have a clear commitment to job creation, skills development, affirmative action, sound environmental practices, and effective corporate governance. It also aims to achieve long-term investment returns in excess of inflation.

RISK FACTOR

This is a medium- to higher risk fund. The Fund is exposed to share price movements, which are affected by the activities of individual companies and: general market conditions, as well as by global and local political and economic changes.





WHO IS THIS FUND FOR?

This fund may suit investors seeking long-term capital growth through a broadly diversified portfolio of shares. As shares can deliver negative returns at times, this investor will have a long-term investment horizon and can therefore tolerate stock-market volatility.

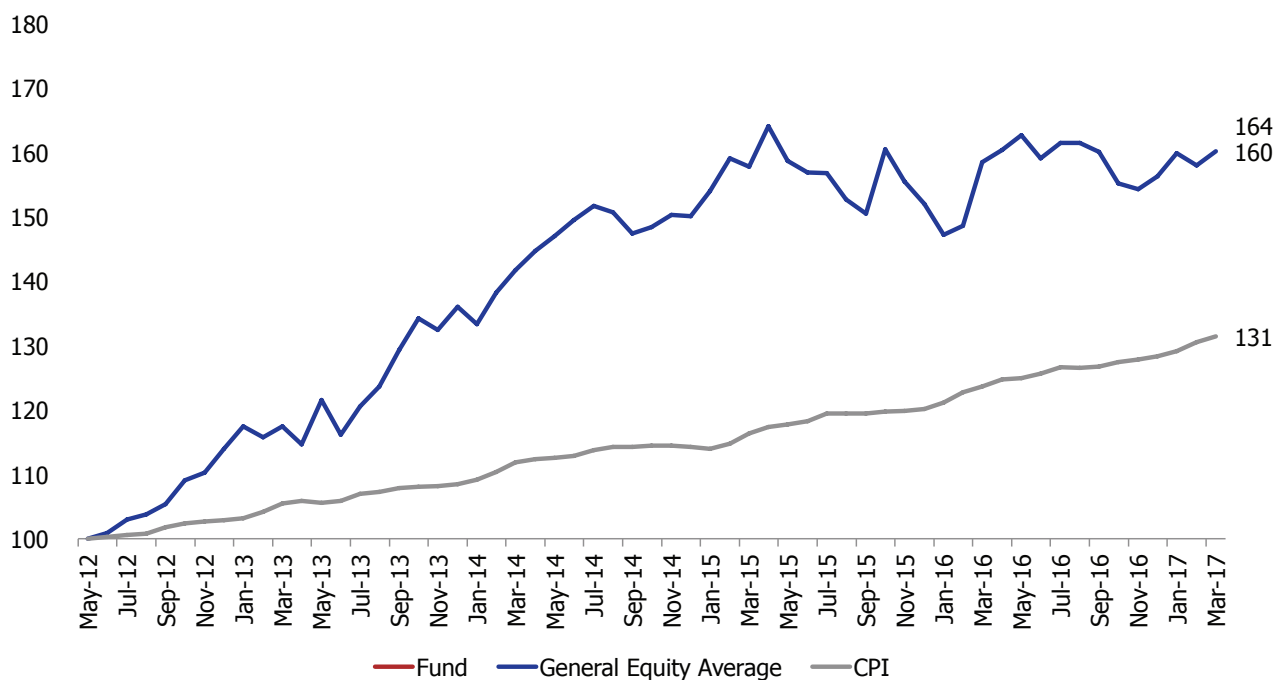
INVESTMENT PROCESS

This fund is mandated to invest in shares across all sectors of the stock market, focusing predominantly on the Top 100 blue-chip shares. The fund aims to achieve its performance objectives through well-researched, superior share selection. Derivatives may be used for risk-management purposes.

INVESTMENT PROCESS

 <p>STEP 1 Identify Investable Universe</p> <ul style="list-style-type: none"> Company review SRI criteria applied 	 <p>STEP 2 Fundamental Research</p> <ul style="list-style-type: none"> Proprietary & external industry & company research Cash flow return on investment (CFROI) valuation 	 <p>STEP 3 Share Selection</p> <ul style="list-style-type: none"> Identify mispriced shares (Absolute & Relative) Assess each investment case Assess margin of safety Assign conviction-based investment view 	 <p>STEP 4 Portfolio & Risk Control</p> <ul style="list-style-type: none"> Proprietary portfolio construction process Translate investment view into active portfolio weight Consider potential risks to performance
OUTPUT			
<ul style="list-style-type: none"> A universe of 86 shares 	<ul style="list-style-type: none"> Recommendations on "best investment ideas" 	<ul style="list-style-type: none"> Conviction Buy & Sell List Daily ranking table based on upside of each share, accounting for quality, growth and sentiment score 	<ul style="list-style-type: none"> A sensible, diversified portfolio that aims to outperform while assuming no more risk than the market

COMMUNITY GROWTH EQUITY FUND VS. CATEGORY AVERAGE AND INFLATION



Source: Morningstar (net of fees) and Old Mutual Investment Group to end March 2017

OUR FUNDS

COMMUNITY GROWTH GILT FUND

PORTFOLIO MANAGER



Daphne Botha

FUND CATEGORY:

Domestic - Fixed
Interest - Bond

FUND BENCHMARK:

BEASSA
All Bond Index

LAUNCH DATE:

14 July 1998

INVESTMENT AIM

The Fund aims to provide long-term, stable and consistent outperformance relative to the benchmark through a combination of capital growth and income generation. Capital growth will be achieved by positioning the portfolio appropriately to take advantage of the interest rate cycle and the inflation cycle. In addition, this portfolio is mandated to invest in institutions and projects that contribute to the development of South Africa. These investments must create new infrastructure and/or have meaningful social impact.

RISK FACTOR

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. In terms of credit risk, the Fund's investments are limited to listed credit assets with a credit rating of investment grade or better. Term risk of individual investments is not limited and considering the developmental nature of the Fund, investments can be long dated. The Fund is actively managed, and over the long term, we aim to provide stable, consistent outperformance relative to the benchmark.

WHO IS THIS FUND FOR?

This Fund is suitable for investors who understand the risk and return profile of fixed income investments. Investors in this fund should have an investment horizon of longer than three years and must be able to tolerate short-term market volatility.

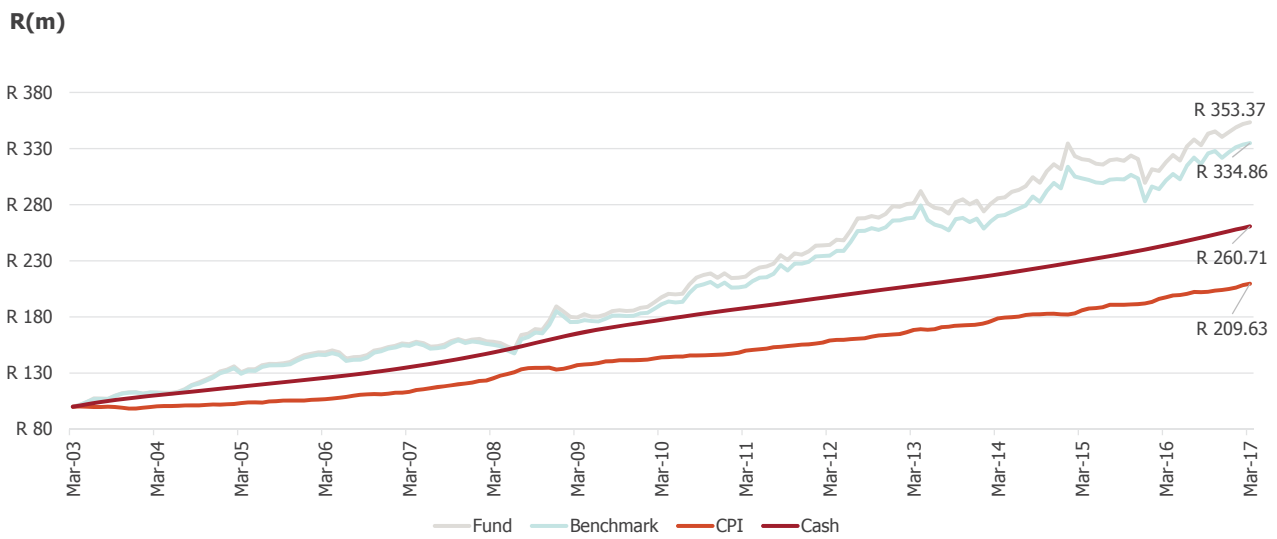
INVESTMENT PROCESS

The Fund is mandated to invest in any domestic, listed, fixed-income instrument. There are no term restrictions, but due to the tight interest rate limits relative to benchmark, the term of the portfolio will closely resemble that of the All Bond Index. Over the long term, approximately 50% of the portfolio will be invested in bonds that are issued or guaranteed by the Republic of South Africa, and the remainder of the portfolio will be invested in corporate issuers with an infrastructure or developmental mandate. The Fund is managed by Futuregrowth and is subject to their interest rate process to manage the interest rate risk in the portfolio and their credit process to manage the credit risk in the portfolio.

INVESTMENT PROCESS



COMMUNITY GROWTH GILT FUND VS. ALL BOND INDEX, INFLATION AND CASH



Source: Old Mutual Investment Group



MANZODIDI PIKASHE, CEO

Unity Incorporation NP

- Manzi joined Unity in November 2005 as the Research Officer and became the Research Co-ordinator in 2009. He set up the Research Unit in 2006.
- Before, he was the Research Officer at Labour Research Service focusing on the socially responsible investment research of companies identified for investment from 2001.
- He joined the Department of Labour as the Assistant Director: Research, Policy and Planning in 2013 and Assistant Director: Labour Development and Monitoring 2014.
- 8 years of industry related experience.
- B. Admin (Hons)



BRIAN PYLE, PORTFOLIO MANAGER

Community Growth Equity Fund

- Brian joined Old Mutual in 1998 and moved to Old Mutual Equities in 2012.
- In addition to his role as portfolio manager, Brian is the assigned analyst of many companies within the consumer and industrial sectors.
- Before joining Old Mutual Equities, Brian headed up Old Mutual Investment Group's Equity Research Unit, where he had oversight of a team of specialist equity portfolio managers and analysts.
- 19 years of investment industry experience.
- B. Com. CA (SA); CFA Charterholder



KAYALETHU NODADA, CO-FUND MANAGER

Community Growth Equity Fund

- Kaya joined Old Mutual Equities in 2015, focusing on shares within the industrials sector, predominantly food retail and food producers.
- Kaya assists in managing Old Mutual Industrial Fund.
- Previously, Kaya was an equity analyst at Vunani Fund Managers for three years, focusing on the retail and healthcare sectors.
- He also worked at Deloitte, where he completed his articles.
- Five years of investment industry experience.
- B Com (Hons); CA (SA)

OUR TEAM



DAPHNE BOTHA, PORTFOLIO MANAGER

Community Growth Gilt Fund

- Daphne joined Futuregrowth Asset Management in 2001 from NIB Asset Management.
- She started her career at Futuregrowth in Specialist Investment Administration before moving to the dealing desk, becoming a Portfolio Manager in 2005.
- She is responsible for managing Futuregrowth's segregated core bond funds as well as the STeFI+ suite of funds.
- She oversees overall portfolio risk management and is Chairperson of the Investment Committee.
- 20 years of investment industry experience.
- B. Com (Hons); Diploma in Financial Markets



VICTOR SINGO, MARKETING AND DISTRIBUTION MANAGER

- Victor joined COMANCO in September 2016 to look after existing clients and oversee the marketing and distribution of the business.
- Over 13 years of financial services industry experience, specialising in financial advice, investment, sales and relationship management.
- B. Com (IPS), Certificate in Investment and Finance (WITS)



MOLEFE NKWANE, BUSINESS DEVELOPMENT OFFICER

- Molefe joined COMANCO on 1 July 2009.
- He has served on the National Council of Trade Unions (NACTU) as a consultant and was involved in the opening of Wizzit Bank from 2001 to 2007.
- Diploma: Commercial Administration, Claritas Investment Certificate (CFA Institute)

CONTACT US

EXECUTIVE DIRECTOR

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Email: manzi@comamco.co.za

MANAGER: MARKETING AND DISTRIBUTION

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CLIENT SERVICING AND REPORTING

Molefe Nkwane

Client Services

Tel: 011 333 7545

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Email: molefe@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 the markets. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. Unit trusts may engage in scrip lending and may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity.

An upfront charge for broker commission (0%-3.42% of the investment amount) is deducted prior to the purchase of units. An annual service fee of 0.57% is calculated on the market value of the fund's assets (excluding income and permissible deductions) and deducted from the portfolio on a monthly basis.

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 Community Growth Management Company Ltd. (COMANCO) and if so, are included in the overall costs. 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.

You can easily sell your investment at their ruling price of the day (calculated at 15h00 on a forward pricing basis). Instructions must reach COMANCO before 15h00 (13h00 for the Community Growth Money Market Fund) to ensure a same-day value. The Community Growth Money Market Fund unit price is static and interest is declared daily at 13h00 and paid monthly. The Trustee of the funds is: The Standard Bank of South Africa Limited, PO Box 54, Cape Town 8000.

Community Growth Management Company Ltd (Registration no. 1992/002327/06)

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Complaints: Write to our Client Services Manager at the above address or for further information call 011 333 7545

Compliance Officer: (011) 333 7545



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Growth Funds**