



MEDIA RELEASE

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MULTI-MANAGERS PROVE THEIR WORTH DURING VOLATILE TIMES

The past two years, characterised by significant market fluctuations, have demonstrated the value of investing in a blend of different manager styles rather than being overly dependent upon a single directional market view.

That's according to Francois Cilliers, Portfolio Manager at specialist emerging markets financial services company, Novare: "Even within each asset class, it has proven useful to have managers with differing investment styles and approaches towards extracting alpha.

"Debates about the validity of multi-managers tend to miss the point. It goes without saying that economies of scale are important and that pension funds as well as IFAs are savvy when it comes to an awareness of fees. However, most smaller pension funds and even larger IFAs lack the time and resources for rigorous and ongoing manager due diligence.

"Even in cases where most of the reputable investment managers are well known, staying abreast of the subtle changes within organisations, teams and investment managers' portfolios requires a dedicated resource and team. And that's where multi-managers play an important role."

Novare, which advises on pension fund assets worth over R25bn, uses dedicated manager research resources to benefit smaller clients, via its active in-house multi-manager offering.

Because of its smaller size within the multi-manager space, Novare's multi-manager portfolios offer the opportunity to create nimble, customised active management solutions for clients, often with the same cost benefits obtainable under larger, dedicated institutional mandates.

Said Cilliers: "And we receive recognition for this, as evidenced by the fact that Novare was shortlisted as one of the two multi-managers finalists recently nominated for the Imbasa Yegolide Awards, (the Principal Officers Association accolade for professional excellence), alongside one of the biggest multi-managers in the industry."

"Importantly, multi-managers also tend to have better control over the asset mix - widely recognised as an important driver of longer term returns – compared to combinations of several single manager balanced funds."

Because of current levels of global market volatility, the ability to make flexible tactical asset allocation decisions has also been of much greater importance.

"Simply sticking with the same fixed long-term asset allocation in the current environment could be treacherous. As a result, multi-managers will have a continued role in the asset management landscape. Smaller players, rather than attempting to be all things to all investors, should offer a competitive level of specialisation and customisation that many of the larger players are no longer able to provide," said Cilliers.

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Notes

- Established in 2000, Novare comprises five underlying business units: Novare Actuaries and Consultants, Novare Investments, Novare Botswana, Novare Actuaries Africa and Novare Equity Partners. In addition the group owns 30% of First Guarantee Pension Limited, a Nigerian pension fund administrator.
- Novare is focused on investment solutions tailored to clients' specific needs. The group offers a wide range of options with a focus on alternative investments including hedge funds, private equity and opportunities in Africa.

- Novare manages the Mayibentsha Fund of Funds, which was launched in 2003 as one of the first South African funds of hedge funds. It was awarded the prestigious 'Best Emerging Market Fund of Hedge Funds' by HFMWeek at the US Performance Awards in New York in 2009.
- The group's strategy is about realising growth potential within Africa, attributed to the continent's people and resources. Outside of South Africa, in 2007 Novare opened an office in Botswana offering a range of investment consulting services and products. This was extended through a joint venture with Genesis Actuarial Solutions that provides actuarial services to the Nigerian market, which led to the development of Novare Equity Partners that focuses on investment opportunities in Sub-Saharan Africa.