



OLD MUTUAL SUPERFUND

MEMBER INVESTMENT UPDATE



December 2019 | Q4

SUSTAINABILITY OF INVESTMENTS

You may have heard people talking about sustainable or socially responsible investing. This is investing which considers both the financial aspects – will the investment achieve an acceptable investment return in relation to inflation? As well as the potential impact of the investment on broader society.

In 2019, the Financial Sector Conduct Authority (FSCA) released a guidance notice on the sustainability of investments and assets in the context of a Fund’s Investment Policy Statement. A guidance notice, simply put, is there to provide guidance to Boards of Trustees on how best to comply with the applicable legislation. The legislation in this case is the need to consider Environmental, Social and Governance aspects which are contained in Regulation 28.

The definition of “sustainability” in this notice, is the ability of an entity to conduct its business in a manner that primarily meets existing needs without compromising the ability of future generations to meet their needs.

SUSTAINABLE DEVELOPMENT GOALS

During 2015, all United Nations Member States adopted “The 2030 Agenda for Sustainable Development” which in their words provides a shared blueprint for peace and prosperity for people and the planet, now and into the future.



These global goals are a call to action to end poverty, protect our precious planet and ensure that everyone is able to enjoy peace and prosperity.

HAVE I CONTRIBUTED TO THESE GOALS WITHIN SUPERFUND?




Everyone will agree that there are a number of very important social needs in South Africa today: affordable housing, renewable energy, good quality education for children and food security, to name a few. Your fund participates in addressing these needs through the Old Mutual Absolute Growth portfolios. The Absolute Stable Growth Portfolio is the default investment portfolio chosen by the trustees for the Easy and Trustee Choice solutions and also forms part of the Default Lifestage strategies.

WHAT DOES THIS PORTFOLIO INVEST IN?

The Absolute Growth Portfolios include investments in a range of social infrastructure assets such as retail developments in rural areas, renewable energy and economic infrastructure. In addition to these it further includes development impact investments that address the social needs around affordable education, housing and food security.

WHAT IMPACT HAS THIS HAD ON THE SUSTAINABILITY GOALS?

Old Mutual as a responsible investor, is committed to sustainable investments to both generate long term returns and positively impact communities. Old Mutual Investment Group (OMIG) is the primary asset manager for the Absolute Growth Portfolios, which contribute to the following impact investments:

	HOUSING The Housing Impact Fund South Africa (HIFSA) has invested over R3.7 billion in 24 projects that are in various stages of their lifecycle. There have been 13,700 transfers to date with up to 40,000 transfers expected over the lifetime of the fund. This fund addresses a critical social need as 95% of urban expansion over the next decade is expected to happen in the developing world.
	RENTAL ACCOMODATION HIFSA has invested a further R4.5 billion in rental accommodation projects that have made roughly 7,300 rental units and 10,000 student beds available, with a further 500 units currently under construction and 1,300 units still in the pipeline.
	EDUCATION With regards to quality education, the Schools & Education Impact Investment Fund South Africa (SEIIFSA) has assisted in educating almost 21,000 learners across 39 schools. This also resulted in over 1,400 permanent staff being employed. This is further amplified by a 94% pass rate with 50% of students passing with university exemption.

CLEAN ENERGY

Another social good that OMIG's impact funds address is affordable and clean energy within the renewable energy space with R8.9 billion has been invested in more than 30 projects with a combined generating capacity of over 2,000 MW.

Keeping the lights on...

Household consumption varies depending on what type of appliances are used and the size of the house. On average a household uses around 600kW per month or 7,200 kWh (7.2 MW) per annum. This additional generating capacity of the projects totaling in excess of 2,000 MW means it could power almost 600,000 homes!!!

$2000 \text{ MW} \times 365 \text{ days} \times 24 \text{ hours} \times 25\% \text{ capacity factor} / 7.2 \text{ MW}^*$
(*Department of Energy press release dated 16 April 2014)

PROUDLY BENEFITING SOUTH AFRICA

The Absolute Growth Portfolios are proud to contribute to the above investments which are classified as alternative investments. We are proud that, through such investments, we have been able to benefit South Africa as well as generate excellent long-term returns for Members invested in these portfolios.

WRAPPING UP

We hope you've enjoyed this investment update. You can look out for a new investment update in March 2020, giving you more information to help you understand your investments better, as well as updating you on what the markets have been doing and what the economists are saying.

We wish you a blessed festive season, and hopefully a restful break too!