



BUILDING SOUTH AFRICA THROUGH SOCIALLY RESPONSIBLE INVESTING

Investing in assets that contribute to economic growth and social cohesion is gaining ground among institutional investors in South Africa. This is referred to as Socially Responsible Investing (SRI) – an investment concept that integrates environmental, social and corporate governance considerations in investment decisions.

Given SA's developmental challenges, we at Unity Incorporation view SRI as a very important intervention in our broader commitment to national economic transformation.

In addition, to us SRI means providing investment opportunities that generate sustainable commercial returns, while at the same time bringing about social and economic upliftment, especially for communities that were previously disadvantaged.

Since inception in 1992, Unity Incorporation has given socially and environmentally aware investors a choice of investment vehicles through which to grow and manage their wealth, while at the same time contributing to the economic sustainability of South Africa.

Who is Unity Incorporation?

Unity Incorporation represents a group of eight trade unions (from both COSATU and NACTU federations) and co-owns Community Growth Management Company (COMANCO) and Setsing Financial Services in joint ventures with Old Mutual Investment Group (SA) (OMIGSA). These two ventures offer a range of well-established SRI solutions, IDEAS Managed Fund and the Community Growth Funds.

What is IDEAS?

IDEAS Managed Fund is an SRI investment solution. The fund invests in assets that are developmental in nature and/or contribute to the economic empowerment of disadvantaged communities.

The IDEAS Fund is made up of three sub-portfolios: Developmental Equity – focusing on infrastructure; Fixed Interest – focusing on non-government developmental bonds; and Development Property – focusing on servicing previously underdeveloped areas.

Examples of IDEAS Fund investments:



- **TOLL ROADS: Bakwena, N3TC, Trac** – These three toll-roads link Gauteng to the provinces of Limpopo, North West, KwaZulu-Natal, Mpumalanga and the city of Maputo. Not only do they provide vital economic arteries for the country, but they have also created in excess of 14 000 direct jobs, 1 500 permanent jobs and cumulative procurement from black empowered small businesses nearing R1.0 billion.



- **TOWNSHIP AND RURAL RETAIL: Bushbuck Ridge, Guguletu, Phuthaditjhaba, Randfontein** – In line with its investment strategy, the IDEAS Managed Fund has also invested in shopping mall developments in townships and previously disadvantaged communities. With a footprint totalling in excess of 100 000 m², the fund is providing significant opportunities for investment by both local entrepreneurs and national enterprises.

Examples of IDEAS Fund investments: *continued*



- **AFFORDABLE HOUSING: AFHCO** – The IDEAS Fund is a proud 50% shareholder in AFHCO, a provider of affordable accommodation to low income households through the refurbishment of buildings in central Johannesburg. With approximately 3 000 housing units completed, AFHCO is on track to invest in excess of R1.0 billion in inner city improvement.



- **SOCIAL INFRASTRUCTURE: Bloemfontein Prison** – Through this Public Private Partnership (PPP), the IDEAS Fund has been able to contribute to rehabilitating the lives of inmates to ensure they are easily integrated back into their communities at the time of their release. In addition, this PPP has ensured that previously disadvantaged individuals generate more than R100 million a year in salaries.



- **SOCIAL INFRASTRUCTURE: Department of Trade and Industry (DTI) and Department of Education (DoE) campuses** – Through these Public Private Partnerships, two key government departments are accommodated in newly built campuses, thereby facilitating improved efficiencies and better utilisation of state resources, while simultaneously creating jobs and BEE procurement opportunities.

What is the Community Growth Fund (CGF) range?

Offered by COMANCO, this range of SRI funds features an in-depth social research and screening process identifying potential companies to include in its investment universe. This process is managed by Unity Incorporation, while the underlying portfolios are managed by OMIGSA.

The Community Growth Funds span equity, fixed income and money market funds. These are liquid products allowing both individual and institutional investors to include them in investment portfolios without compromising their ability to access their funds in the event of an emergency.

CGF offerings include:

- **Community Growth Equity Fund** – We believe that socially responsible companies outperform over the longer term. To this end, when assessing companies in which to invest, we also look at their impact on society in terms of the following criteria:
 - job creation
 - training
 - skills development
 - social and economic empowerment
 - employment equity (EE)
 - conditions of employment
 - environment practices

- health and safety
- corporate governance.

- **Community Growth Gilt Fund** – This fund invests in bonds with an emphasis on reconstruction and development projects that contribute to the development of South Africa through programmes that have a social impact, and are committed to development, community participation and support.
- **Community Growth Money Market Fund** – The fund maintains a high level of liquidity and gives investors exposure to above-average interest rates, as well as lower risk than other Community Growth Funds, due to the short-term nature of the assets held.
- **Community Growth Fund of Funds** – This is a balanced fund that combines all (IDEAS and Community Growth Funds) into one product. This medium-risk fund of funds gives investors exposure to the best money-making investment ideas across all these investment offerings.

The competitive performance of the Community Growth Funds over 10 years confirms the fact that SRI investments are capable of delivering sound investment returns without compromising their social responsibility mandate.

To invest in these funds, contact Mandisa Zungu on +27 21 509 4257; cell 082 413 1938 or email mzungu@omigsa.com or visit us at www.omigsa.com, or www.communitygrowthfunds.co.za.

