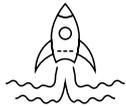


Manager Pulse

Summer Edition - January 2021

Insights on developments
within the asset management industry



MOVERS AND SHAKERS

Anchor Group – delisting from the JSE

Anchor was founded in 2012 and listed on the JSE in 2014. The business announced its intention to delist from the JSE during the last quarter of 2020. Key shareholders (Capricorn, Masimong, management and key staff) will buy out the minorities. RMB has provided funding to facilitate the delisting, which is expected to happen in early February 2021.

One of the benefits anticipated from the delisting is an increase in the BEE shareholding of the business to more than 25% from the current 11%. Post the delisting staff may represent a shareholding of approximately 35% relative to the current 17%.

Business is expected to carry on as usual, led by the existing management team. It is anticipated that the investment arm of the business will remain unchanged with regards to its management and investment activities. The staff remuneration structure relating to the share scheme may change, however, post the delisting but this is under discussion.

Laurium Capital acquires Tantalum Capital

Laurium Capital (Laurium) acquired Tantalum Capital (Tantalum) effective 1 December 2020. Both businesses believed they had a similar investment approach with some synergies that could be harnessed. Laurium did not have a multi-asset medium equity offering, nor a global product that invests directly offshore. Tantalum noted that their philosophy differs a bit under the opportunistic element, where special situations and event-driven opportunities are maximised and they are excited about this element of the philosophy going forward. Client response to Tantalum being acquired has been positive and they have retained all their mandates.

Rob Oellermann, Melanie Stockigt and Mike Lawrenson will join the investment team whilst Simone Blanckenberg will join the operations team. Rob will participate in the investment team and continue to manage the multi-asset medium equity capability as well as global, while Mike will add value on the analysis of resources. There is the potential for ownership in Laurium for some of the individuals that have joined.

As a result of the merger, Jean-Pierre du Plessis (J-P) received an opportunity with Methodical Investment Managers. Melanie takes over the reins from J-P on the Laurium Income Prescient Fund and will be assisting Paul Robinson on the Laurium Africa Bond Fund.

In addition to these changes, Laurium are in discussions with a BEE entity, which could improve their BEE ratings.

Perpetua Investment Managers – team changes

Museja Makhaga, an investment analyst, left the team at the end of December. She had been at Perpetua for just over three years. Given the generalist investor approach that Perpetua follows, her responsibilities will be shared among the remaining analysts. The manager has also made two appointments in the new year to take up some research functions.

Sasfin Asset Managers – resignation of CIO

Phillip Bradford, Chief Investment Officer and Portfolio Manager for the various income and multi-asset class funds, left the team at the end of December. He will be joining PortfolioMetrix this year as Head of Investments. Phillip was with the Sasfin team for six years. The Flexible Income Fund and the Balanced Fund that he managed won multiple awards over this period.

Arno Lawrenz has joined the team in November as the new Chief Investment Officer. Alongside Johan Gouws, Arno will be working on Sasfin's implemented solutions and multi-asset strategies. Arno has 28 years' investment experience and has worked for several asset management firms including Sanlam, Coronation, Old Mutual and Ashburton. He was also the founder of Atlantic Asset Management, which was ultimately sold to Ashburton.

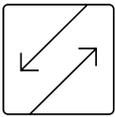
STANLIB – new Head of Credit in the Fixed Income team

Tarryn Sankar succeeded Beverley Warnasuriya as the Head of Credit, effective 1 November 2020. Beverley continued to consult to the team post moving to Canada in late 2019 but has now discontinued.

Tarryn has more than seven years of experience in credit. Post working in audit, she joined OMIG as a credit analyst for a little more than two years. Thereafter, she joined Futuregrowth as an investment analyst responsible for analysing both listed and unlisted debt instruments. She also carried out deal negotiation and worked with unstructured debt. More recently, she was Head of Listed Credit at Futuregrowth. She is a Chartered Accountant (SA), having completed her articles at Ernst & Young.

Terebinth Capital – investment team additions and developments

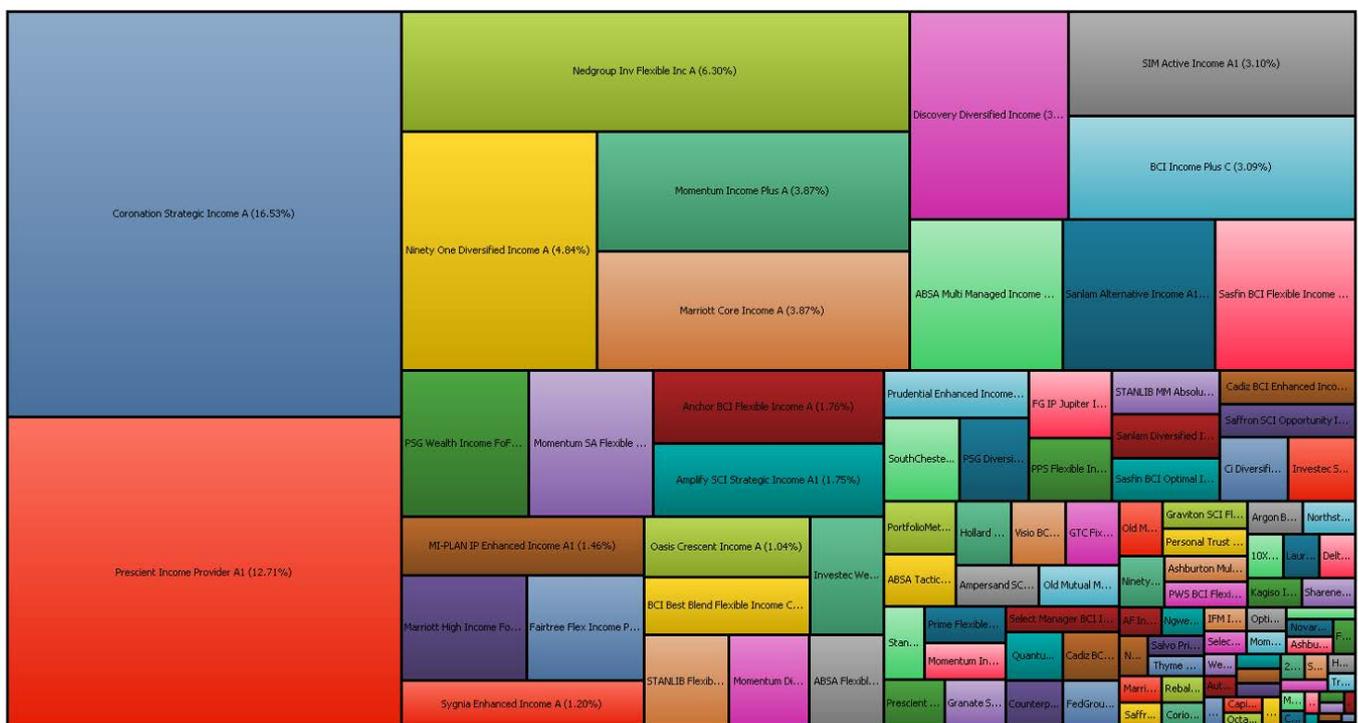
Oyena Mtuzula joined the team as a Credit Analyst in September. She has five years of investment experience, the bulk of which she gained at Kagiso Asset Management as an Associate Equity Analyst. Dumisani Ngwenza joined as a Quantitative Analyst in October to strengthen their quantitative analysis capabilities.



GAINERS AND LOSERS

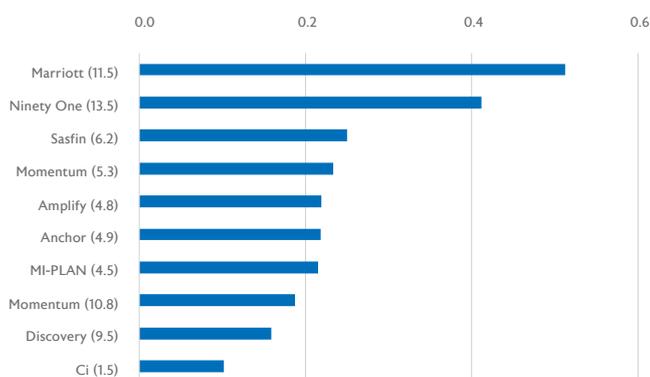
- The South African Multi-Asset (MA) High Equity and Low Equity categories make up almost 35% of the assets under management (AUM) in the local CIS industry. Income-oriented portfolios – namely MA Income and Interest Bearing Short Term and Money Market – make up 32%.
- In the aftermath of the COVID impact on markets in March 2020, many investors jumped into interest bearing assets.
- The MA income category saw almost R30 billion of net inflows during 2020. The graph below depicts the market share of asset managers within that category.
- We note that well established funds with long-term track records have been both gainers and losers in terms of AUM. Our high level assessment suggests that funds adopting a more income oriented approach (i.e. very little use of the 10% equity and 25% property allowances as per the ASISA category) gained more assets during the period.

South African Multi-Asset Income category - 2020 inflows

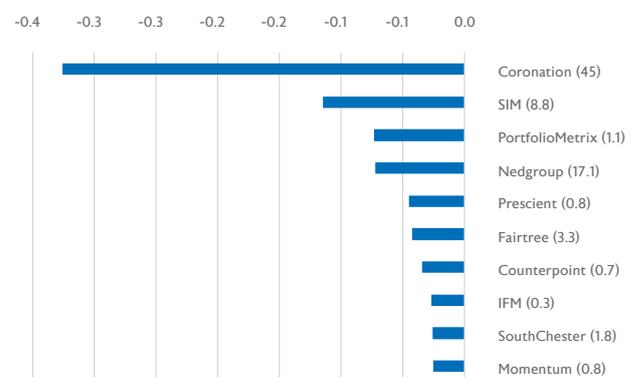


Source: Morningstar, STANLIB Multi-Manager analysis

Top 10 AUM gainers (R billion)



Top 10 AUM losses (R billion)



Closing AUM as at 31 December provided in brackets. Source: Morningstar, STANLIB Multi-Manager analysis



RESEARCH FOCUS: ESG IS INTEGRAL TO OUR PROCESS

At STANLIB Multi-Manager we recognise the value of companies focusing on the triple bottom-line; and how this value translates into higher returns for shareholders. We also recognise that sometimes there are benefits that accrue indirectly through the positive impact on the broader economy, environment and society. Therefore, as part of our commitment to responsible investing, we consider the risks and opportunities arising from the incorporation of environment, social and governance (ESG) factors into our investment process and that of the asset managers we invest with. ESG integration is the practice of incorporating ESG factors into the investment process. There are four levels at which ESG integration occurs.



At the most basic level, the companies that can be invested in need to conduct themselves as responsible citizens. The primary assessment of ESG factors at the company level is delegated by STANLIB Multi-Manager to the underlying managers that we select in our mandates. This responsibility includes incorporating ESG into their investment selection process, voting on those securities where applicable; and being active in engaging company management to ensure appropriate behaviour in delivering value to investors.

Our focus is on assessing the integration of ESG factors by the asset managers into their investment process and the running of their businesses, both through the due diligence process, as well as the ongoing monitoring of a manager. Key components of our assessment are:

- **Manager Research:** manager responses to ESG questions in the due-diligence questionnaire are tested during the manager presentation and discussions. An assessment of this is incorporated in the manager analyst's recommendation, which is presented to the manager research committee. Therefore, ESG is considered during the final manager rating. We have also conducted an asset management industry survey to understand trends in ESG. We conduct an in-depth review of managers capabilities every two years, thus regularly assessing changes in their process including any improvement or deterioration in analysing the ESG factors of companies or issuers.
- **Operational Due Diligence:** focuses on the governance of the asset management company being assessed. This involves understanding their compliance, risk management and operations which includes understanding possible conflicts of interest, proxy voting process and commitment of management to the ESG standards that are set by the company.
- **Portfolio Management:** one of the portfolio management functions is to maintain a relationship with underlying fund managers (appointed managers), to monitor underlying portfolios and to conduct report backs. During these interactions, our portfolio manager/s and/or manager research analyst will assess whether stock or instrument investment decisions align to the manager's ESG policies and processes.

STANLIB Multi-Manager Research Team
www.stanlibmultimanager.com

As neither STANLIB Multi-Manager, a division of STANLIB Asset Management (Pty) Limited ("STANLIB") 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 should not be construed as advice. STANLIB does not guarantee the suitability or potential value of any information contained herein. STANLIB 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 Asset Management (Pty) Limited is an authorised Financial Services Provider in terms of the Financial Advisory and Intermediary Services Act 37 of 2002 (Licence No. 719).