STANLIB Multi-Manager

The Educator

A guide to multi-manager investing

Financial advisers continue to view multi-manager investing as an attractive approach to investing client's money. In the series of articles to follow, we address a number of topics with the ultimate goal of providing a better understanding of multi-manager investing.

This series is designed to empower you as an adviser, providing insights on the multi-manager industry and ultimately, the increased confidence to select an appropriate investment for clients.

Why consider the multi-manager approach?

"A multi-manager helps you gain greater diversification and simultaneously reduces your exposure to single manager risk."

What is a multi-manager?

Multi–manager investing is a term generally used to describe an investment approach whereby an asset manager (the "multi-manager") appoints a combination of asset managers (the "underlying managers") to manage assets. Carefully selected on the basis of in-depth research, the underlying managers are continually monitored and, when necessary, replaced.

- Multi-manager investing is based on the assumption that no single manager/investment style can perform well in all markets and deliver superior performance across all phases of the investment cycle
- Multi-manager investing is designed to provide a simple means of achieving asset manager diversification across a range of asset classes. Teams of asset managers are carefully selected and packaged into a single fund, providing clients with exposure to a range of asset classes and asset management styles
- Whilst over the longer term, good single asset managers will provide strong returns, in the short term, a degree of volatility is inevitable. The reality is that no single asset manager can perform well all the time, nor is it feasible to predict which asset manager will be the next to outperform. The multi-manager approach combines a group of distinct, but complementary asset managers, enabling the client to reduce volatility levels in his/her portfolio; and simultaneously, increase the potential for long-term returns

Main advantages

- Clients are able to benefit from the collective expertise of the multi-manager business. The multi-manager approach combines asset allocation advice, asset manager selection, portfolio construction and risk management services into one convenient portfolio
- Clients gain access to investment opportunities and sophisticated portfolio management tools that are usually out of reach for most retail client
- Clients have "peace of mind" in the knowledge that their appointed multi-manager continuously monitors the underlying investments and manages the associated risks

- Allows a high degree of diversification
- Mitigates against single manage risk
- Additional layer of governance – selection and monitoring of managers/funds
- Daily monitoring and risk management

Conclusion

The multi-manager investment approach allows clients to gain further diversification by outsourcing the manager selection function of investing. This not only implies less manager-specific risk in multi-manager portfolios, but also greater access to more unique managers and mandates.

The STANLIB Multi-Manager team is highly experienced, providing assurance that clients' money is in expert hands. Let our team "select" some of the best asset managers to look after your clients' money.

In the next article in this series, we will discuss and elaborate on the multiple benefits of multi-manager investing.

Thobile Finca

STANLIB Multi-Manager Investment Specialist
T + 27 (0)11 448 6007 M + 27 (0)73 315 4831
E Thobile.Finca@stanlib.com

STANLIB
MULTI-MANAGER

As neither STANLIB Multi-Manager Limited nor its representatives did a full needs analysis in respect of a particular investor, the investor understands that there may be limitations on the appropriateness of any information in this document with regard to the investor's unique objectives, financial situation and particular needs. The information and content of this document are intended to be for information purposes only and STANLIB does not guarantee the suitability or potential value of any information contained herein. STANLIB Multi-Manager Limited does not expressly or by implication propose that the products or services offered in this document are appropriate to the particular investment objectives or needs of any existing or prospective client. Potential investors are advised to seek independent advice from an authorized financial adviser in this regard.

STANLIB Multi-Manager Limited is an authorised Financial Services Provider in terms of the Financial Advisory and Intermediary Services Act 37 of 2002 (Licence No. 26/10/763).