

super nation super nation

In most South African families and communities, the three-legged iron pot is the symbol of feeding, sharing, fellowship – in essence life and abundance. Just as the pot is anchored by three legs, so are you anchored by your socially-responsible investment portfolio. **The modern symbol of gold shows wealth and abundance as created by the Super Nation Portfolio.**



Advantage portfolio range Super Nation Portfolio

As one of the first South African signatories to the UN Principles for Responsible Investment, Advantage is deeply committed to the development of unique risk-targeted multi-manager solutions that embrace the guiding principles for sustainable, socially-responsible investing as well as the fiduciary principles that govern the risk management of long term retirement fund investments.

About the Super Nation Portfolio

The Super Nation Portfolio is a holistic, comprehensive, Regulation 28-compliant investment portfolio that has been structured to address broad SRI guidelines across multiple dimensions, while at the same time competing directly, from a risk-adjusted investment return perspective, with any other traditional balanced retirement fund. To be viable, the portfolio has been designed to minimise any inadvertent style or sector biases that may naturally emerge from an SRI strategy, while at the same time maximising exposure to the highest calibre SRI investment managers and assets. This portfolio is aimed at investors with a moderate risk profile.

Portfolio mandate

The Super Nation Portfolio is a balanced multi-manager portfolio that addresses the issue of socially-responsible investing (SRI) at the following levels:

- Supporting SRI through exposure to developmental asset classes
- Exposure to companies which support SRI objectives as defined by the FTSE/JSE SRI index
- Shareholder activism through proxy voting and active shareholder engagement
- Exposure to previously-disadvantaged investment (PDI) managers, supporting the development of PDI investment professionals and investment entrepreneurs
- If required, broader support for the African Renaissance through exposure to the SRI/Africa Development International Portfolio (this is an optional enhancement)

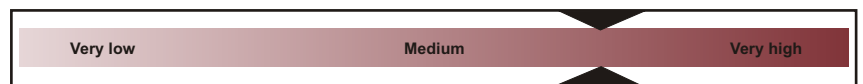
Investment strategy

This portfolio has a flexible asset allocation as it is dynamically rebalanced. This rebalancing process enhances the investment returns without either compromising the acceptable level of risk in the portfolio, or the probability of achieving the targeted performance of inflation plus 5% a year (lagged by one month) over five-year rolling periods. The actual asset allocation will be upweighted or downweighted relative to the strategic allocation with a maximum tolerance limit of 8% around each asset class.

Investment horizon

Long term (six to 12 years)

Risk profile



- The portfolio may experience a high degree of volatility in the short term due to the equity content
- There is a possibility of capital loss over the short term due to the equity content
- Low income yield

Asset and benchmark allocation

The portfolio has a strategic asset allocation and is a composite portfolio weighted to the following asset classes and indices:

Local asset class	Allocation	Benchmark
Equities	45.5%	FTSE/JSE Shareholder Weighted All Share index
	19.5%	FTSE/JSE Socially Responsible Investment index
Bonds	25.0%	Bond Exchange Association of SA All Bond index
Property	5.0%	Inflation plus 4% a year
Cash	5.0%	Short-term Fixed Interest Composite Deposit index

Specialist investment managers and mandate types

Within the asset classes various specialist investment managers have been appointed. Allocations to these investment managers will change over time as markets dictate. The selection of underlying managers may also change over time should better optimal blends emerge. Additionally, asset and manager allocations will drift from the strategic allocations, within a narrow tolerance, as a result of performance of the portfolios. This drift will be managed and rebalanced within the dynamic-rebalancing process.

What does combining these managers bring?

A well-diversified portfolio with multiple differentiated, alpha-generation capabilities across different and varied alpha sources, strategy durations, implementation methodologies and portfolio construction processes. The equity and bond managers have qualitative differences within their investment philosophies and portfolio construction processes. The equity blend has been specifically constructed to combine a core tracker together with active value and momentum style managers to maximise the robustness and deliver the required risk-adjusted returns.

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