




FULLY INVESTED /

INVESTING IN PRIVATE MARKETS - THE NEW DIVERSIFICATION



A part of the FirstRand Group





Today's global investment climate of prolonged uncertainty calls for a shift beyond the traditional understanding of "diversification" in listed markets, 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' private markets investments provide access to all parts of the capital structure through private equity, mezzanine, senior unsecured and secured credit funds, all with varying risk and return profiles to suit investors' needs.

We look beyond traditional approaches to actively seek out more sources of return that can be invested in across the capital structure.

Our extensive private markets 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 private markets offering

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

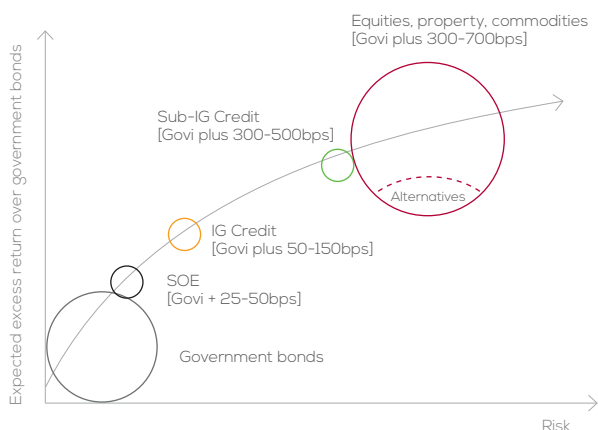
Our investment capabilities span:

- Private equity
- Mezzanine financing
- Infrastructure debt
- Unlisted debt 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.

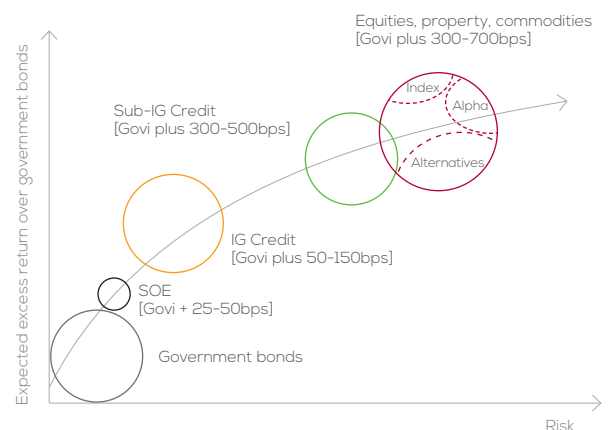
A shift beyond the traditional understanding of diversification

How institutions have allocated capital



Source: Ashburton Investments

How institutions are beginning to allocate capital



Private equity

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 and aim to achieve attractive risk-adjusted returns by providing exposure to private equity opportunities predominantly in South Africa.

By being focused on secondary opportunities, we offer our investors immediate exposure to private equity as well as enhanced liquidity by being invested in more matured portfolios. This unique strategy enhances not only vintage, sector and portfolio diversification but it also provides increased transparency in terms of investments while having the potential to materially enhance returns.

Our capability can eliminate the need for investors to manage an on-going (for example, annual 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.

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The funds are structured as limited liability partnerships, managed by a dedicated team of professionals. They aim to provide diversified exposure across industry sectors, vintage years, manager selections and geography at a lower than usual capital commitment entry point.

The funds focus on secondary private equity fund opportunities, as well as on co-investing in carefully selected direct private equity investments alongside leading private equity firms, with a bias towards cash-generative leveraged buy-outs.

South African companies are the primary beneficiaries of the funds' investments, with a maximum exposure of 35% to African opportunities. The Ashburton Private Equity Fund I has thus far successfully invested in 33 underlying companies, with eight* of these being fully or partially realised since the launch of the fund. The Ashburton Private Equity Fund II is currently open to new investors.

The Ashburton Private Equity Fund II

Targeted fund size	Target R750 - R1 billion
Open/Closed	Open
Investment term	10 years
Target return	Gross IRR of 20% - 25%
Vintage year	[2019]

The Ashburton Private Equity Fund I

Total commitments	R500 million fund + R500 million segregated mandate
Open/Closed	Closed
Investment term	10 years
Target return	CPI + 10% after fees
Vintage year	2014

We also manage segregated mandates for institutional investors that amount to R500 million to date.

*As at 31 March 2019.

Mezzanine financing

Ashburton Investments aims to provide investors access to mezzanine investments in private businesses that yield regular cash distributions and close to equity returns while taking debt-like risk. We 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. Investments are originated through the team's proprietary networks, the Ashburton Private Markets platform, as well as in conjunction with banks and other market originators on a co-investment basis.

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Our targeted mezzanine capital investments have a risk profile that lies between senior debt and equity in the capital structure, but provide upside participation through equity kickers such as warrants and profit participation. Downside protection is provided through superior ranking to equity by contractual and other rights associated with debt instruments and fewer fluctuations in value when compared to equity instruments. We favour well-established businesses with market leading positions or that can 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 mezzanine investment philosophy should result in investments that are less susceptible to economic cycles and which will also have reduced maturity/exit risk as a substantial part of the returns will be contractual and determined upfront. Positive selection bias also ensures exposure to more stable and resilient companies and industries.

Targeted fund size	R750 million to R1 billion
Commitments to date	R507.5 million
Open/Closed	Open
Investment term	10 years
Target return	Gross IRR 17% - 22%
Vintage year	2018

We also manage segregated mandates for institutional investors that amount to R100 million to date.

Infrastructure debt

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

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The SA Renewable Energy Fund I

The fund invests in a diversified portfolio of 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.

Targeted fund size	R2 billion
Target return	CPI + 5%
Weighted average maturity	7 -12 years
Open/Closed	Open
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%

We also manage segregated mandates for institutional investors that amount to R1 billion to date.

Unlisted debt opportunities

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 debt into traditional fixed income portfolios, our liability driven solutions and stand-alone credit mandates.

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SA Credit Co-Investment Fund I

Assets under management at close	R2.5 billion
Target return	JIBAR + 2.25%
Weighted average maturity at close	2.5 years
Open/Closed	Closed

SA Credit Co-Investment Fund II Investment Grade

Targeted fund size	R4 billion
Target return	JIBAR + 1.8%
Weighted average maturity	< 4 years
Open/Closed	Open

We also manage segregated mandates for institutional investors that amount to R3 billion to date.

SA Credit Co-Investment Fund II High Yield

Targeted fund size	R1.5 billion
Target return	JIBAR + 3.50%
Weighted average maturity	< 5 years
Open/Closed	Open

Ashburton 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).

Ashburton Credit Enhanced Fund II

Target fund size	R900 million
Total commitments to date	R200 million
Target return	CPI + 3%
Weighted average maturity	2.4 years
Job creation target	4200
Open/Closed	Open

Ashburton Credit Enhanced Fund I

Total commitments	R785 million
Target return	CPI + 3%
Weighted average maturity	2.4 years
Job creation target	10 020* permanent jobs created (target: 9635)
Open/Closed	Closed

Impact Funds

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

*As at December 2018.

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

About Ashburton Investments

Ashburton Investments is an investment management business fully invested in meeting client needs more effectively. We place our clients at the centre of our thinking to grow and protect their money.

By providing investors with access to more sources of return and a strict focus on managing volatility and risk, we are able to generate sustainable risk adjusted returns for our clients.

As part of the FirstRand group, we tap into the skills and capabilities of the broader group in South Africa, Namibia and international markets to leverage a broad range of investment opportunities that are not typically accessible to investors.

By partnering with us, investors have access to an investment manager with the backing of a large parent company, innovative investment solutions and a long track record of excellence.

For more information

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