

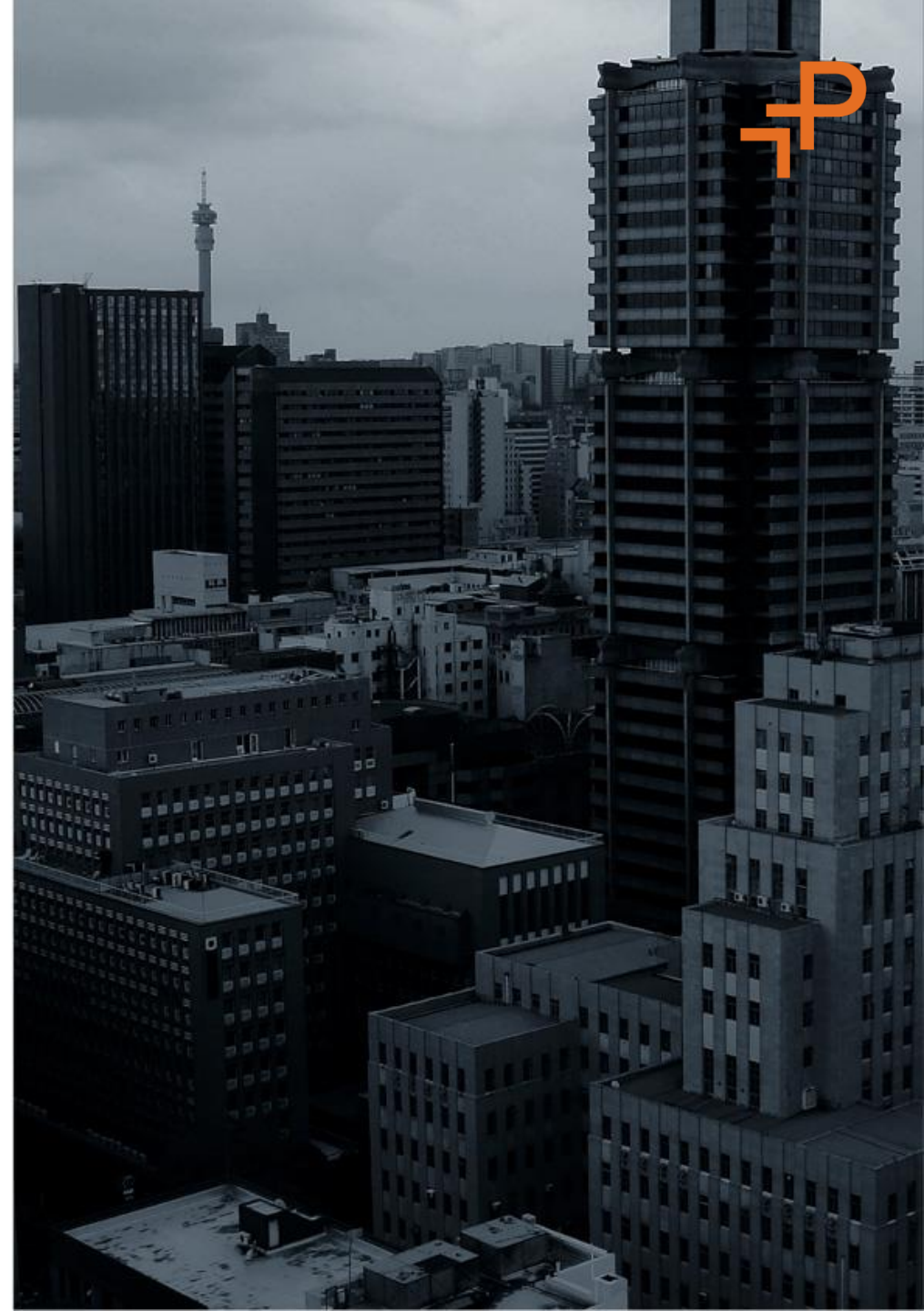
PROWESS LDI Capability

Qhivi Tiva | Qhivi@prowessinvestments.com
September 2024



Focus

- The LDI Challenge
- Our LDI Journey
- LDI Philosophy and Process
- LDI System



The LDI Challenge

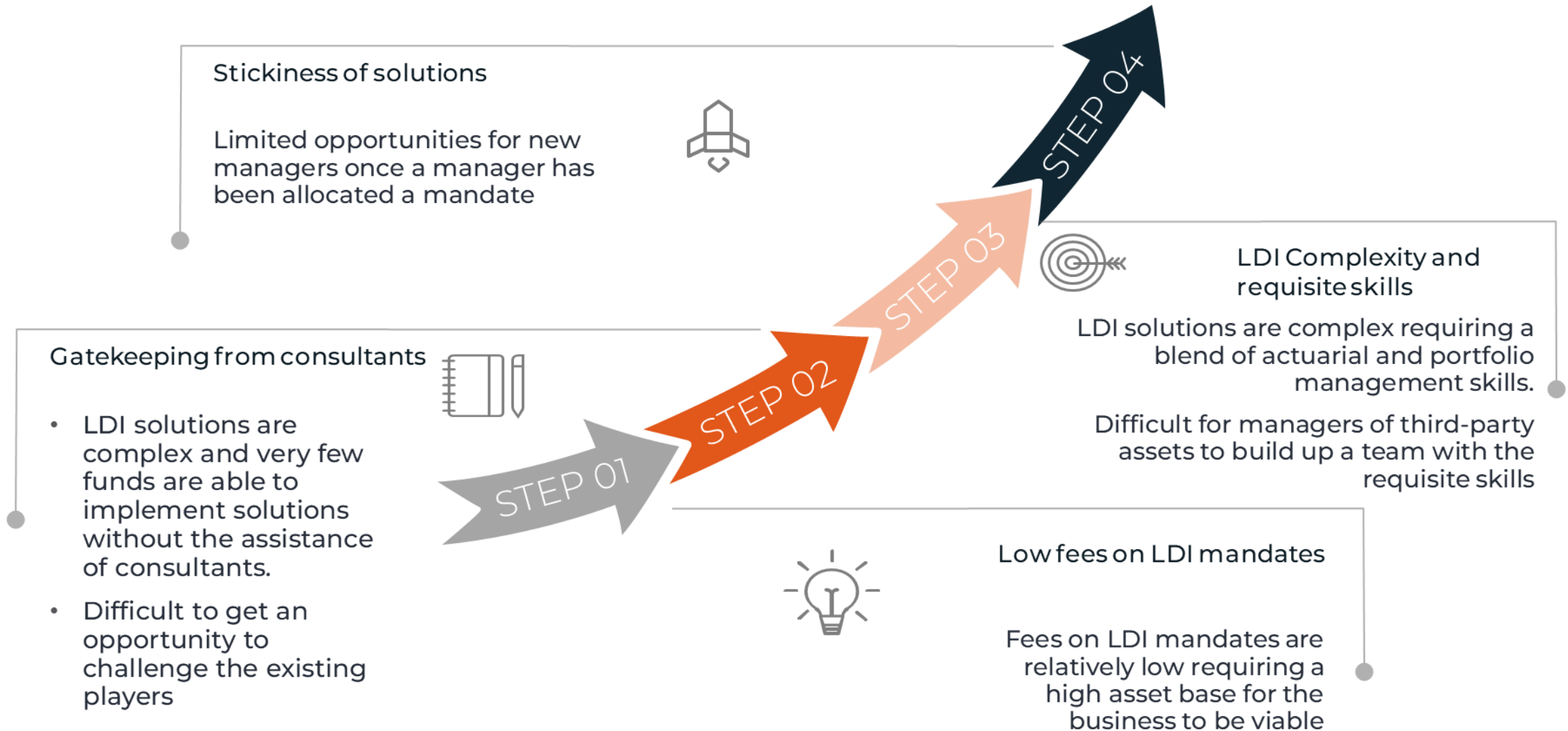




Transformation in the SA LDI Market

- Dominated by Large Insurance Companies
- 2 to 3 medium to large sized Investment Managers exist
- As at 2021 there were only 2 BEE LDI Fund Managers*
- Prowess Investment Managers was one of the first LDI Black Asset Managers

South African LDI Market - Barriers to Entry



Our LDI Journey



LDI Journey



Having a multi-skilled and experienced fixed income investment team together with an LDI system that can model a wide range of liability profiles is at the heart of any LDI solution

Our LDI Journey started in 2018 funded by an Enterprise Development Grant

Internally developed and supported LDI System is fully operational

The LDI system has been used to manage “Dummy” LDI portfolios for more than 2 years – Outperforming the liability benchmark

Additional resources added over time to build up the LDI capability

- Head of LDI
- Senior Credit analyst
- Senior Quantitative analyst

- LDI portfolios went live in November 2023
- Continue growth journey

Prowess LDI capability highlights



People

Experienced team that understands the fixed income and LDI landscape to manage the risk

Systems

Competitive system that is build inhouse for LDI portfolio management

Transformed and Empowered investment Manager

15 Year track record in fixed income portfolio management with a strong Ethos on Risk

Customised solution

Customised actively managed hedging solution at low cost

We want to partner with you to structure a solution based on your needs

Expertise Unleashed: Powering Investments with Proven Excellence



Kelebogile Moloko

Previous Work Experience includes

Kelebogile is the founder of Prowess Investment Managers, a social and economic pioneer and steward. She holds the dual role of Chief Executive Officer and Chief Investment Officer and is seasoned with strong business acumen leveraging over a decade of experience of creating business value for stakeholders while accelerating transformation. She brings over 25 years of invaluable industry experience and expertise in various Portfolio Management strategies including LDI, Credit Risk Management, Development Finance as well as Business Development areas. She is affiliated with various industry bodies in which she has added value strategically and through active involvement.

Industry Experience: 28 years
Years at Prowess: 14 years

Qualifications

- BCom. (Economics & Finance Majors), BCom. University of the Western Cape
- Honours: Financial Analysis & Portfolio. University of Cape Town
- Management, INSETA Leadership Advancement Diploma
- Regulatory Examination: Key Individual (RE3)
- Regulatory Examination: Key Individual (RE1)
- Regulatory Examination: Representative (RE5)



Qhivi Tiva

Previous Work Experience includes

Qhivi has extensive experience in the management of asset liabilities risks for a wide range of institutions that includes Pension Funds, Insurance companies, Banks and Corporates. Qhivi was also responsible to the design and implementation of LDI solutions for retirement funds.

Industry Experience: 16 years
Years at Prowess: 1.5 years

Qualifications

- CFA Charter holder
- Financial Risk Manager
- SAIF – RPE Currency Derivatives Market Trader
- Bachelor of Science Honours – Actuarial Science
- Bachelor of Economic Science – Actuarial Science and Mathematical Statistics



Jacques Simpson

Previous Work Experience includes

Jacques, with a fixed income background at Metropolitan since 1998, brings extensive experience in trading, quants, and model building. His portfolio management spans Southern African regions, managing fixed income assets in currencies like Namibia, Botswana, Swaziland, and Lesotho. Jacques excels in on-balance-sheet portfolios across multiple domiciles, handling STEFI, ALBI, and LDI mandates. While contributing to research for ALBI/STEFI investment views, his primary focus remains on on-balance-sheet investments.

Industry Experience: 26 years
Years at Prowess: 6 years

Qualifications

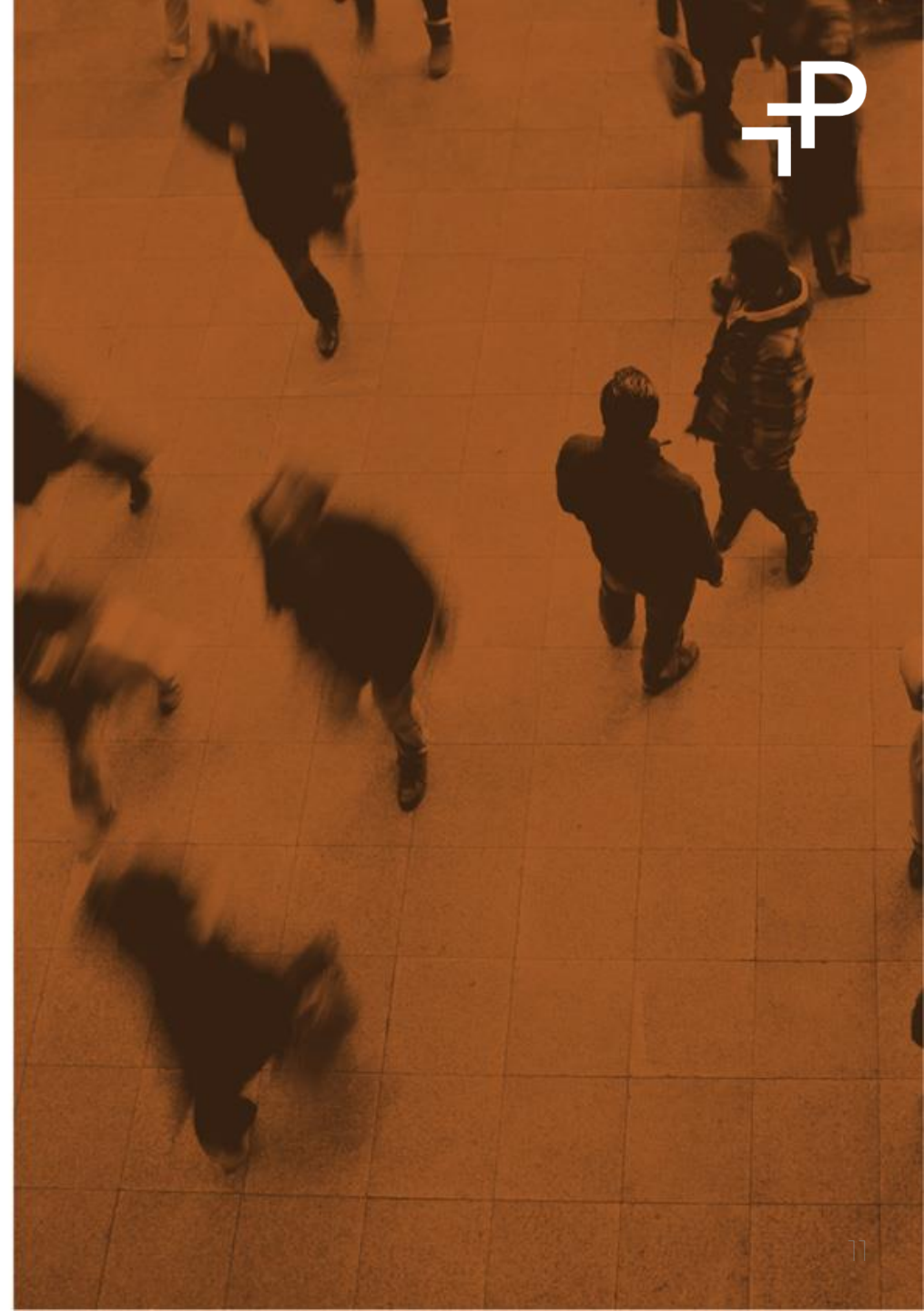
- B.Econ (Economics III & Transport Economics III), B.Econ Honours, Masters of Economics
- Regulatory Examination: Key Individual (RE3)
- Regulatory Examination: Key Individual (RE1)
- Regulatory Examination: Representative (RE5)

LDI Philosophy

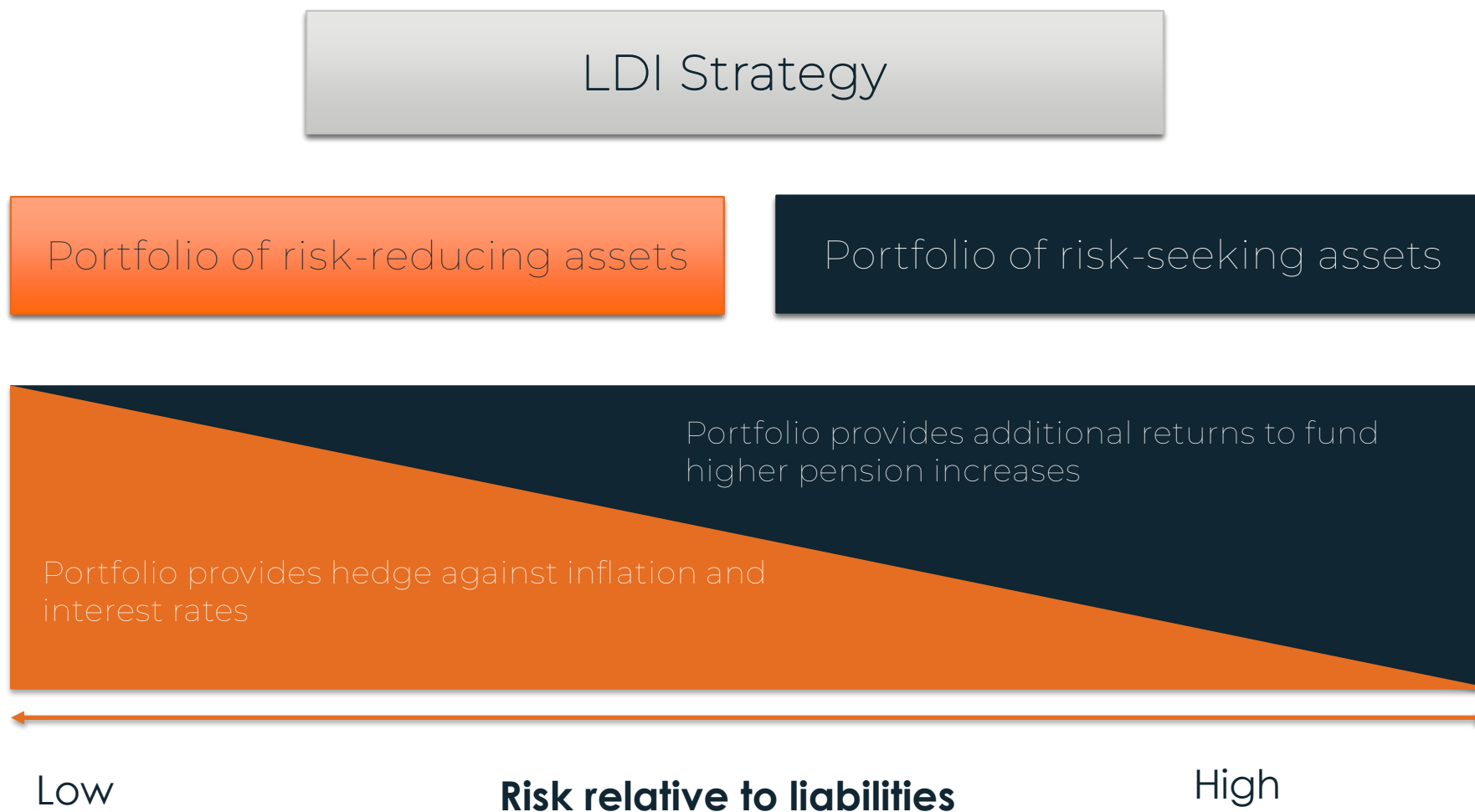
Our liability driven investment (“LDI”) strategy is to offer investors a customised solution that allows them to manage assets relative to their liabilities, both present and future obligations.

The investment strategy is focused on:

- Proving a rigorous and disciplined risk management framework used to hedge the risk profile of liabilities by using various fixed income assets; and
- Seeking alpha generating investment strategies in the fixed income space in order to generate and enhance investor returns.



LDI Strategy Determines the Strategic Asset Allocation



LDI Strategies



Basic liability matching

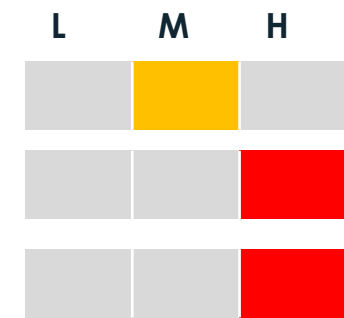
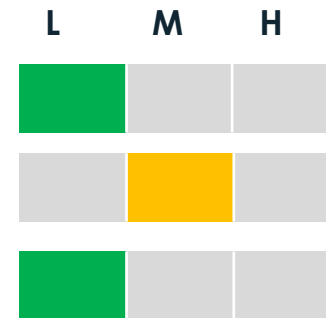
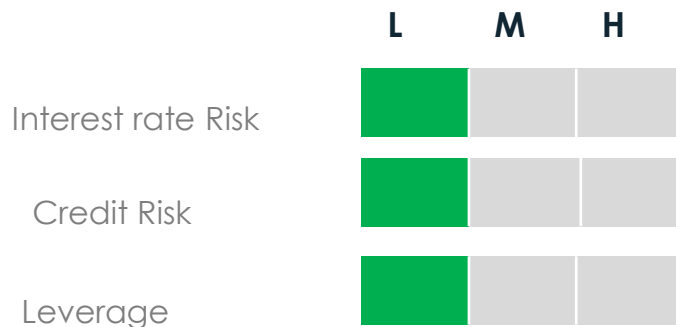
- Hedging interest rate and inflation risk by investing in government and government guaranteed bonds
- Physical holdings of instruments
- Objective is to match the liability benchmark closely

Matching with increased credit appetite

- Basic pure matching with increased universe of assets to include credit assets
- Strict credit limits in the mandate
- Target a relatively small performance threshold over the liability benchmark

Full active LDI

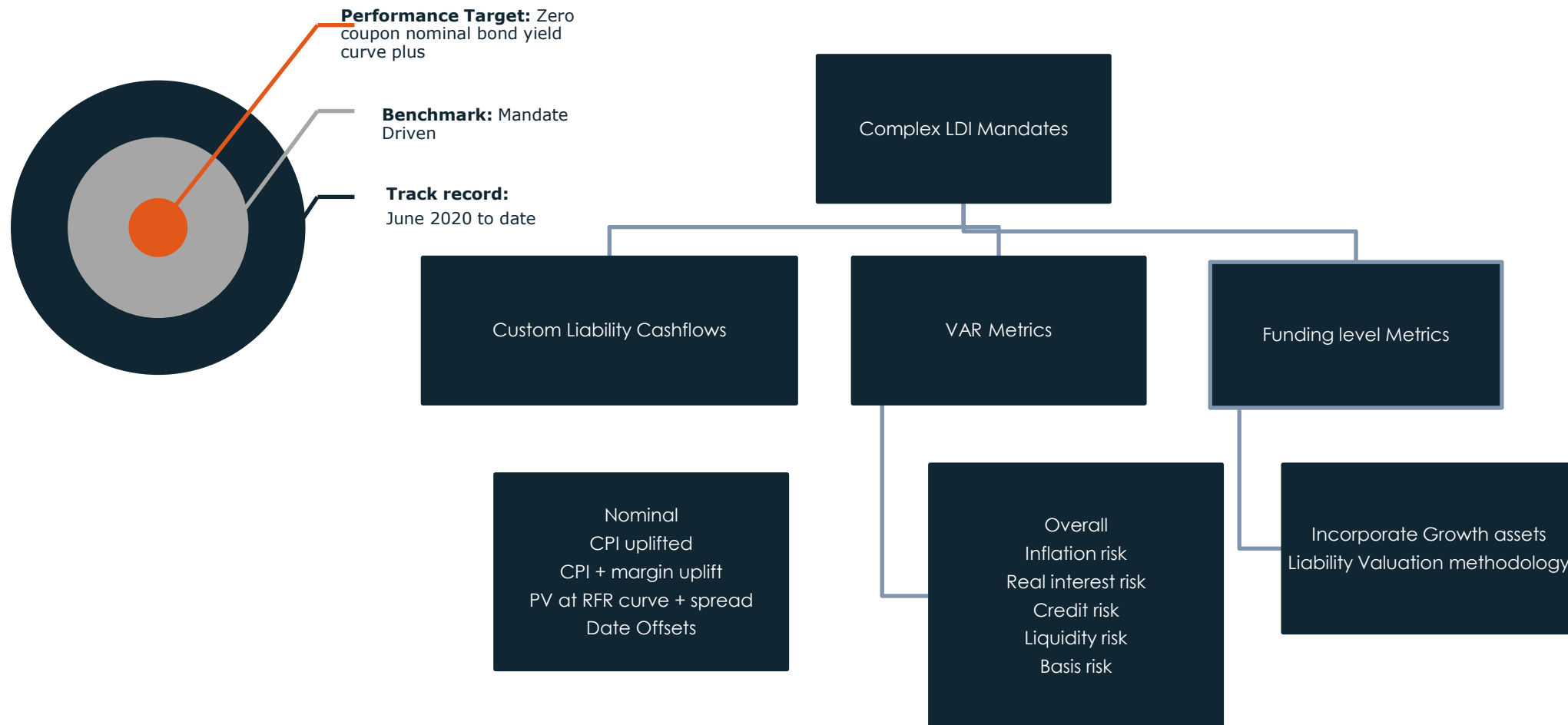
- Use of derivatives for risk management and **leverage**. Higher return objective
- Wider universe of credit assets including **Private Markets**
- More sophisticated risk measurement framework



LDI Mandate Risk & Return Profile



- Capability to manage a wide range of different LDI mandates covering different pension liability profiles – Inflation linked annuities, With Profit annuities, etc.



Customised & Scalable LDI Systems That Anchor Our LDI Growth Ambitions





THANK YOU

Tomorrow is NOW.

