



## FUND MANAGER INFORMATION

### YUNUS JANUARY

Portfolio Manager  
Qualifications: B.com  
CIPM  
10 years of investment experience  
Quantitative analyst

#### Disclosure of FSP:

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

## Market Overview

Global bond yields reversed their upward trend as major central banks signaled an end to their respective hiking cycles. With inflation deemed to be under control and moderating towards central bank targets, markets are now pricing in interest rate cuts for 2024, which should bode well for risk and Emerging Market assets over the near term. Barring China, global growth is still quite buoyant and labour markets, particularly in the US are still quite strong. The consensus is for a soft landing, and in turn and orderly decline in global central bank rates. Barring any unforeseen shocks to the global financial system, we see this is a plausible outcome.

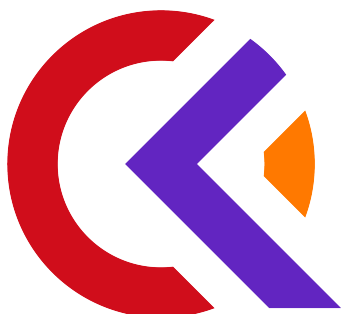
Domestically, the South Africa Reserve Bank (SARB) unanimously decided to keep the repo rate at 8.25% at their most recent policy meeting, signaling a peak to domestic short-term rates. Domestic inflation should continue to moderate from here on. This should continue to support shorter-dated bond yields in the near term. Risks to this view lie mainly in South Africa's tepid real GDP growth rate and the negative implications this may have from a fiscal perspective. October's medium-term budget policy statement, although credible, highlighted South Africa's fiscal susceptibility in light of ever-increasing expenditure pressures. When considered in conjunction with an unsustainable debt burden, it comes as little surprise that the longer-term view remains that of concern as slow progress on economic reforms and the malfunctioning of critical state infrastructure in the form of electricity (Eskom) and transport (Transnet) hamper South Africa's growth recovery.

## Performance Review

The Fund returned 8.31% over the 12-month period ending December 2023, underperforming the benchmark by 1.4%. The nominal yield curve bull steepened in the 1- to 10 year area of the curve as the market priced in a short-term interest rate outlook. However, the longer-dated +12- year area of the curve bear steepened on the back of increasing fiscal risks. The Fund's overweight position in the +12-year area of the curve was primarily responsible for underperformance over the period.

## Fund Positioning:

The Fund continues to strategically favour bonds in the 10- to 20- year area of the nominal yield curve owing to the strong interest rate carry and yield curve roll-down characteristics of this part of the curve. With bond yields at elevated levels, and despite having reached the peak in the interest rate cycle, cash holdings in the Fund are maintained at minimal levels in favour of attractive nominal bond pricing. The Fund continues to tactically switch between shorter- and longer-dated bonds as market volatility provides opportunities to purchase bonds at elevated yields and subsequently sell them when yields revert to levels deemed fairly valued.



# Risk Profile



## 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 than 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 bench mark 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 INFORMATION	
FUND MANAGER	Yunus January
FUND CATEGORY	South African - Interest Bearing – Variable Term
FUND BENCHMARK	BEASSA All Bond Index
LAUNCH DATE	1 September 1992/14 July 1998
FUND SIZE (Net Asset Value)	R7.2 million
DEALING PRICE	NAV
FUND CODE	CGMI
DISTRIBUTIONS	Distributed 2 business day after declaration August 2023: 131.11c per unit February 2023: 136.22c per unit
MINIMUM INVESTMENT LUMP SUM	R5 000.
MONTHLY DEBIT ORDER	R 500
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)	138.08c
TOTAL EXPENSE RATIO (TER)*	1.63% (Annualised)

FUND PERFORMANCE as at 31 December 2023

CGF Gilt			
Years	Fund	Fund Benchmark	Category Rankings
1	8.3	8.4	42/52
3	6.3	7.1	37/38
5	6.8	7.5	27/31
7	7.3	7.5	25/28
10	7.2	7.2	14/15
<b>Fund (since inception)</b>	<b>Highest</b>	<b>Average</b>	<b>Lowest</b>
<b>12-month return</b>	<b>14.65%</b>	<b>0.72%</b>	<b>-14.13%</b>

## TEN LARGEST HOLDINGS as at 31 December 2023

Ten Largest Holdings	Market Value
R2037 8.50% 310137	1 653 740
R2040 9.0000% 310140	1 535 970
R2035 8.8750% 280235	869 380
R2044 8,7500% 31012045	415 547
ES42 8.5% 250442	348 763
R2030 8,000% 310130	330 659
TN30 10.5% 091030	287 969
TN27 8.90% 141127	278 715
ES33 7.50% 150933	221 023
R214 6.50% 280241	181 600

Tell: 011 333 7545 | FACSIMILE – 011 336 8333 | WEBSITE: [www.comanco.co.za](http://www.comanco.co.za) | EMAIL: [invest@comanco.co.za](mailto:invest@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. The value of participatory interests or the investment may go down as well as up. 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. 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 schedule of fees and charges and maximum commissions is available on request from the manager. The manager does not provide any guarantee either with respect to the capital or the return of a portfolio. Instructions to withdraw must reach Community Growth Management Company (RF) (Pty) Ltd (COMANCO) before 15h00 to ensure same day value. 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. Additional information is available free of charge and you could email: [invest@comanco.co.za](mailto:invest@comanco.co.za) 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, (Registration no. 1992/002327/07), 3RD FLOOR, BLOCK D, Sunnyside Office Park, 32 Princess of Wales Terrace, PARKTOWN 2193, Johannesburg