


**Disclosure of FSP:**

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

**SA ECONOMY**
**MARKET OVERVIEW**

Market volatility remained elevated throughout the quarter particularly mid-way through the period as risk sentiment soured. This was triggered by concerns around higher stages of loadshedding, the potential of grid collapse and the US ambassador's statement relating to the sale of arms by South Africa to Russia. The souring sentiment led to a continued reduction in the percentage ownership of South African bond holdings by foreign investors, which at the end of May, stood at a 12-year low of 25.1%. The currency was also not spared during the period as it weakened to a low of R19.86 against the US dollar. Despite currency weakness over the period, the disinflation trend gained momentum as headline CPI data for May slowed to 6.3% year-on-year following a period of stickiness and is now well-below the peak of 7.8% recorded in July 2022. A combination of base effects and softer prints for food inflation was primarily responsible for the moderating level of headline inflation. The SARB remained hawkish even with the disinflation trend becoming progressively more pronounced. All five members of the monetary policy committee opted to vote for a 50-basis point (bp) increase at the May meeting. Against this backdrop nominal bonds, as measured by the ALBI index, weakened in April before weakening more aggressively in May. Although June saw a strong recovery, this was not strong enough to render the quarter's return positive. As such, the ALBI index rendered a return of -1.53% over the period. This was weaker than the +1.92% and -0.84% return rendered by cash (STeFI index) and inflation-linked bonds (IGOV Index) respectively.

**PERFORMANCE REVIEW**

The Fund returned 6.53% over the 12-month period ending June 2023, underperforming the benchmark by 1.7%. Increased sovereign risk premium caused the nominal bond yield curve to bear steepen as investors priced in their concerns around ongoing idiosyncratic risks. Underperformance was primarily due to the Fund's overweight position in the +12-year area of the nominal curve, which was the weaker performing sector over the period due to the bear steepening.

**FUND POSITIONING**

The Fund strategically prefers bonds in the 12- to 20-year area of the curve given the strong level of interest rate accrual expected in this part of the curve. The Fund also continues to take advantage of market volatility by tactically rolling up the yield curve into market weakness and as longer dated bond yields become more attractive and rolling down the yield curve into strength. The Fund maintains a strategic overweight position in the +20-year area of the yield curve due to ongoing concerns around SA's fiscal sustainability. From an interest rate risk perspective, the Fund's modified duration has increased to +0.4 relative to benchmark from +0.2 at the end of June 2022. The increase in modified duration has been in response to improved valuation of longer-dated bonds, specifically those in the 12- to 20- year area of the curve.

Source: Old Mutual Investment Group as at 30 June 2023

**FUND INFORMATION**
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**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 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	14 July 1998
FUND SIZE (NET VALUE ASSET)	R71 million
DEALING PRICE	NAV
FUND CODE	CGMI
DISTRIBUTIONS	Declared: February 2023 • Distributed 2 business day after declaration • August 2022: 136.74c per unit • February 2023: 136.22c per unit
MINIMUM INVESTMENT	R5 000
INITIAL CHARGE	R500
SERVICE FEE	No initial administration charge. Initial adviser fee will be between 0% to 0.68% (incl. VAT).
TOTAL EXPENSE RATIO (TER)*	0.5% p.a.
NAV PRICE (CENTS/UNIT)	135.23c
TOTAL EXPENSE RATIO (TER)*	1.69% (Annualised)

FUND PERFORMANCE as at 30 June 2023

**TOP TEN HOLDINGS AS AT 30 JUNE 2023**

RSA 8.50 31012037	2 519 364
RSA 9.00 31012040	2 470 000
RSA 8.875 28022035	2 280 000
RSA 8.75 310120440	1 110 000
ESKOM HOLDINGS LTD 8.5 25042042	500 000
TRANSNET LIMITED 8.9 14112027	300 000
TN30 10.50 09102030	300 000
ES33 7.5 150933 300 000	300 000
SA NATIONAL ROADS AGENCY 9.25	200 000
NRA028 12.25 30122028	100 000
<b>OTHER</b>	
MARKET VALUE (R MILL)	194 389 800
NET ASSET VALUE	211 232 383
BUY & SELL PRICE (CENTS)	1501,84

**FUND PERFORMANCE [% PERFORMANCE (ANNUALISED)]**

YEARS	FUND	FUND BENCHMARK %	CATEGORY RANKINGS
3	4,0	5,3	41/46
5	10,1	10,8	30/34
7	5,7	6,5	26/28
10	7,8	8,0	21/24
10	6,7	7,2	14/15
*Past performance is no indication of future performance.			
FUND (SINCE INCEPTION)	HIGHEST %	AVERAGE %	LOWEST %
12-month return	14,65%	0,72%	-14,13%

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**STATUTORY INFORMATION**

Collective Investment Schemes in Securities (unit trusts) are generally medium- to long-term investments. Past performance is no indication of future growth. 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. 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

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