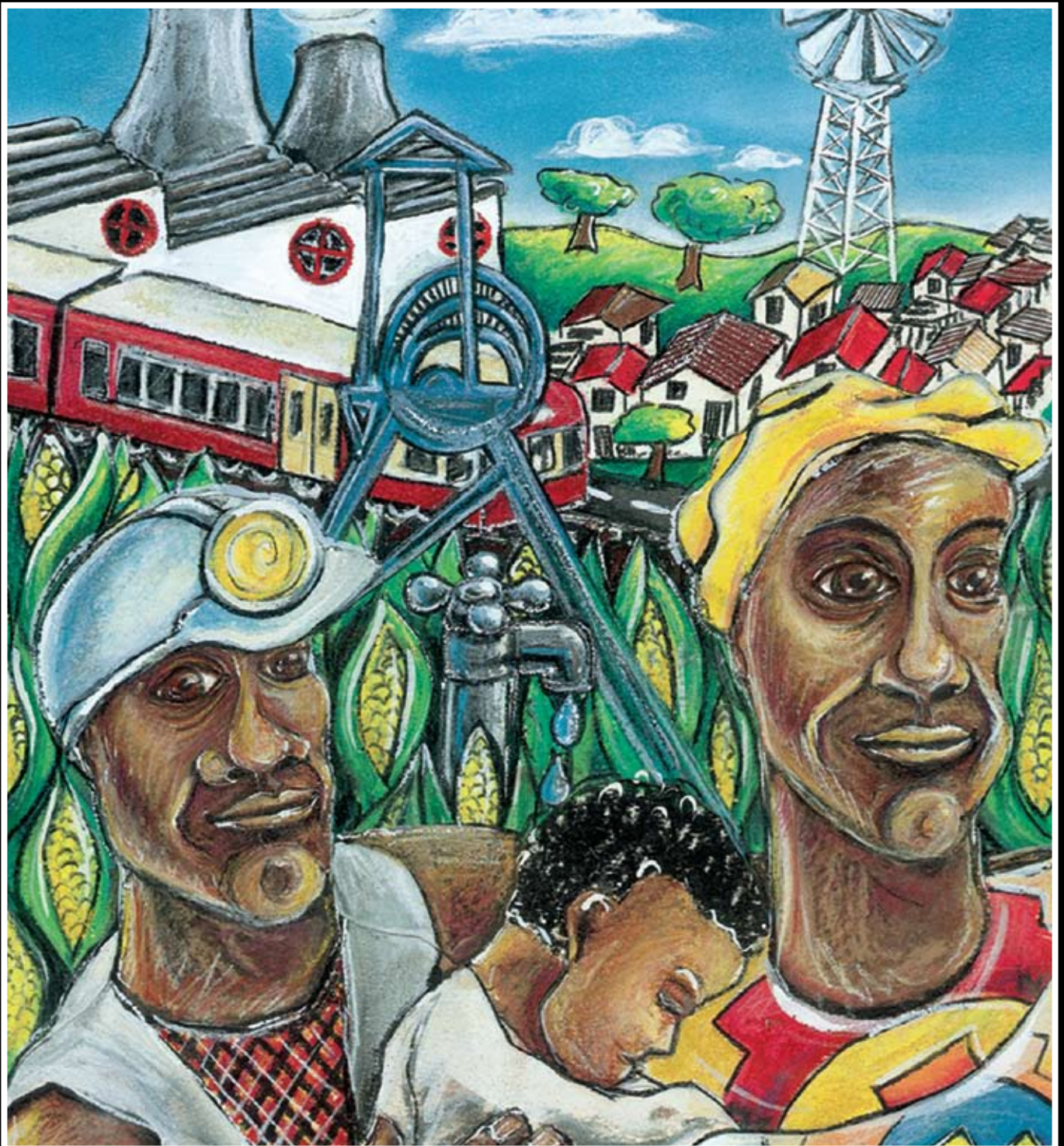


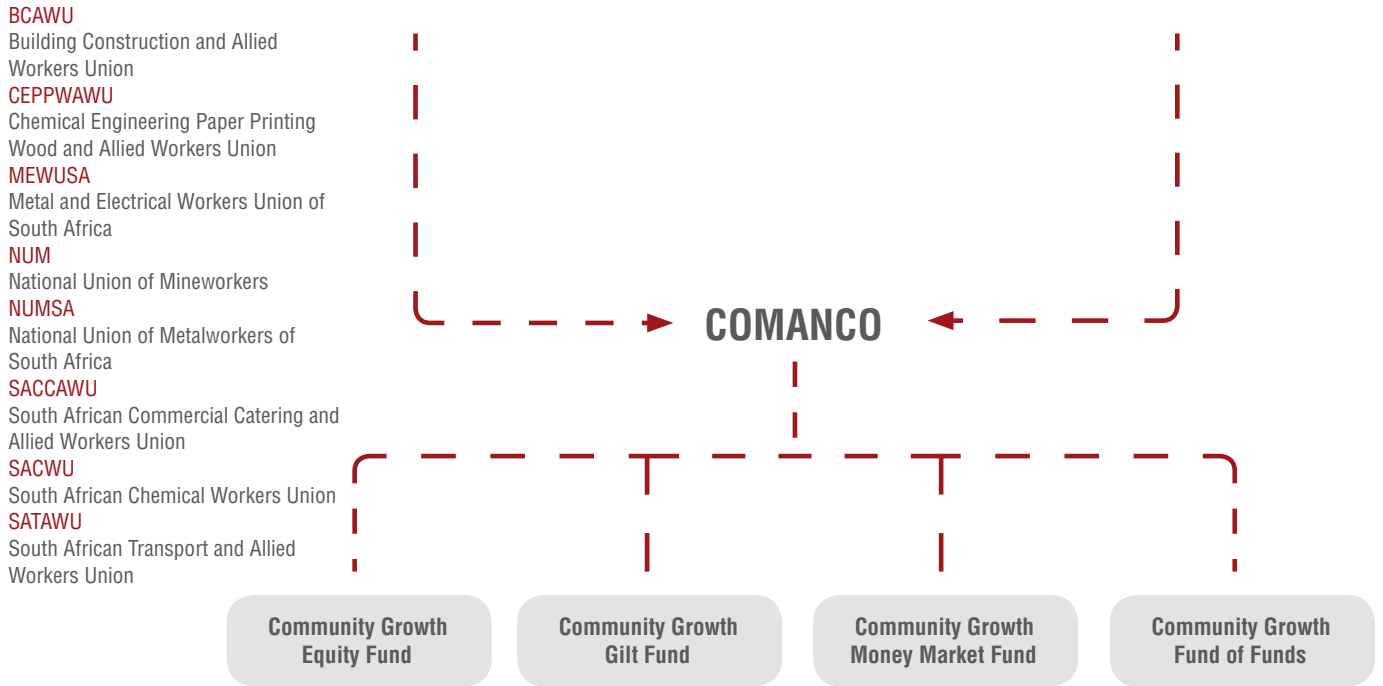


## COMMUNITY GROWTH FUND CAPABILITIES





# COMANCO STRUCTURE



## WHO IS UNITY?

Unity Incorporation, founded in 1992, is the investment arm of a group of eight trade unions affiliated to both Cosatu (Congress of South African Trade Unions) and Nactu (National Council of Trade Unions), South Africa's biggest trade union confederations.

Unity Incorporation ensures the incorporation of Socially Responsible Investing (SRI) principles in the investment decision-making process.

They conduct active, extensive research on selected listed companies using strict SRI criteria, in this way ensuring labour movement involvement in company SRI practices, and that SRI principles are adhered to in the resulting portfolio.

## WHO IS OMIGSA?

Old Mutual Investment Group (SA) (OMIGSA) is a multi-boutique investment business with over 40 years of investment experience and R440bn of assets under management (as of December 2008). The group has a global reach through UK-listed parent company Old Mutual Plc. We offer investors the best of both worlds – access to independent, focused investment boutiques with the backing of a large, well-governed and managed investment firm.

Our investment professionals are supported by a comprehensive range of world-class services, allowing them to focus on what matters most – investment performance.

OMIGSA is a 100% owned subsidiary of Old Mutual South Africa, which has 22.9% black ownership, based on the Broad-Based Black Economic Empowerment (BBBEE) Codes of Good Practice. The group has a Level 4 BBBEE rating (2008), as verified by the National Empowerment Rating Agency.



## WHO ARE WE?

Community Growth Management Company (Comanco) is a jointly owned company between Unity Incorporation (representing a group of eight trade unions) and OMIGSA.

Unity Incorporation manage social research and the screening process whilst the underlying portfolio is managed by OMIGSA portfolio managers.

Our Socially Responsible Investment (SRI) track record speaks for itself, having successfully managed a range of SRI vehicles since 1992 – we are able to generate consistent investment returns, while at the same time responding to the values our investors stand for. Since inception, we have given our socially and environmentally aware investors a choice of vehicles through which to grow and manage their wealth, while at the same time contributing to the economic sustainability of South Africa.

## WHY INVEST WITH US?

- Wealth of experience in managing large funds and integrating social research in the investment process.
- Unique collaboration of the union movement and OMIGSA in the management of funds.
- Combination of investment skills and a well-defined and disciplined investment process.
- Supporting transformation in financial services via a minimum allocation to BBEE stock-broking firms.
- Committed and passionate about what we do.
- Access to the expertise of one of the largest investment research capabilities with extensive proprietary research.
- A range of social responsible funds that caters for all risk profiles and have high quality.
- Long term track records of the funds and wealth of experience in managing large funds.

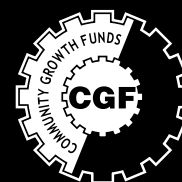
## INVESTMENT PHILOSOPHY

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. We believe that 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. This, we believe, is the only sustainable way to grow earnings and create wealth in the long term.

## SOCIAL RESPONSIBILITY CRITERIA USED FOR SCREENING

Unity Incorporation has put in place specific criteria to assist the portfolio manager to choose the right type of share in a socially responsible company. The current criteria are as follows:

- **Job creation through innovation and growth**  
Companies which are innovating, expanding and investing for growth will be companies which are creating jobs. CGF will ask senior management probing questions about their plans and strategies and assess their ability to innovate and invest for job creating growth.
- **Training and development of workers in order to enhance skills**  
All workers must be skilled, and to achieve, this company training programmes and grading systems must be transformed to provide clear career paths for all employees. This will facilitate skill acquisition and lead to higher productivity and higher wages. Artificial barriers to upgrading and skills training will be exposed. There must be evidence of union and worker participation in decisions on training.
- **Economic and social empowerment**  
CGF will seek companies where there is evidence of high levels of worker empowerment. Worker empowerment will be rated high where there is strong worker participation in training, affirmative action, and health and safety, advanced union rights and centralised bargaining. Union involvement in decisions over company restructuring will be scrutinised closely. Companies which are committed to creating genuine economic opportunities for emerging black businesses will be looked at favourably.
- **Equity through affirmative action in the workplace**  
Companies should have carefully planned and meaningful affirmative action programmes that will get the most out of their workforce – at the same time offering new opportunities for advancement. Programmes within the company should focus on the advancement of women, black employees and the disabled. Affirmative action is seen as closely linked to a company's training programmes.
- **Good conditions of employment**  
The focus here is on the company's wages and benefits, like maternity pay and hours of work. These must be at least above the industry's average. Special focus will be given to the company's minimum wage. Companies which outsource work must ensure that conditions of employment are above industry standards and unions can operate freely.
- **Sound environmental practices must be promoted**  
Companies' products and procedures must care for people and the environment. CGF will pay close attention to companies to ensure they put in place policies and practices which will protect the environment. Companies which have regular independent environmental audits will be favourably assessed.
- **High health and safety standards must be applied**  
Companies must have good health and safety records to be approved by CGF. CGF will rely mainly on the reports of employees and the actual safety record of a company in judging its attitude to health and safety. The involvement of trade unions in health and safety will be further evidence of high standards at the company.
- **Demonstrate open and effective corporate governance**  
Special focus is to be given to corporate governance by CGF. CGF will ensure companies meet at least the King Committee's Code of Corporate Practices. The role of directors will come under scrutiny. CGF wants full disclosures of directors' pay, the appointment of independent remuneration and audit committees, and to see effective communication with all stakeholders.



# COMMUNITY GROWTH FUNDS

## COMMUNITY GROWTH EQUITY FUND

**PORTFOLIO MANAGERS:** Godwin Sepeng and Senzo Hlangu

### 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, general market conditions as well as global and local political and economic changes.

**Fund Category:** Domestic - Equity - General

**Fund Benchmark:** FTSE/JSE All Share Index

**Launch Date:** 1 June 1992

## INVESTMENT PROCESS

Step 1	Step 2	Step 3	Step 4	Step 5	Step 6
Idea Generation	Fundamental Analysis	Decision Making 1 - Stock Selection	Decision Making 2 - SRI Filter	Portfolio Construction	Risk Management
Aim	Aim	Aim	Aim	Aim	Aim
- Focus on market areas showing most potential for outperformance	- Fundamental analysis to confirm outperformance potential	- Buy, Hold & Sell decisions	- Evaluate Buy & Hold lists against Unity approved SRI investments - Unity SRI due diligence - Unity Board decision on approved list	- Avoid capital loss - Outperform benchmark	- Ensure continuous, robust fund position
Tools Used	Tools Used	Tools Used	Tools Used	Tools Used	Tools Used
- Screening tools - Company announcements - Management contacts - OMIGSA analysis - External analysis	- Internally developed Fundamental Analysis Template	- Buy, Hold & Sell rules	- Universe approved by Unity Board • If approved, no issues • If not approved, refer to Unity for further research & discussion	- Research - Imaps - Riskwatch	- Imaps - Riskwatch
Output	Output	Output	Output	Output	Output
- List of companies with outperformance potential	- List of companies with attractive valuations	- Buy, Hold & Sell lists	- Buy & Hold list in line with SRI criteria	- Diversified portfolio designed to outperform within risk controls	- Fund meets both risk & performance objectives

## COMMUNITY GROWTH GILT FUND

**PORTFOLIO MANAGER:** Jennifer Sheehy

### INVESTMENT AIM

The fund aims to maximise total returns through a balance of capital growth and income generation. The fund invests in bonds with a particular emphasis on reconstruction and development. The emphasis is on institutions and projects that contribute to the development of South Africa through programmes that have a meaningful social impact, and are committed to development, community participation and support.

### RISK FACTOR

This is a medium to lower risk fund. The fund is exposed to interest rate fluctuations. Long-term bonds are more sensitive to rate changes, while short-term bonds experience more modest price movements. The holding of long- and short-dated bonds in the fund is used to reduce these risks.

**Fund Category:** Domestic - Fixed Interest - Bond

**Fund Benchmark:** BEASSA All Bond Index

**Launch Date:** 14 July 1998

## INVESTMENT PROCESS

Fixed income asset prices are primarily linked to inflation expectations and the reaction of the monetary authorities to these changes. The CGF fixed interest team uses a range of qualitative and quantitative tools to determine market valuations relative to our own inflation expectations. This is then compared to market expectations. Secondary drivers like changes to net new bond issuance and offshore bond markets are also considered. This allows the team to make a decision on modified duration and yield curve tilts. This is expressed explicitly through the trading of RSA Treasury bonds along the yield curve.

In addition to this, the fund aims to invest in instruments with an emphasis on socially responsible investing. Our philosophy is distinctive as we place emphasis on reconstruction and development. The emphasis is on institutions and projects that contribute to the development of South Africa through programmes that have a meaningful social impact, and are committed to development, community participation and support.

Investment in non-government debt is typically done on a switch basis, which renders this investment duration and yield curve neutral. Detailed credit analysis is done by a team of credit analysts who assist in determining the appropriate price given the level of risk.

Independent compliance is ensured by OMIGSA's Risk and Compliance Units, who have top level oversight of all portfolio risk and compliance breaches. Comprehensive risk management reports are sent to the portfolio manager on a weekly basis. In addition our portfolio management system, Decalog, performs pre-trade compliance checks on each order.



## COMMUNITY GROWTH MONEY MARKET FUND

**PORTFOLIO MANAGER:** Nazley Bardien

### INVESTMENT AIM

The fund seeks to maximise interest income and maintains a high level of liquidity. The fund gives investors exposure to above-average interest rates.

### RISK FACTOR

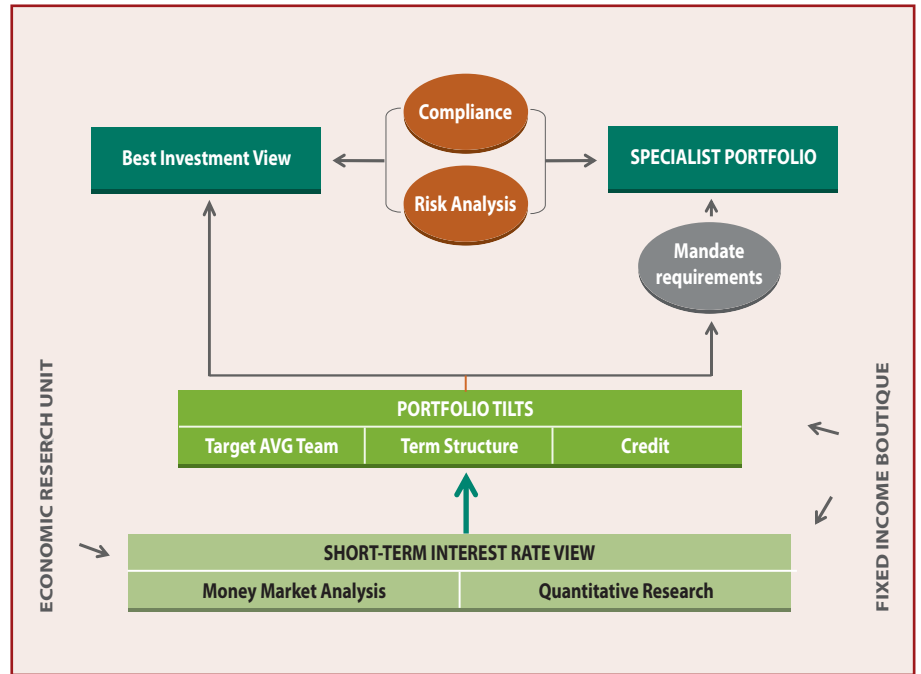
This is CGF's lowest risk fund. The fund is exposed to lower risk due to the short-term nature of the assets held in the portfolio, which substantially reduces the fund's exposure to price fluctuations and interest rate risk. This fund does not offer guarantees.

**Fund Category:** Domestic - Fixed Interest - Money Market

**Fund Benchmark:** Alexander Forbes Composite Short-Term Fixed Interest Index (STeFI).

**Launch Date:** 1 August 2002

## INVESTMENT PROCESS



## COMMUNITY GROWTH FUND OF FUNDS

**PORTFOLIO MANAGER:** Godwin Sepeng

### INVESTMENT AIM

The performance objective of the fund is to produce above-average, real returns, with relatively low risk of capital loss over rolling five-year periods. The fund provides investors with both a social and a financial return on their investments by integrating social, environmental and economic factors into the investment process.

### RISK FACTOR

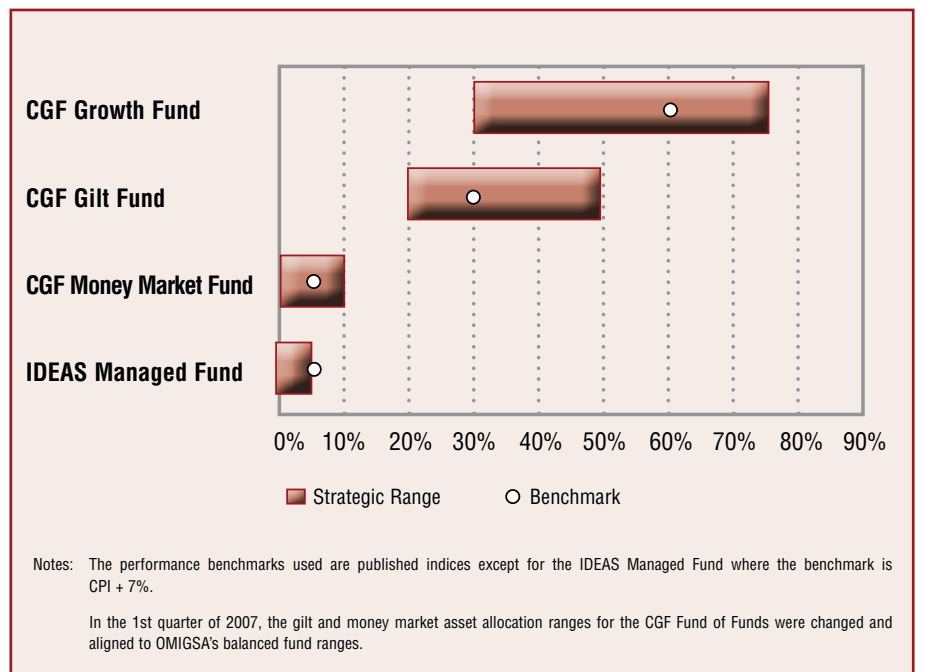
The Community Growth Fund of Funds is a pooled, unithised portfolio that provides institutional investors with a well-diversified, medium-risk profile of local assets that aim to provide long-term capital growth while promoting sustainable and socially responsible investing (SRI).

### PORTFOLIO STRUCTURE

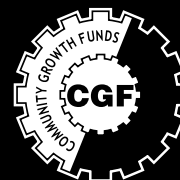
Part of the suite of Community Growth Funds (CGF)\*, the fund is structured as a "fund of funds" and invests in the following four underlying SRI funds: Community Growth Fund (equities), Community Gilt Fund (fixed income), Community Growth Money Market Fund (money market) as well as IDEAS Managed Fund (alternative assets).

The portfolio is compliant with Regulation 28 of the Pension Funds Act, 1956.

## FUND ALLOCATION RANGE



\* The Community Growth Funds have been managed with social and environmental dimensions since 1992 by the Community Growth Management Company Limited (Comanco). Comanco is a jointly owned company between Unity Incorporated (representing a group of seven trade unions) and Old Mutual Investment Group (South Africa). Comanco is a member of the Association for Savings and Investment, SA.



# COMMUNITY GROWTH FUNDS TEAM



## **Godwin Sepeng, Senior Portfolio Manager - Community Growth Equity Fund and Community Growth Fund of Funds**

- Godwin focuses on managing large mandates as well as client communications.
- 13 years of investment experience
- Godwin joined OMIGSA in 1997. He has managed extensive large mandates in South Africa and Namibia, including OMIGSA's Alpha Plus (aggressive equity) portfolios and the Top Companies Unit Trust Fund.
- BSc, CFA



## **Senzo Hlangu, Portfolio Manager - Community Growth Equity Fund**

- Senzo is responsible for equity analysis, portfolio management and client communication.
- He joined OMIGSA in July 2007. Prior to this he held positions as a quantitative analyst, equity analyst and portfolio manager. Most recently he was a manager research analyst (equities) at SYmmETRY Multi-Manager, a member of OMIGSA.
- 9 years' investment experience
- BSc



## **Zithulele Cindi, CEO Unity Corporation - Equity screening**

- Zithulele has over 15 years' experience in Socially Responsible Investing (SRI) with Community Growth Fund (CGF), the first SRI fund in the country. Over 10 years' board membership of Unity Incorporation, the custodian of sustainable development funds in our country – as well as board membership in similar organisations that focus on socially responsible investments, such as the Community Management Company (COMANCO).
- 13 years with Setsing Financial Services – to date. Currently Executive Director at Unity Incorporation.



## **Jenny Sheehy, Portfolio Manager - Community Growth Gilt Fund**

- Jenny manages the Old Mutual Income Unit Trust Fund and Namibian Income Unit Trust Fund as well as the Community Growth Gilt Fund. She significantly contributes to OMIGSA's research on the local bond and money markets.
- 20 years' investment experience
- BSc (Hons)



## **Nazley Bardien, Portfolio Manager - Community Growth Money Market Fund**

- Nazley was appointed in December 1999 as a money market dealer and is currently a bond and forex trader as well. She is the Portfolio Manager of the Community Growth Money Market Fund, BOE Bank Pension Fund, Old Mutual Properties Fund, Old Mutual Alternative Risk Fund and the Profit Transfer Funds.
- 10 years' investment experience
- National Diploma: Banking, Registered Persons Exams



## **Mandisa Zungu, Business Development Executive**

- In 2006 Mandisa joined Old Mutual Investment Group South Africa as a business development executive specialising in socially responsible investments. Mandisa obtained a Masters in Business Administration from Bond University Australia.
- 9 years' investment experience
- BSc (Mathematics), MBA



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## STATUTORY INFORMATION

Unit trusts are generally medium to long term investments. Past performance is no indication of future growth. 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. Actual investment performance will differ based on the initial fees applicable, the actual investment date and the date of reinvestment of income. Shorter term fluctuations can occur 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 can engage in borrowing and scrip lending. The fund's TER reflects the percentage of the average Net Asset Value of the portfolio that was incurred as charges, levies and fees related to the management of the portfolio. A higher TER 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. A schedule of fees, charges and maximum commissions is available from the company. You may sell your investment at the ruling price of the day (calculated at 15h00 on a forward pricing basis and 17h00 at month-end for The Community Growth Money Market Fund unit price aims to be static but investment capital is not guaranteed. The total return is primarily made up of interest (declared daily at 13h00), but may also include any gain/loss on any particular instrument. In most cases this will merely have the effect of increasing or decreasing the daily yield, but in an extreme case it can have the effect of reducing the capital value of the fund. Certain funds may be capped to be managed in accordance with their mandates. Different classes of units apply to these portfolios and are subject to different fees and charges. Old Mutual is a member of the Association for Savings and Investment SA. Trustees: The Standard Bank of South Africa Limited, PO Box 54, Cape Town 8000.

Community Growth Management Company Ltd (Registration no. 1992/002327/06)  
Mutualpark, Jan Smuts Drive, Pinelands, 7405 • PO Box 248, Mutualpark 7451

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Complaints: Write to our Client Services Manager at the above address or for further information call 0860 103 180 • Compliance Officer: (021) 509 2570

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