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ALTERNATIVE INVESTING - THE NEW DIVERSIFICATION

 **ASHBURTON**
INVESTMENTS

A part of the FirstRand Group





Today's global investment climate of prolonged uncertainty calls for a shift beyond the traditional understanding of "diversification" towards allocation of capital across more alternative and varying sources of return.

Senior secured debt
(including loans)

Senior unsecured debt
(including bonds)

Mezzanine debt

Preferred equity

Common equity

Ashburton Investments' new generation alternative investing not only offers funds that provide protection on a hedged basis but also access to all parts of the capital structure through equity (hedged and private equity), mezzanine, senior unsecured and secured credit funds, all with varying risk and return profiles to suit investors' needs.

We follow a new generation approach to investing, looking beyond traditional approaches to actively seek out more sources of return that can be invested across the capital structure.

Our extensive alternative investments offering provides investors with the tools they need to enhance their current portfolio construction. By investing in a wider range of assets according to their risk and return preferences and long-term investment goals, investors are able to construct more robust investment portfolios with "true" diversification benefits.

An overview of our alternative investments offering

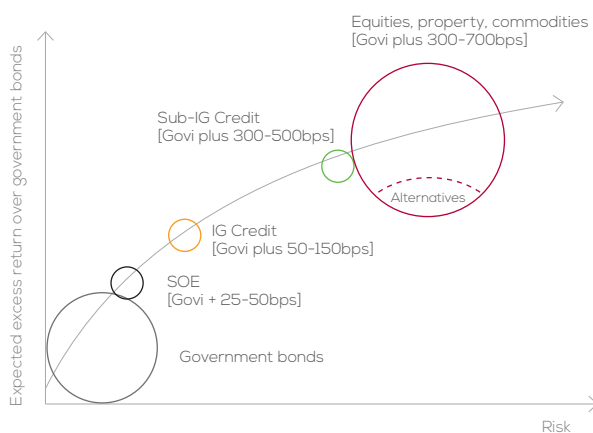
The alternative investing team consists of specialists with expertise in structuring investments and allocating capital in all market conditions.

Our investment capabilities span:

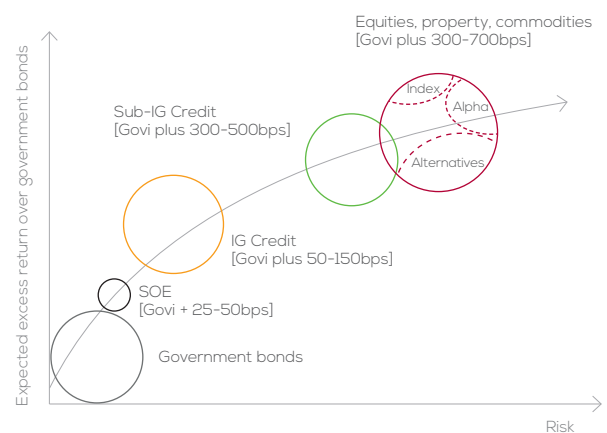
- Qualified and retail investor hedge funds
- Private equity
- Africa real estate equity
- Mezzanine financing
- Infrastructure debt
- Unlisted credit opportunities
- Impact funds

Our ability to access a broad spectrum of alternative assets enables us to meet the specific needs of investors by offering customised alternative solutions and mandates.

How institutions have allocated capital



How institutions are beginning to allocate capital



Source: Ashburton Investments

A shift beyond the traditional understanding of diversification.

Hedge funds

OUR CAPABILITY

In order to deliver an alternative source of diversification and capital preservation during periods of market volatility, we offer investors access to:

- a South African equity long/short hedge fund, managed by a seasoned team with a top-tier track record, and;
- a fund of hedge funds, providing insight and access to an actively managed portfolio of some of the top hedge fund managers in South Africa, through a differentiated investment approach that plays each manager to their strengths.

Our hedge fund offering is regulated by the FSB under the Collective Investment Schemes and Controls Act (CISCA), which further strengthens the existing Ashburton Investments risk management focus.

OUR OFFERING

Ashburton Select Retail Investor Hedge Fund of Funds

Open to retail and institutional investors, the fund's focus on superior risk adjusted returns is an essential tool for protecting capital from market volatility and for delivering positive absolute returns.

Open/Closed	Open
Liquidity	30 days
Subscriptions	Monthly
Target return	STeFI
Minimum investment	R50,000

Ashburton Dynamic Equity Qualified Investor (QI) and Retail Investor (RI) Hedge Funds

Available to qualified investors, the fund's core-satellite strategy allows for downside protection and generation of consistent real returns.

Ashburton Dynamic Equity Qualified Investor (QI) Hedge Fund

Open/Closed	Open
Liquidity	30 days
Subscriptions	Monthly
Target return	STeFI + 5% pa over 36m rolling period
Minimum investment	R1 million

Ashburton Dynamic Equity Retail Investor (RI) Hedge Fund

Open/Closed	Open
Liquidity	30 days
Subscriptions	Monthly
Target return	STeFI + 5% pa over 36m rolling period
Minimum investment	R50,000

The Ashburton Dynamic Equity QI Hedge Fund won the HedgeNews Africa award for best performing South African Equity Hedge Fund for 2016.



Private equity

OUR CAPABILITY

Ashburton Investments provides investors with access to diversified private equity investment opportunities as a differentiated source of equity returns, with low correlation to listed equity markets and a premium for illiquidity built into target returns.

We make investing in private equity more accessible to investors not only through our capability to invest in primary funds, but also by being nimble enough to take advantage of direct co-investment opportunities as well as secondary opportunities in the private equity market. In the future, we will continue to differentiate ourselves in secondary opportunities and direct co-investment.

Our capability can eliminate the need for investors to manage an on-going allocation to private equity by accessing a carefully-selected portfolio of private equity assets, all as part of one solution, managed by a dedicated team of professionals with a proven track record.

Ashburton Investments has an exclusive co-investment arrangement with RMB Ventures, a well-established and reputable private equity player with more than 20 years' experience in managing private equity portfolios.

OUR OFFERING

The Ashburton Private Equity Fund I

The fund is structured as a limited partnership, operating as a private equity fund of funds. It provides diversified exposure across industry sectors, vintage years, manager selections and geography at a low capital commitment entry point, which would otherwise not be accessible to investors.

The fund focuses on cash-generative leveraged buy-outs, as well as co-investing in direct private equity investments alongside leading private equity firms.

The fund invests predominantly in South African opportunities, with a maximum exposure of 35% to African opportunities. Single asset exposure is capped at 10% and total direct investments are limited to 50% of the fund. To date, the fund has invested in approximately 25 underlying companies, enhancing not only vintage diversification but also sector and portfolio diversification.

Assets under management	R500 million fund + R500million segregated mandate
Open/Closed	Closed
Investment term	10 years
Target return	CPI + 10% after fees
Vintage year	2014

Africa real estate equity

OUR CAPABILITY

Our objective is the development of high-quality real estate assets in key sub-Saharan countries with excellent prospects for sustainable growth. Capitalising on the differential that exists between the development yield and current market yields, these transactions achieve long-term capital growth.

OUR OFFERING

RMB Westport II

Ashburton Investments provides investors with access to African real estate through RMB Westport.

A number of Sub-Saharan African countries are experiencing high growth rates, increased foreign direct investment inflows and middle-class population expansion. The supply and demand mismatch in the real estate markets of these countries has led to a number of opportunities to develop international-standard property assets in the retail, commercial and industrial sectors, delivering attractive risk-adjusted returns.

Assets under management	US\$276 million
Open/Closed	Closed
Investment term	8 years
Target return	25% IRR net of fees
Vintage year	2017

RMB Westport I

Assets under management	US\$256 million
Open/Closed	Closed
Investment term	8 years
Target return	25% IRR net of fees
2x multiple on equity	2014
Vintage year	2012

Infrastructure debt

OUR CAPABILITY

Ashburton Investments' SA Renewable Energy Debt Fund I (RE Debt Fund) aims to provide investors with long-term sustainable inflation-linked returns, generated from investments in renewable energy projects under the South African Renewable Energy Independent Power Producers Procurement Programme (REIPPPP).

OUR OFFERING

The SA Renewable Energy Fund I

The fund invests exclusively in senior secured debt provided to renewable energy projects with a contractual commitment to pay inflation-linked interest, linked to the South Africa Consumer Price Index (CPI). It invests in a diversified portfolio of projects across different technologies including solar photovoltaic (PV), onshore wind, concentrated solar power (CSP), hydro and biomass.

Assets under management	R2.5 billion (target)
Target return	CPI + 4%
Weighted average maturity	7 -12 years
Open/Closed	Open
Construction risk	Maximum of 35%
Single asset exposure	Maximum of 20%
Solar PV exposure	Maximum of 70%
Onshore wind exposure	Maximum of 70%
CSP trough exposure	Maximum of 30%
Hydro exposure	Maximum of 20%
Biomass exposure	Maximum of 20%
Combined CSP, hydro & biomass exposure	Maximum of 40%

Unlisted credit opportunities

OUR CAPABILITY

Ashburton Investments' core belief is that the successful inclusion of unlisted credit in portfolios requires detailed bottom-up research complementing a macro-thematic approach to identify appropriate risk-adjusted returns.

We strive to deliver alpha through the incorporation of unlisted credit into traditional fixed income portfolios and stand-alone credit mandates as well as fixed income solutions.

OUR OFFERING

SA Credit Co-Investment Fund 1

Assets under management at close	R2.5 billion
Target return	JIBAR + 2.25%
Weighted average maturity	3.1 years
Open/Closed	Closed

SA Credit Co-Investment Fund 2 Investment Grade

Assets under management (target)	R2 billion
Target return	JIBAR + 1.80%
Weighted average maturity	3.3 years
Open/Closed	Open

SA Credit Co-Investment Fund 2 High Yield

Assets under management (target)	R750 million
Target return	JIBAR + 3.50%
Weighted average maturity	4.2 years
Open/Closed	Open

Impact Funds

Ashburton Investments' Impact Funds invest in commercially-viable, unlisted credit that also demonstrates positive social and environmental impact.

Atlantic Credit Enhanced Fund

The fund invests in unlisted credit opportunities that provide measurable, positive social impact, including the tracking of job creation at a portfolio level. Investments within the fund are backed by a 50% first loss capital guarantee from the Jobs Fund Programme (as overseen by the National Treasury).

Assets under management	R680 million
Target return	CPI + 3%
Weighted average maturity	2.9 years
Open/Closed	Closed

Visit the Ashburton Investments website for more details on the risk associated with the above mentioned funds.

Additional capabilities

MEZZANINE FINANCING

Ashburton Investments also has the capability to invest in mezzanine debt and quasi-equity instruments for the financing of expansion/growth capital, funding of black economic empowerment partners, acquisition financing and infrastructure transactions. Deals are originated through the team's proprietary networks, the Ashburton Alternatives platform, as well as in conjunction with banks and other market originators on a co-investment basis. We favour well-established businesses with market leading positions or that have the ability to grow into a market leading position, with the investment objective of generating significant current income and long-term capital gains from a portfolio of mezzanine investments.

Our target mezzanine capital investments have a risk profile that lies between senior debt and equity in the capital structure, yet provide upside participation through equity kickers such as warrants, profit participation etc. Downside protection is provided through superior ranking to equity by contractual and other rights associated with debt instruments and lower fluctuations in value when compared to equity instruments.

Our mezzanine investing philosophy provides more certainty to investors through lower susceptibility to economic cycles and reduced maturity/exit risk due to a substantial part of the returns being contractual and determined upfront. Positive selection bias also ensures exposure to more stable and resilient companies and industries.

About Ashburton Investments

Ashburton Investments is a new generation, Africa-based investment manager, with a strong focus on meeting investors' unique needs.

We form part of the FirstRand Group, one of Africa's largest financial services companies. The strength of our integrated investment proposition is based on our unique ability to leverage investment thinking and capability across the FirstRand Group to provide investors with access to more sources of return, broader investment capabilities and more effective risk management.

Our integrated investment approach blends traditional and non-traditional investment expertise with innovative alternative and customised solutions. We bring a local and global perspective to investors through our extensive geographical reach, and have offices in South Africa and the United Kingdom.

Deeper investment insight

We focus on understanding the broader context of investors' needs, and drawing on our breadth of capabilities and depth of knowledge to offer more access to investment propositions.

More sources of return

Our holistic investment approach spans traditional and non-traditional asset classes, as well as conventional and unconstrained investment styles to provide investors with sustainable returns.

Focus on risk management

We have a risk management mindset and an unwavering determination to do the right thing for investors. In our role as investment manager and originator of investment opportunities, we construct solutions within a strategic risk framework that allows us to better meet investors' needs.



For more information

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