BLUE CHIP

DFM GUIDE

A GUIDE TO DISCRETIONARY FUND MANAGERS IN SOUTH AFRICA

2025

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What is a DFM actually?

DFMs provide advisors with well-managed and defendable solutions.

A Discretionary Fund Manager (DFM) provides professional and expert investment services to financial advisors, relieving them of the job of researching, choosing and blending different managers into investment portfolios for their clients. A Discretionary Fund Manager has the necessary licence and mandate to buy and sell investments on behalf of clients.

Regulation of financial advice processes, including the Financial Advisory and Intermediary Services (FAIS) Act in South Africa, has fuelled the growth of DFMs that meet financial advisors' requirements for well-researched and managed portfolios that are matched to client needs.

South African DFMs

The first South African DFM, Analytics was spun out of Investec in 2004 as the FAIS Act became effective.

Since then the number of DFMs operating in South Africa has increased to around 60, according to Pat Magadla, head of distribution at Equilibrium, the DFM in the Momentum group.

The latest NMG Consulting survey of South African Advice Models notes that R315-billion of assets advised on by independent financial advisors, excluding that of advisors in networks, are managed in conjunction with a DFM. Including advisor networks, the investments managed by DFMs is estimated to be between R450-billion and R600-billion, according to the Collaborative Exchange's 2023 DFM survey.

The NMG Consulting survey shows that 57% of South African financial advisors are using DFMs' investment services and 73% of them are expected to increase their DFM usage in future.

DFMs are effectively multi-managers

While all DFMs are effectively multi-managers, not all multi-managers have DFM business models that are geared to providing business solutions for financial advisors.

Single managers, multi-managers and DFMs are all investment managers who offer unit trusts funds, and their funds can be directly compared on performance, cost and consistency.

But what differentiates a DFM is that their products are crafted into holistic solutions for advisors and their clients.

Good DFMs will ensure advisor partners have a comprehensive set of investments that is integrated into their advice process and aligns with their value proposition.

A credible investment partner frees advisors from distractions and allows them to focus on the client conversations.

How they are regulated

South African DFMs must be registered as a financial services provider (FSP) with what is known as a Category II financial services provider licence under FAIS that allows them to manage investors' money on a discretionary basis.

DFMs must abide by the Code of Conduct for Administrative and Discretionary FSPs published under FAIS by the Financial Sector Conduct Authority (FSCA).

This code binds DFMs to obtain a written or electronic mandate with their clients after obtaining information about their circumstances, needs, objectives and other information required to provide a suitable service.

It also obliges DFMs to provide written reports that include the market value of the investments and show the charges at least once every three months and on request.

The FSCA's 2019 Retail Distribution Review document made some proposals about formal agreements, conflicts of interest and disclosure of portfolio and fees. Further regulation is expected when the Conduct of Financial Institutions Bill is enacted.

Qualifications and experience

A DFM should have a diverse and experienced team to provide a wider perspective on investment decisions.

A DFM team may include qualified actuaries, accountants and holders of the Chartered Financial Analyst, Chartered Alternative Investment Analyst and Certified Financial Planner qualifications.

Services offered

The investment products and services that DFMs offer are standard model portfolios (reflecting their best investment view), or highly customised (bespoke) solutions suited to specific clients.

Financial advisors with either Category I or Category II financial services provider (FSP) licences make use of DFM services.

Some Category II advisors primarily engage DFMs for asset consulting, while using their own Category II licence to implement portfolios.

Other advisors rely on DFMs not only for asset consulting but also to implement portfolios on their behalf, either as model portfolios or as unit trust funds on investment platforms.

In order to facilitate bulk switches when portfolio changes are necessary, DFMs, in conjunction with an advisor partner, must obtain signed investment mandates from clients. These documents must comply with the FSCA's requirements.

DFM's managed investment solutions or consulting services are likely to come with:

- *Determination of appropriate risk and strategy*

Jonel Matthee Ferreira, CEO of Cogence, the discretionary investment manager in the Discovery Group, believes that the investment process should start by defining the investment objectives of each solution identified as suitable for clients before the appropriate investment risk and strategy is determined.

- *Asset allocation*

George Dell, executive director at DFM MitonOptimal, is of the view that a DFM does its job effectively and efficiently when it does asset allocation. In order to create an investment thesis, a DFM must understand the payoff profile of asset classes in the past, and have a reasonable forecast for those assets classes' future returns, he continues. If a DFM is just choosing the best performing funds without doing asset allocation or trying to understand the behaviour of asset classes, they will do clients a huge injustice, he says.

DFMs consider forecasts for global asset class returns, risk and uncertainty and combine these with insights into the optimal allocation to determine a strategic or long-term allocation that drives most of the risk and return, Matthee Ferreira explains.

DFMs also use dynamic or tactical allocation to adapt the long-term strategic asset allocation to take advantage of the current market environment, potentially adding additional alpha, she says.

- *Manager selection*

Researching, screening and selecting fund managers is a key service that DFMs offer.

There are now more than 1 800 local collective investment schemes and many thousands more globally, making the selection process complex. A DFM has the investment skills required for this and can do so with efficiency since it will serve several advisory practices.

- *Portfolio and risk management*

Once managers have been selected, DFMs typically review the overall portfolio, often using their technology platforms to determine the investment risks and how these can be managed.

Potential future risks should be stress-tested under different market scenarios and asset classes are researched to determine optimal diversification benefits and reduce volatility, Matthee Ferreira says. Continuous monitoring and rebalancing helps to ensure that portfolios work well through time.

- *Standard and customised portfolios*

It is generally accepted that DFMs reduce complexities and minimise investment compliance risk in advisors' practices, which is achieved by consolidating and centralising clients' portfolios into the appropriate and consistent strategies for advisors.

However, aligning every client's portfolio to these strategies can be challenging as many clients use different investment platforms or hold existing investments they prefer to retain or transition out of gradually. Funds required for a tailored portfolio may not be available on platforms with limited choice, but DFMs can identify suitable alternatives to meet the asset allocation strategy.

In some cases, advisors' clients are not willing to move to the preferred platform. DFMs also have a solution for this: a suite of core portfolios can be offered on each platform so advisors can use these as an alternative when they do not have sufficient assets to justify their own tailored model portfolio on the platform a client has chosen.

- *Communication and compliance*

Once a centralised investment proposition is established, advisors can effectively communicate with investors and DFMs assist with this by creating fact sheets for each investment portfolio. These may be branded for an advertiser to share with clients.

In addition, DFMs usually host investment committee meetings with advisory practices. These meetings ensure advisors have a thorough understanding of the portfolios, including components such as alternative investments like hedge funds, the performance of individual investments and the rationale for any adjustments being made. This collaboration empowers advisors to keep clients informed and confidently address their questions, Dell explains.

A DFM's support for an advisor should extend to standing behind its portfolios, he says. If an advisor partner is challenged by a client or faces a complaint lodged with an ombudsman, the DFM can step in to represent the advisor, explaining and justifying the investment decisions.

Matthee Ferreira says a valuable role DFMs can play for advisors is to provide them with information to explain to clients the impact of potential market events on their goals and help them make informed investment decisions.

In addition, DFMs can help advisors show clients the impact of savings habits, health and the impact of longevity on financial needs in retirement, she says.

- *Add-on services*

Many DFMs offer add-on services such as signing up or on-boarding clients, and additional propositions include planning tools, assistance with practice management, access to portfolio managers and thought leadership.

Types of DFMs

There are probably three distinct types of DFMs:

- The independent retail DFM: Independent, owner-managed DFMs with no corporate ties that serve independent financial advisors.
- The in-house DFM: DFMs run as separate businesses within larger wealth advisory businesses.
- The corporate DFM: DFMs within large life insurers or financial services groups. They mainly serve tied financial advisors but can be used by independent financial advisors. Recently a number of corporates, including Discovery, Momentum and Alexforbes, have built DFMs out of their multi-manager businesses.

There are also advisory businesses that have their own Category II licence and give advice and manage investments on behalf of clients. These businesses continually have to balance the costs and benefits of doing their own investments versus using a DFM. Some of these businesses do use a DFM as a consultant to help them manage their investments, but they – rather than the DFM – take full responsibility for the investment outcomes.

Matthee Ferreira reveals that Discovery launched a corporate DFM because the group recognised that a DFM can help advisors grow their practices and manage advice risk by streamlining their investment propositions. A centralised, repeatable investment approach leads to better outcomes by reducing poor investor behaviour, boosting satisfaction and improving client retention.

Brandon Zietsman, global CEO of PortfolioMetrix, also has an explanation for why corporates are launching DFMs: large financial institutions have a plethora of products and distribution channels. They offer single manager investments, multi-manager investments, alternative investments, property investments and more through private bankers, financial advisors and tied agents, he says.

Tied advisors in these institutions can choose whatever fund they like on the group's investment platform. To ensure these advisors can compete with independent financial advisors, their choices are not restricted but this also results in a lack of control over the funds used, the asset allocation and local and offshore split, Zietsman says.

The result is a lack of consistency and a lot of regulatory risk, he says. Zietsman says launching a DFM resolves these problems for financial institutions.

While independent advisors can use corporate DFMs, they typically prefer DFMs that are independent of any group and have long track records, he adds.

Why should a financial planner use a DFM?

Discretionary Fund Managers save advisors a lot of time. They can also provide more robust and diversified portfolios, cost-efficiencies and ensure clients are treated fairly.

Financial advisors who make use of a Discretionary Fund Manager (DFM) to manage investment portfolios can save themselves not only time but also set up more robust and cost-effective investments for clients.

The benefit of outsourcing portfolio construction and manager selection to a professional team is obvious for a small practice, but even larger ones with advisors who know the investment markets may benefit from the expertise, the range of underlying investments and fee discounts that DFMs can offer.

Saving time to be with clients

When DFMs take over the role of managing investments on behalf of an advisor's clients it can save valuable time that advisors can then put into their relationships with their clients.

Managing investments is a big job as there are over 1 800 registered collective investment schemes in South Africa alone, before you consider offshore options and alternatives.

It is a mammoth task to stay on top of developments in each fund and then consistently sift through the heap to find the best performing fund, remain on top of the operational ability and investment philosophy adherence of each, says Palesa Dube, founder of Centillion Wealth and a recent winner of the FPI Financial Planner of the Year.

Dube took the view from the onset in her practice that, in order to provide clients with the best available opportunities in the market, the asset management aspect of managing their investment portfolios required much more attention than she and her team had the capacity to fulfil.

It made sense then to partner with a DFM, she says.

Ian Beere, chairman of Netto Invest and a previous FPI Financial Planner of the Year, says financial planners should spend their time with clients, guiding them on how to reach their goals by adjusting their level of investment certainty and exposure to growth assets.

In addition to this core task, Beere says advisors need to consider how clients can achieve tax efficiency, manage their spending, plan their estates and be cognisant of where the markets are at, to advise on investing, disinvesting and switching.

With this core role, his view is that an advisor in a small practice should not want to spend the time behind a spreadsheet looking at the whole of the investment market to determine which funds to recommend to clients, monitoring the relative performance of the funds and making changes when necessary.

If your practice has the capacity and experience in its team, you can dedicate professionals in your practice to do this work, as Netto Invest does, he says. However, in the practice's earlier days when it had fewer resources, Netto benefitted hugely from using an independent investment business.

Sound process

Dube says Centillion's DFM partner assists her practice by providing a sound framework and philosophy within which to navigate and structure investment portfolios for her clients.

Beere puts his finger on the key problem that DFMs solve for advisors: identifying and defending investment recommendations – the DFM's research demonstrates that all similar suitable investments have been considered and the investments selected using a sound process.

When your advisory practice is small, it makes sense to share a DFM-appointed research team that can choose investments instead of each practice trying to have its own research team, Beere believes. Using a DFM can unlock efficiencies and make much better research affordable for an advice business. The DFM has a scientific and disciplined process, optimises the asset allocation decisions and manages the risk-return metrics.

Access and expertise

Barry O'Mahony, founder of Veritas Wealth and a former FPI Financial Planner of the Year, points out another big benefit of using a DFM – the DFM gets greater access to the portfolio managers within the asset managers.

Also, advisors tend to get access to skilled salespeople, while DFMs with much larger client bases get to sit with the portfolio managers and do deeper research.

In addition, O'Mahony's experience is that DFMs' teams have more qualified professionals – often those with the Chartered Financial Analyst qualification – who can ask more meaningful questions.

He points out that Veritas could have employed one person to research managers for its clients, but that one person would not be able to achieve the same depth of research or have access to managers in other parts of the world as DFMs do.

Cost-effective

O'Mahony recounts that before appointing a DFM, Veritas used a multi-manager and passive investments for its investment options.

Its Category I Financial Services Provider licence gave it access only to offshore managers registered in South Africa. Veritas engaged a DFM for offshore portfolios and quickly saw that the costs were lower.

Veritas then realised its DFM could do better research on local managers as well and moving its clients into DFM-managed portfolios simplified its investment management. Veritas is hoping bigger cost savings will be achieved in future.

Craig Gradidge, independent financial advisor and co-founder of Gradidge-Mahura Investments, recalls that initially he researched, selected and blended managers into investment portfolios for his clients himself as it was more cost-effective to do so while his advisory business was growing.

Once the business reached R1-billion of assets under advice, it was taking on new advisors and growing quickly, and using a DFM became more cost-effective, allowing Gradidge and his partners to streamline the application of their investment philosophy.

It also freed him up from having to attend fund manager presentations and due diligence on any new managers the team of advisors considers introducing.

Fair treatment

Using a DFM also helps a financial advisor to treat all clients fairly because when the DFM decides to make a change in any portfolio, it can be done on each investment platform for all clients at the same time.

Advisors wanting to make changes to portfolios have to meet clients one at a time to get their consent, and it can take 12 months to get to all the clients to do switches. You have to decide who will benefit from the change first, O'Mahony says; it feels better to have changes executed for all at the same time.

Pat Magadla, the head of distribution at Equilibrium, explains that when DFMs use their Category II FSP licence to perform bulk switches, treating clients fairly (TCF) principles are observed.

Any compliance risk is removed because asset allocation or fund changes are applied simultaneously across all clients, ensuring a consistent investment experience. Bulk switches also improve efficiency by eliminating the need to meet each client to get signed consent for portfolio changes.

Gradidge appreciates that there is always consistency across client portfolios and observes that using a DFM has saved his clients a considerable amount of time and the inconvenience of signing numerous switch forms at each meeting for different retirement and discretionary portfolios.

However, Beere points out that if the bulk switch will incur capital gains tax for the investor, then this needs to be given some consideration.

Aligned to advice

Another advantage of using a DFM Beere identifies is that DFMs can align portfolios to how advisors are giving advice. Advisors typically use a few key methodologies:

- The maximum return methodology, in terms of which clients have five years' worth of income in cash and the rest in equities in order to achieve the best return;
- The bucket methodology: five years of income in cash and the next five years in a balanced fund and the remainder of the money in equities, with the buckets topped up as required; or
- The real return methodology: you invest in a total return strategy and allow the asset managers to tweak the portfolio in line with what the markets are doing.

When a DFM manages portfolios, it can customise them to align with how clients are coached to think about their money, Beere says.

Gradidge notes that he chose a DFM that would implement the investment philosophy his practice was already using successfully. He did not want to adopt a DFM's philosophy and portfolios it had built for all partner advisors to use.

Choosing the right DFM

A thorough due diligence before you start and finding the right fit for your advisory practice are key to partnering successfully with a Discretionary Fund Manager.

There is a long list of factors to consider when choosing a Discretionary Fund Manager (DFM), but the most important factors are the experience of the team, their proven performance, their approach to investing and how all these align to your business' philosophy.

It is relatively easy to check out who is on the DFM's team, but more difficult to consider performance as there isn't a lot of transparency or comparability when it comes to the returns a DFM earns for clients.

The DFM team

Pat Magadla, head of distribution at Equilibrium, believes investment skill is the most important factor; the DFM needs an investment team that can offer broad manager research coverage, both locally and globally, and they must have demonstrable asset allocation skills and portfolio construction expertise that is in line with the investment outcomes clients need.

Advisors should consider a DFM's actual track record and experience of managing assets, according to Leigh Kohler, head of DFM at INN8 Invest.

Advisors should be careful of DFMs without a good record and should instead look for a DFM with an institutionalised philosophy, process and team.

Barry O'Mahony, founder of Veritas Wealth, believes a DFM's team should include people with the right levels of qualification and experience, who also have access to asset managers.

George Dell, executive director at MitonOptimal, suggests advisors should do a due diligence on several DFMs before they select one. They should consider the people, their qualifications, the structure of the business and how long they have been managing money.

Team size

Kohler's view is that team size is also important as DFMs must cover both local and global manager research; manage a large amount of both core and customised portfolios; manage reporting; manage client needs and manage risk and compliance management.

According to Kohler, smaller teams struggle to cover these basics and grow their businesses at the same time, so advisors should be sure that their chosen DFM partner is sufficiently capacitated to perform all these functions.

O'Mahony agrees it is important to find a team that can do both local and global portfolios and one that has the ability to execute on a global mandate on an offshore platform.

Performance

Considering the investment skills within the team is ultimately aimed at ensuring the DFM delivers good performance.

O'Mahony believes performance is very important but admits it is still difficult to compare DFMs on the basis of their performance.

Palesa Dube, founder of Centillion Wealth, considers performance important, with an emphasis on optimised portfolio performance and risk-adjusted returns. Overall costs, reporting, ease of engaging and added benefits are also determinants.

Craig Gradidge, independent financial advisor and co-founder of Gradidge-Mahura Investments (GMI), points out that the funds of some advisors who partner with DFMs have won industry awards, but it is difficult to determine if this is a result of the choices made by the advisor or the DFM.

GMI focusses on top-quartile performance but instead of chasing the absolute best performance overall investment periods, its investment philosophy is designed to deliver consistently strong investment performance with good protection against down markets.

Since partnering with a DFM, it has continued to achieve that outcome and GMI has the assurance that it has access to highly qualified people that ensure it is getting a good solution, he says.

Independence

Advisors should also consider whether they want an independent DFM or a corporate that may incorporate its own funds in the portfolios it constructs, Dell advises; and believes there is a lot more flexibility and ingenuity in the independent market. A DFM should be able to tailor-make solutions for an advisor and not just provide ready-made investment solutions.

Gradidge agrees the independence of a DFM is key and that it influences the relationship an advisor can build with a DFM partner.

Investment alignment

Jonel Matthee Ferreira, chief executive officer of Cogence, believes advisors should choose DFMs whose investment approach aligns with their own in delivering the best outcomes for clients.

The advisor should be comfortable that the investment outcomes of the portfolios are clearly articulated and that the investment process and philosophy followed by the DFM will result in the desired outcome, she says, and lists relationship management as the second most important factor.

Dube and Gradidge both say that they sought DFMs whose investment philosophy aligned with theirs.

Gradidge says he will not engage with DFMs that only offer off-the-shelf solutions.

Kohler recommends that advisors check whether their chosen DFM provides a "one-size-fits-all", "cookie-cutter" proposition or if they are able to customise and adapt to the specific needs of the advisor's practice.

Not all advisor practices are the same – therefore their needs are not the same either, he says.

O'Mahony agrees that there are some DFMs that claim to be DFMs, but they are actually multi-managers and not interested in customising portfolios for advisors' clients.

A DFM should be able to offer portfolios designed to cater to your client's specific needs, whether this is capital protection, liquidity or capital growth over their specified time horizon, Magadla says.

Asset size and price

Kohler says that DFM profit margins are low so the size of the assets under management is important for the DFM business to achieve scale.

Advisors must therefore take asset size into account as it is not only an indication of positive economics but also provides insights on client satisfaction, he explains.

Magadla agrees scale is important and says it enables DFMs to negotiate preferential pricing and pass it on to their clients.

Matthee Ferreira's view is that advisors should always check the price and the value proposition being offered.

Kohler also suggests advisors check the DFM is a profitable and going concern.

Not all DFMs can provide this kind of comfort to their clients but these should be key inputs into the decision-making process of advisors regarding which DFM to partner with.

Gradidge says that the DFM-managed investments offered to a client should be as cost-effective, or better, than any investments you could manage yourself. It should not cost investors more than they are currently paying to benefit from a DFM's services.

Other factors

Matthee Ferreira lists the other factors that advisors should consider when deciding on a DFM as: their product range, technology and the reporting they do for the benefit of clients.

Dell believes it is important to look for DFMs who prioritise innovation in the products they offer, keeping them competitive and able to meet diverse client needs. In addition, DFMs should provide solutions such as tax-free savings accounts and hedge fund model portfolios and he adds that a capable DFM should ensure their investment solutions are accessible across any platform.

Kohler suggests advisors look for DFMs that are transparent and make their fact sheets freely available on their websites.

Magadla recommends looking for a DFM that offers simplicity and operational efficiency. Although the back end may be complex, the financial advisor's experience should be that the investment management process is easier.

Another important advantage of working with a good DFM, according to O'Mahony, is that planners can learn and develop from working with an experienced and quality DFM.

What are the alternatives to using a DFM?

There are alternatives for advisors who don't want to partner with a DFM, but each has its drawbacks.

A large number of advisors are using the services of Discretionary Fund Managers (DFMs) and more are expected to follow.

But advisor surveys reveal many do not want to use DFMs and that it may not be cost-effective to do so.

There are alternatives, but they come with their own drawbacks.

Using a multi-manager

Using a multi-manager that does not offer a DFM service is one option.

Barry O'Mahony, financial advisor and founder of Veritas Wealth, says that when you use a multi-manager for your clients' investments, you sit in the audience and get told what has happened in the multi-manager's portfolio; and that this differs from the process followed when you use a DFM; with a DFM, you can provide input on the decisions and understand the case in front of you. It is a much healthier exercise than to just look on as you do when you use a multi-manager.

Combine well-known managers

Many advisors who do not use a DFM simply pick the balanced funds of three or four good investment houses and combine them. However, this approach fails to take into account the managers' different styles and whether or not they complement each other in a way that improves diversification.

Ian Beere, chairman of Netto Invest, says a common approach used by some advisors in the past was to approach three well-known managers to provide portfolios of their funds that match each strategy and then to combine the three offerings.

Beere says the problem with this was that the resulting investment solution is made up of three separate portfolios and there is no consideration of how they work together as a whole. A DFM would consider the whole portfolio and how each part complements the other in a sound process.

While Netto used outsourced investment research when it was a smaller practice, it now has the capacity to run its own house view portfolios and outsources aspects of the research. The house view portfolio allows Netto to accommodate clients who have specific requirements.

Asset allocation decisions are the primary reason for the difference in returns between multi-asset portfolios with different risk profiles, Beere points out. For this reason Netto prefers its house view portfolios to include more than one tactical asset allocation decision. Netto's solutions include active funds, multi-manager and passive components so that clients benefit from asset allocation decisions in each, he says.

A simple alternative for advisors who do not want to use a DFM would be to invest in the balanced funds of a well-known fund manager with a good track record for each strategy and complement each with an appropriate passively managed balanced fund and multi-managed fund, Beere suggests.

Manage money yourself

O'Mahony says advisors who do not want to use a DFM can manage portfolios themselves if they have a Category II licence under the Financial Advisory and Intermediary Services Act.

Veritas does not have this licence as O'Mahony and his partners believe the business can offer more value in giving financial advice than managing portfolios.

He says Veritas would have had to employ someone to take on the role of researching asset allocation, portfolio construction, asset manager selecting, how to blend managers and other areas required to successfully manage portfolios.

And it would then have only had the input of one person instead of the highly qualified team its DFM employs.

Craig Gradidge, co-founder and financial advisor at Gradidge-Mahura Investments, says GMI researched its own investment options until it had enough assets under advice to make using a DFM cost-effective.

He found using a DFM freed up a lot of time he had spent attending manager presentations, doing due diligences on managers and getting clients to complete switch forms when managers needed to be changed.

Gradidge says using a DFM also broadened the list of offshore investments that could be accessed for clients as he had previously used only managers licensed to market their investments in South Africa in line with section 65 of the Collective Investment Schemes Control Act.

Invest in passive funds

O'Mahony suggests using the passive or index-tracking version of the mandate is another option. There are now index-tracking balanced funds and Veritas previously used the passively managed balanced funds managed by an established asset manager for its clients.

Passively managed funds may not always deliver the smoothest ride to an investment outcome, but O'Mahony continues to monitor how these investments perform and to use it as a benchmark for the performance of Veritas' chosen DFM partner.

Should a financial planner use more than one DFM?

Using one Discretionary Fund Manager (DFM) makes life simpler, but there are also benefits to tapping into expertise at different DFMs.

Most financial advisors in South Africa currently only use one discretionary fund manager (DFM), but some bigger practices have diversified their clients' investments to benefit from expertise at different DFMs.

Pat Magadla, head of distribution at Equilibrium, says advisors typically only have one DFM, but some may use one for local portfolios and one for offshore.

If advisors want to streamline investment outcomes across their client base, then using more than one DFM doesn't make sense, Leigh Kohler, head of DFM at INN8 Invest, says. However, should an advisor want to use DFMs for different client needs – for example, using one DFM for growth in savings and pre-retirement needs and another for post-retirement (living annuity) needs, then using two different DFMs could make sense.

This holds for managing global investments as well. Some DFMs don't have the capability, capacity, skill and experience to manage offshore solutions – in this case it could make sense for an advisor to have a DFM to run global assets separate to the local assets.

But Kohler's view is that advisors should look for a DFM that has the ability to run local and global portfolios as there are DFMs who are able to do this.

Income expertise

George Dell, executive director of MitonOptimal, says it is not uncommon for financial advisory practices to use more than one DFM where a DFM is particularly skilled in an area, such as offshore investments. Dell is aware of a large advisory practice that uses MitonOptimal for its clients' income portfolios and a competing DFM to manage the pre-retirement portfolios.

Kohler does not think it is wise to use more than one DFM to compare their services. Rather, an advisor should avoid the common mistake of not doing a proper upfront due diligence on the DFM before deciding which one to use as not all DFMs are built the same, he says.

Barry O'Mahony, independent financial planner and founder of Veritas Wealth, says decisions about whether to use one or more DFM should depend on the DFM's capabilities.

Some DFMs operate with a dual focus, both local and offshore, which allows advisors to use one DFM for both local and global portfolios.

O'Mahony isn't unhappy with Veritas' current DFM, but believes it is worthwhile checking what is in the market from time to time. Veritas therefore plans to review its decision to appoint their DFM and confirm that they made the right decision, he says.

Dell encourages advisors to consider several DFMs as part of a thorough due diligence process, as this reassures clients that their advisor has carefully evaluated options and chosen the best fit, while also strengthening compliance with a documented assessment.

Investors will always want to know that their advisor has considered the services that are on offer and made a good choice, he adds.

How important is investment performance for a DFM?

As Discretionary Fund Managers differentiate their offerings, how should the advisor measure a DFM's success?

In the opinion of many Discretionary Fund Managers (DFMs), investment performance is the most important thing that a DFM needs to deliver.

"Performance matters. It's crucial. Performance is what the client expects and pays for – nothing else," Leigh Kohler, head of DFM at INN8 Invest, believes. A DFM proves its value to clients when the DFM consistently meets the objectives of the client on a net-of-fees basis, he adds.

A DFM is an asset manager and must be able to evidence a process and track record like any other investment manager, Brandon Zietsman, global CEO at PortfolioMetrix, says.

It would be inconsistent for DFMs to highlight the rigour of their own manager selection processes but be unable to present a performance track record that would survive the same scrutiny, he adds. Clients pay the DFM fee and can reasonably expect their advisors to have properly kicked the tyres of the DFM, he says.

Palesa Dube, independent financial planner, founder of Centillion Wealth and recent winner of the Financial Planner of the Year, agrees. She says above all else, her clients want to see their investment portfolios grow.

Other factors wrongly prioritised

Zietsman believes it is concerning that the peripheral services that DFMs are offering advisors – regardless of how important these may be – are resulting in performance being swept aside as a deciding factor when advisors choose a DFM partner.

He cites a recent survey by NMG Consulting, where advisors ranked the factors they considered when choosing a DFM and

performance was ranked 9 out of 15 factors. Zietsman believes that DFMs should not get off so lightly.

He continues that before advisors outsourced investment decisions to DFMs, they made investment choices by comparing the funds of leading managers and they were absolutely interested in the pedigree of the performance and the track record, so why should they not be interested in how a DFM's portfolios perform?

Zietsman points out that a one percentage point difference over 30 years can result in a 30% difference in the savings outcome and therefore a fundamentally different retirement prospect.

Being insensitive to the performance bona fides of the DFM is hazardous and even risky from a regulatory perspective, he contends.

Lack of transparency on performance

The lack of transparency about the performance of DFM portfolios is a problem that makes it difficult for advisors to compare the outcomes achieved by one DFM with another, or by a DFM and a multi-manager or single manager.

Performance should be rated net-of-fees (investment fees) and DFMs should provide fact sheets that enable comparisons of performance, in Kohler's opinion. He adds that unfortunately this is not the current reality as very few DFMs have fact sheets available on their websites. He believes the industry needs to create standards and more transparency.

There are some providers who have started providing performance comparisons via awards and creating comparison platforms and this provides probably the best way to understand performance on a comparative basis, in Kohler's opinion. He believes that there is a lot more to do and DFMs who benefited from asset growth from a first-mover advantage, are keeping their cards closest to their chests when it comes to performance.

Ian Beere, chairman of Netto Invest, says it is important to consider risk-adjusted returns – the diversification and the level of downside risk of a portfolio needs to be evaluated together with performance.

Opaque performance risk

Zietsman argues that if as an advisor you cannot establish transparent and comparable performance data, then you are in a risky position with your client and you cannot claim you have discharged your fiduciary duty.

Either you need to be able to check the DFM's performance track record – because many of them manage transparent and comparable unit trust funds – or the DFM needs to provide some other track record that is verified by a third party. Advisors should beware of "paper portfolios" – back-tested portfolios – and performance track records cherry-picked from a number of similar mandates managed for different advisors, he warns.

Zietsman argues further that it is not difficult for DFMs to publish performance data that complies with the global investment performance standards (GIPS); and while DFMs are differentiated by being service providers, they will always be active managers and must like any asset manager be able to produce a track record that complies with the global standards or they should not be charging for what could be inferior outcomes. Where portfolios managed by the DFM an advisor has chosen perform particularly badly, the advisor needs to be able to show that they had checked the performance data prior to appointment. Performance and not peripheral services such as assistance with compliance or the quality of their fact sheets that make advisors' lives easier is the acid test, according to Zietsman.

Comparing performance

Dube says in selecting a DFM, Centillion assessed how the DFM reports its performance to ensure that the process was accurate and client-friendly.

Over and above this, Dube says she uses a complementary system that enables Centillion to compare the reported performance independently.

Craig Gradidge, independent financial advisor and co-founder of Gradidge-Mahura Investments, says performance is easier to measure when a portfolio is managed as a unit trust rather than a model portfolio. Unit trust performance is transparent as funds' returns are reported by third-party data providers and funds are ranked in categories with similar investment universes.

Conclusion

While it is clear from the opinions cited above that investment performance is undoubtedly a key measure of the value and success of using a particular DFM, it is important nevertheless that clients are achieving all their goals. An argument could be made that the issue is less about whether DFM performance is being compared against other DFMs, and more about whether advisors are happy that clients are meeting their goals and/or the model portfolios are achieving what they set out to do.

Who should pay the DFM its fees?

It does cost to use a Discretionary Fund Manager, but the fees can be offset by cost savings in the portfolios.

Investors pay the cost of their advisor using a Discretionary Fund Manager (DFM) and advisors typically do not reduce their fees to offset the cost of a service they have outsourced.

Instead, the fees are offset by the cost savings DFMs achieve.

The DFM fee is an asset management fee that is paid by the investor for investment management services provided to them, Jonel Matthee Ferreira, chief executive officer at Cogence, says.

A DFM aims to provide a more consistent return profile through different market conditions to ensure clients reach their long-term goals, she says.

Investors should pay the fee because they enjoy the benefit of professionally managed portfolios, Leigh Kohler, head of DFM at INN8 Invest, agrees.

Fees offset

Generally, most established DFMs are able to access cheaper fee classes – fee classes that investors cannot access directly – which effectively means the investor enjoys a professionally managed discretionary portfolio that is often "paid for" via the fee discounts accessed by the DFM, Kohler says.

Pat Magadla, head of distribution at Equilibrium, says some advisors try to avoid a DFM due to the additional layer of cost that the investor bears.

However, it is more constructive to understand and outline the value that a DFM partnership affords an advisor and their clients, he argues. The fee provides access to a team of skilled investment professionals, that utilise best-in-class tools and technology, to make the most appropriate fund choices for investors' portfolios, he says.

A DFM can use passive strategies to keep costs low, where appropriate, but they should never do so if it sacrifices returns, he adds.

George Dell, executive director at MitonOptimal, says nine out of 10 times when an advisor partners with MitonOptimal, the overall fees investors pay are the same or are reduced compared to what they were before the partnership.

Dell says passive investments used in portfolio construction can keep fees lower. Additionally, DFMs have the scale to access lower fee classes than individual advisory practices and know which instruments to use to reduce portfolio costs, he says.

While DFM fees vary considerably depending on the level of portfolio customisation offered to an advisor, DFMs offer core portfolios on all platforms with costs as low as 0.18%, he says.

Some investment platforms also impose limits on DFM fees, he says. Allan Gray, for example, caps DFM service fees at a maximum of 0.35% of the investment.

Ian Beere, wealth manager and chairman at Netto Invest, says DFMs earn their fees by bulking investments and taking responsibility for the asset allocation decisions.

Disclosure issues

DFM fees should be reported to investors on their investment statements. The DFM will produce a fund fact sheet for the model or wrap portfolio and the cost of the underlying investments together with the DFM fee should be disclosed as a total expense ratio (TER), Beere explains.

When DFMs manage their portfolios as unit trust funds, the Financial Sector Conduct Authority (FSCA) requires that all fees and charges, including the TER, total investment charge and total cost ratio, are reported in the minimum disclosure document to ensure transparency.

Although it is currently not required disclosure, some DFMs provide a breakdown of the TER, showing the portion paid to the manager for its investment management services and the total cost of the portfolio, Dell says.

The practice of advisors with Category II licences taking investment management fees and advice fees on the same investments, often referred to as "double dipping", is a concern for the FSCA. In discussions on investment-related matters as part of the Retail Distribution Review, the FSCA highlighted that advisors who earn fees for managing investments and providing advice face potential conflicts of interest. Dell says the FSCA has suggested that advisory practices managing their own investments without a DFM may, in the future, be required to separate their investment management business from their advisory services.

He says some offshore platforms only engage with investment managers which requires the DFM to collect both the investment management and advice fees and to then pass the advice fee on to the advisor.

Investment double dipping

Another "double dipping" concern arises when DFMs earn a fee and invest in their own funds on which they also earn a fee.

Zietsman says PortfolioMetrix typically does not charge a DFM fee – it prefers to charge an asset management fee in its funds and does not double dip when a portfolio invests in one of PortfolioMetrix's underlying funds, he says.

Any situation where the DFM is conflicted and can potentially make more money from a certain decision, will undermine the objectivity of their choice, he says.

DFM add-ons

Many DFMs are providing services beyond investment management to advisors but all their fees are paid for by investors as investment fees and although advisors are outsourcing some of their work, they are not reducing their fees.

Kohler admits advisors also enjoy the benefits of a DFM partnership as they achieve greater efficiencies in their practices, better investment propositions, access to tools and technology and reduced risk, among other things.

Zietsman argues that when an advisor's client invests in a model portfolio and signs an investment mandate with a DFM, the DFM is accountable for suitability risk in terms of the Financial Advisory and Intermediary Services (FAIS) Act. He explains that by including tech tools such as risk profilers and cash-flow models in the DFM package, DFMs can ensure a consistent link between advice and the investment solutions.

PortfolioMetrix provides financial advisors with its financial personality assessment technology along with other tools to ensure suitability issues are covered, he says.

But DFMs do provide other "free" services to advisors which can be a problem when the benefit accrues to the advisor, but the client is paying, he says.

Craig Gradidge, independent financial advisor and co-founder of Gradidge-Mahura Investments, says the compliance burden on advisors has increased significantly, negatively impacting advisors' profit margins and resulting in them opting to outsource to DFMs.

However, while advisor margins are reducing, the total average annual costs paid by investors is reducing, he says, citing a survey conducted by NMG that found advisors and DFMs reporting average annual costs for investors have reduced from 2.14% in 2023 to 2.10% in 2024 and are expected to reduce to 2% by 2028.

Seeing the value

Advisors and their investors need to know any fee they pay is worth it.

Kohler says if the DFM can consistently meet the client's objectives on a net-of-fees basis, then the fee is worth it.

Generally, the investor's objective is linked to inflation or an inflation-plus benchmark. It may also be linked to average peer performance, he says.

If the DFM is able to outperform these targets or objectives, then the fees are justified. But it's important to measure performance over appropriate time horizons, he adds.

Amity Investment Solutions

Amity Investment Solutions is a boutique DFM that helps independent advisors to enhance their professional investment advice offering to clients. The company, which was founded in 2007, is an independently owned business based in Pretoria. Today, the company serves a network of independent advisors across South Africa with over R10-billion in assets under advice.

Our comprehensive offering

We help independent advisors to differentiate their advice offering, grow their business, enhance their client service and improve overall business efficiency. We provide advisors with integrated investment management tools, client service resources, personalised support and outcomes-based investment solutions. This ensures that each client has a clear financial roadmap and suitable investment strategies with the highest probability of achieving their goals.

In addition, our end-to-end investment management proposition enhances their financial wellbeing throughout the investment journey and delivers an overall advice experience which they value. Advisors benefit by having more time to grow their client base and service existing clients thanks to evidence-based, well-researched and actively managed investment solutions. This reduces the advisor's advice risk, improves the professionality of their offering, makes managing their clients' investments more efficient and enhances the value delivered.

Outcomes-based investments

Our outcomes-based investment philosophy is rooted in the belief that investment advice should not only focus on the numbers but should enhance a client's financial wellbeing throughout the investment journey. With this philosophy as the advisor's value proposition, a behaviourally integrated, life-centred financial planning approach is required and the investment solution implemented should ensure that it has the highest probability of success.

Our outcomes-based investment solutions are managed to enhance the predictability of investment results over specified rolling time horizons. Our process focuses on constructing asset allocations which maximise consistency in delivering specified outcomes within an actively managed risk budget and combining building block specialist managers that complement each other to create a smoother return profile.

Cornerstones of investment solutions

To achieve high levels of success, the four cornerstones of our outcomes-based investment solutions remain our focus. Proprietary quantitative analysis is firstly applied in both the design of the different mandates and in evaluating building block managers used for implementation. This is followed by in-depth qualitative research and continuous manager due diligence. The portfolios are actively managed and regularly reviewed to ensure they are aligned with the latest market conditions and asset class valuations.

Our extensive range of building block model portfolios, available on most platforms, are designed to either enhance income sustainability or deliver more predictable capital growth. Our range of investment solutions also includes a hedge fund model and direct offshore models. In some cases, we develop bespoke solutions for certain FSPs using our outcomes-based criteria and process.

The right expertise

Over the years, a dedicated team of highly skilled professionals has joined Amity Investment Solutions, all united by one common goal: to create value for both investors and our advisor partners. Our team brings expertise in wealth management, investment management, business management, coaching, administration and compliance.

Amity is purposefully a boutique DFM, designed to serve like-minded advisors who are committed to enhancing the financial wellbeing and value they provide to clients. Just as advisors are limited in the number of clients they can support with an extended advice offering, we can only work with a select group of advisors, providing them with our comprehensive services. By focusing our resources on supporting our advisor partners' businesses, we ensure our interests are aligned, enabling mutual growth.

Contact information

If you want to find out how we can help you deliver more value to your clients, contact:

- Ingrid Breed, Advisor Experience Manager
- Telephone: 082 404 4633
- Email: ingrid@amity.co.za
- Website: www.amity.co.za

Research and transparency reigns supreme

Marius van der Merwe, a founding member and CEO of Amity Investment Solutions, explains the company's unique approach as a DFM.

What makes your business distinctive?
What sets Amity apart is that we are intentionally a niche market DFM. Rather than trying to serve everyone, we focus on partnering with like-minded independent advisors who prioritise guiding their clients towards long-term financial wellbeing. To support this, we provide advisors with an end-to-end investment management solution, including a goals-based investment plan, suitability assessment and review plan.

Additionally, we believe that traditional investment strategies are not well-suited to the needs of private investors. Achieving consistent, predetermined outcomes is critical for a financial plan to succeed and achieve clients' goals.

Who is your ideal client?
We have built a community of like-minded advisors who value their independence and are always seeking ways to enhance the value they provide. They typically have a growth mindset and are dedicated to improving their services by integrating behavioural factors into their approach to achieving financial wellbeing. The advisors we partner with have a clear understanding of the value they bring to clients, which is managing the clients' financial journey. By outsourcing investment management to us, our advisor partners strengthen their investment offering, thus freeing up time to improve client service and boost efficiency.

What role do you believe DFMs play in improving client outcomes?
Research shows that clients expect more than just investment solutions from advisors; they seek guidance that helps them live their best life and achieve overall wellbeing. Clients are willing to pay more for this type of advice. To meet these expectations, advisors must evolve their approach from simply conducting a needs analysis and recommending products to offering a comprehensive financial plan serving as a tailored roadmap to financial wellbeing. We believe a DFM plays a crucial role in ensuring the desired outcomes are achieved by implementing an evidence-based investment strategy. This requires ongoing research, due diligence and active portfolio management.

Some argue DFMs are just another layer of costs for clients. Your response?
It's possible for a DFM to merely put a few multi-asset funds into a model. However, we believe real value is added when the model is continuously researched and actively managed. That is why we believe in a building-block approach. We play an active role in constructing evidence-based portfolios with specific outcomes in mind. This approach enables us to actively manage asset allocation while selecting complementary building block managers for each asset class. It also allows us to manage the portfolio's risk budget effectively. By combining passive and active managers, hedge funds, and managing both local and offshore allocations, we tailor the portfolio to meet each mandate's criteria.

Some have the view that DFMs should have performance tables like fund managers. Your perspective?
We publish our performance as measured against the four pillars of our outcomes-based strategy. We believe in transparency. We publicly report both the absolute and relative performance measure. However, one must be careful to not only measure a DFM's value in terms of relative performance. The question should be: is the DFM delivering the investment outcomes it set out to do…

What are the biggest challenges you see facing DFMs in the next decade?
Although I know DFMs add value, it cannot only be measured by investment returns. The biggest challenge for DFMs is to demonstrate the value they add beyond returns to the end client.

Marius van der Merwe, founding member and CEO, Amity Investment Solutions

BIOGRAPHY

Marius is a founding member of Amity Investment Solutions and the chief executive officer of the company. As the author of Amity's goals-based value proposition he continuously researches financial planning and investment trends to ensure the company is at the cutting edge of delivering financial wellbeing to investors. Marius has more than 25 years' experience in the financial services industry. He holds a BCom (Hons) degree and is a Certified Financial Planner (CFP®). He recently completed his thesis for a MPhil degree with the title "The determinants of financial wellbeing".

analytics

Analytics

In 2004, Investec Asset Management approved an MBO whereby Investec Analytics became Portfolio Analytics (Pty) Ltd. Analytics is a privately owned multi-manager business, structured to offer specialist, risk-profiled solutions for wealth management businesses and branded model portfolios as a Discretionary Fund Manager (DFM) to growing independent advisory businesses. In addition to the DFM services, Analytics Consulting provides bespoke investment, product, governance and operational support services to top-end CAT II discretionary FSPs. With offices in Johannesburg and Cape Town, Analytics is 100% owned by management and staff only, with no external shareholders. The owner-manager culture focuses on creating long-term partnerships with our clients. In 2022 and 2024, Analytics took home the Citywire SA DFM of the Year award, while in 2023, the business won the Overall Service award.

With total group assets under management at R90-billion+, the key goal of Analytics is to grow independent advisory businesses across South Africa

Investment philosophy

With total group assets under management at R90-billion+, the key goal of Analytics is to grow independent advisory businesses across South Africa. Analytics follows a multi-management philosophy, selecting and blending fund

James Towell, Managing Director, Analytics

managers with different styles and skill sets across different asset classes in order to construct optimal diversified portfolios which are appropriate for various investors' risk profiles.

When an advisor partners with us, we spend time understanding how they currently construct portfolios for their clients and then cater our advice on portfolio construction to their current mix of balanced, specialist or combination of funds. We will retain funds if they pass our evaluation. Our process includes both qualitative and quantitative evaluation of funds. When we combine the funds into a portfolio, we ensure that the funds are uncorrelated across a range of factors and perform simulations to evaluate the overall portfolio's performance over varying market conditions.

Processes and performance

Our investment process covers four phases that address all facets of investment management:

- Design: The investment return objective and associated risk profile of portfolios are defined together with the appropriate time horizon over which the returns can be expected.
- Objective: The performance objective for each individual manager is defined so that, in aggregate, the selected managers contribute to delivering on the expectations for the portfolio.
- Maintenance: Regular performance measurement and monitoring provides insights into the way in which the portfolio is responding under prevailing market conditions and the extent to which the expected returns are being generated.
- Evaluation: In this phase, regular reviews are undertaken to evaluate the overall portfolio performance relative to the initial design objectives.

We aim to construct diversified portfolios that will deliver consistent performance over rolling three-year periods

Analytics provides bespoke and aggregated discretionary investment management services through IFA-branded model portfolios. Analytics also manages the Analytics fund range. Analytics Consulting provides technical support services to top-end CAT II discretionary FSPs. These services include independent investment consulting, product development, governance, legal and compliance services.

We aim to construct diversified portfolios that will deliver consistent performance over rolling three-year periods. Fund manager performance is measured monthly. We will consider replacing a manager if there is a change in philosophy or process, if a lead portfolio manager leaves and we are not comfortable with the replacement manager, or if there is ongoing underperformance which can't be explained.

Partnering with Analytics is a strategic decision that extends far beyond simply outsourcing investment management. It's an investment in advisors' time, freedom and ultimately, their peace of mind.

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Daniel Schoeman is currently CIO of the Analytics multi-manager funds of funds. He has more than 19 years investment and portfolio management experience, and has previously worked at three of the largest multi-managers in South Africa, first at Investment Solutions, then joined Momentum Multi-Managers which later merged with MCubed to form Advantage Asset Managers. His main responsibilities include economic research, tactical asset allocation, investment manager research, portfolio construction, monitoring and risk management, system development and innovative investment research. He is also a member of Investment Committees of some of the largest advisor networks in South Africa, providing investment consulting services to these groups on an on-going basis.

CAPITAL INTERNATIONAL GROUP

Portfolios built for prosperity

Capital International Group (CIG) offers the ultimate suite of financial services designed to simplify asset and cash management for businesses, intermediaries and high net worth individuals.

Founded over 25 years ago, the Group aims to deliver the most effective solutions to meet individual short and long-term financial goals, including an open architecture investment platform, discretionary investment management services and a digital corporate banking service.

Headquartered in the Isle of Man and with offices in Jersey and South Africa, CIG's dedicated team of 240+ employees serve an international client base and collectively manage over $5-billion in AUA for clients located in over 100 countries.

CIG recognises the importance of building trusted, transparent relationships and works with a broad spectrum of professional firms and advisory businesses, each of which has specific and constantly evolving needs.

DFM: the search for Sustainable Alpha

At the heart of their DFM business is CIG's Sustainable Alpha philosophy.

Sustainable Alpha is the quality CIG looks for when assessing new investment opportunities across all their discretionary managed investment strategies.

CIG is essentially looking for assets capable of consistently increasing the value they create, while reducing the resources they consume. This is a tried and tested method for identifying assets positioned to deliver sustainable outperformance over the long term. In the Group's view, profitability and sustainability are not mutually exclusive ideas.

Capital International Group's investment solutions

For a quarter of a century, CIG's investment strategies have delivered consistent and strong risk-adjusted returns benchmarked against relevant peer group indices.

Our strategies aim to consistently outperform benchmarks over their given time horizon. We measure our strategies against appropriate peer group benchmarks and have consistently outperformed over the last five years.

CIG offers several solutions that can be shaped to meet your clients' needs:

- Multi-Asset Service: Prism – A powerfully effective, risk-rated solution with ultimate flexibility. Shape your clients' portfolios based on their risk-return appetite with the ability to alter strategies as their needs evolve.
- Model Portfolio Service: Fusion – Fusion targets attractive returns and provides broad diversification through a managed portfolio of funds and ETFs.
- Discretionary Service: A fully customisable investment portfolio built specifically to suit your client, our Discretionary Service combines careful consideration of client interests with original and innovative thinking to achieve consistently strong returns.

Using their in-house investment profiling and projection technology, CIG can help you to model the potential impact of any changes to your strategy over time, assisting to keep your clients on track to achieve their goals by reviewing and continuously optimising their strategies.

With a dedicated account-opening team, CIG can have you up and running quickly and efficiently, where both you and your client gain access to their state-of-the-art investment portal to manage and monitor your investments on-the-go.

Client protection

Capital International Limited is regulated by the Isle of Man Financial Services Authority, who are responsible for the regulation and supervision of financial services. An award-winning jurisdiction, the island has a long-standing global presence within the life assurance and investment sectors.

In addition, all client monies and assets are held on trust in segregated accounts or in CIG's separate nominee company, Capital International (Nominees) Limited (CINL). CIG's nominee company is not permitted to do anything other than simply hold cash and assets for clients and the client always retains 100% beneficial ownership.

The investment management business operates in the Isle of Man and in Jersey via Martello Asset Management Limited authorised by the Jersey Financial Services Commission. Activity in South Africa is delivered via regulated businesses which are authorised as Financial Services Providers by the Financial Sector Conduct Authority.

Portfolios built for prosperity

CIG's team of investment specialists oversee their investment portfolios with the aim of maximising returns. Collectively, the team possesses over 200 years of industry experience and can be accessed at any point in the lifespan of your clients' investment.

Our collaborative approach enables us to better understand your business, adapt to its unique requirements and ensure that your client needs come first.

Contact information

To request a portfolio proposal, contact:

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- Email: l.lebitsa@capital-sa.com
- Website: www.capital-iom.com

Making offshore investing easy

Lerato Lebitsa, Business Development Manager, Investment Management, explains how one can avoid complexity in offshore investments.

What makes your business distinctive?
While we are a global business, the core of our operations are based in the Isle of Man and our clients, whether domiciled in South Africa or any of the 100+ jurisdictions we currently serve, take great comfort in the fact that their assets are held in what is regarded as a politically stable jurisdiction, internationally respected for its progressive regulation and strong governance. Within our discretionary investment management business, our team of specialist investment managers and analysts currently look after approximately £800-million of assets under management. This team works consistently to maximise value for clients through expertise and continual research.

At Capital International, our goal is to provide investors with all the advantages of investing offshore, without the complexity. We provide our clients a triad of benefits: a highly qualified team of expert invest managers, access to a strong jurisdiction which is complemented by local support offered by our team in South Africa.

Who is your ideal client and who are not your clients?
We deal with financial advisors, wealth managers, intermediaries and trustees. Our ideal clients are South African investors looking to maximise the allocation of their wealth offshore held in a variety of structures where all are managed and administered centrally.

Our clients are limited to those who adhere to our minimum investment amount of £50 000 or currency equivalent. Furthermore, any clients who want to trade securities and FX daily to earn an income would be better served with a different investment platform provider.

What role do you believe DFMs play in improving client outcomes?
I would point to three key areas: expertise, reach and monitoring. Expertise comes in the form of highly qualified professional investment managers focused on improving client outcomes and have decades of experience in managing client wealth.

Reach relates to the international outlook professional investment managers have. They can research opportunities internationally and have access to institutional terms and investments not available to individual investors.

Finally, monitoring alludes to the constant analysis and research the team undertakes daily. Constantly monitoring the markets allows our team to be quicker to react to upside and downside risks, giving them a "jump start" on achieving better outcomes.

Some argue DFMs are just another layer of costs for clients.
There is no hiding that a DFM costs money. However, should the DFM demonstrate value for their professional expertise, the service they provide, as well as through the investment performance they deliver, then that layer of cost is justified in the client's peace of mind. It's worth remembering that it can cost a lot more to make the wrong decision.

Some have the view that DFMs should have performance tables like fund managers. Your perspective?
Performance tables have their place and operate well for funds because there are sectors and classifications that make it easy to make like-for-like comparisons. However, DFMs come in different shapes and sizes which can make it difficult to draw valid comparisons. Performance is important but so are service, local support, access to an investment team and flexibility to adapt to change.

What are the biggest challenges you see facing DFMs in the next decade?
There are several challenges on the horizon. It's undoubtedly a competitive market and standing out is difficult, especially when faced with ever-tightening regulations. Technology is also important; it's crucial that DFMs stay ahead of the game in harnessing automation to increase efficiencies, allowing them to focus on areas that have the greatest impact.


Lerato Lebitsa, Business Development Manager, Capital International Group

BIOGRAPHY

Lerato is a Business Development Manager for Capital International, based in Johannesburg and focused on offshore discretionary investment management. With 16 years of investment, stockbroking and wealth management experience, she is focused on promoting the Capital International Investment product offering to Independent Financial Advisors, Investment Specialists, Business Development Managers, Wealth Managers, Financial Advisors and individuals. Lerato hosts the "Capital Alchemy" podcast and holds a BA in Political Science and English from the University of KwaZulu-Natal.

equilibrium

Equilibrium Investment Management

Equilibrium Investment Management is an independent discretionary fund manager which was founded in 2008. Located in Centurion, Gauteng, Equilibrium is a wholly owned subsidiary of Momentum Group Limited and works with local and global financial advisors and wealth managers (local are both Cat I and Cat II licensed financial advisors). With approximately 100 advisors within their network, Equilibrium deals with R31.5-billion locally and R2-billion globally.

Philosophy
We tailor investment solutions that are closely aligned with our clients' financial needs and not arbitrary benchmarks. Our outcome-based philosophy means our portfolios are constructed and managed based on a three-tiered approach:

- We define a time horizon;
- We determine an acceptable level of risk;
- We deduce a reasonable return target;
- We set acceptable levels of risk or acceptable negative returns with financial advisors to reduce the impact of any behaviour tax on clients' investments.

Implications for financial planners and their clients
Our understanding of both the investment management industry and the financial advice process allows us to narrow the gap between investments and advice. In essence, Equilibrium becomes an extension of a financial advisor's practice.

Processes at Equilibrium
Process to develop and implement investment solutions
Our investment solutions aim to achieve the desired outcomes and increase the probability of delivering the portfolio's objective. Our portfolio construction process attains equilibrium using three main steps:
1. Firstly, we determine the optimal strategic asset allocation.
2. Then, we use the optimal combination of investment styles.
3. Our final step is to identify the optimal blend of managers or mandates to execute on the above.

Process for servicing financial planners/clients
The success of our business hinges on exceptional service and a strong operational capability. How we go about becoming trusted partners to our clients:
1. We streamline an advisor's workflow, allowing them to dedicate more time to clients.
2. We foster open communication and create a fertile environment for collaboration.

Perspective on performance
Looking at a snapshot of investment returns within our standard portfolios, the Conservative, Stable, Moderate and Balanced portfolios have been well ahead of their respective benchmarks over one, three, four, five and six-year time horizons. Over the seven-year time horizon, the Growth and Unconstrained portfolios were slightly under pressure and lagged their benchmarks, mainly due to the significantly higher return target of CPI + 6%. Pleasingly, we are still ahead of our peer group.

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Improved balance in your practice

Florbela Yates, Managing Director of Equilibrium, speaks about the current DFM landscape and the status of her organisation.

What makes your business distinctive?
Equilibrium Investment Management is an advice-led business. As a DFM and multi-manager, we aim to bridge the gap between investments and advice by building portfolios that are aligned with the advisor's advice processes, ensuring that through our collaborations we get clients to their investment outcomes. Although we have a range of portfolios that reflect our best investment view, we are able to customise portfolios for clients who are looking for different outcomes or who want to be involved in some of the decisions around managers.

Who is your ideal client?
Our clients are both financial advisors and end investors, although our primary relationship is with the advisor. Our solutions differ depending on whether the advisor holds a Category I or Category II licence under the FAIS Act. Category I advisors would use our full discretionary ability to build and manage portfolios that aim to get investors to a particular outcome over a particular time frame. For advisors with a Category II licence, we mainly act in a sub-investment advisory capacity, constructing and managing portfolios according to Category II's defined investment process.

What role do you believe DFMs play in improving client outcomes?
By aligning the portfolio outcomes or benchmarks to the outcomes that advisors have agreed with their clients, DFMs like ourselves are better able to partner with advisors to get their joint clients to the identified targets, rather than investing in portfolios with a peer group or other arbitrary benchmark that may or may not be aligned to what the client wants to achieve. DFMs offer risk management services, balancing potential drawdowns against outcomes probability, resulting in less volatile portfolios. This is crucial for conservative investors, as it helps clients remain invested through the market cycle, reducing the need for market timing. Equilibrium, as an asset gatherer, leverages preferential pricing from underlying managers, delivering cost savings to clients, which may often lead to superior returns over time.

Some have the view that DFMs should have performance tables like fund managers. Your perspective?
Advisors don't only come to a DFM for performance, but also for other practice management benefits. DFMs should be held accountable for performance in the same way that any other asset manager is. DFM performance is difficult to measure in public surveys due to model portfolios and the complexity of managing bespoke solutions for select clients. Clients should compare potential DFMs for investment skills and desired outcomes. Independent providers are conducting surveys to make it easier to compare DFMs, despite the DFM industry being relatively new. However, potential investors should verify surveys' credibility, understand portfolio differences and compare actual performance with benchmarks and peer groups.

What are the biggest challenges you see facing DFMs in the next decade?
The South African DFM market is saturated and competitive, with new entrants often discounting fees to attract assets. Larger players with sufficient scale can negotiate better prices and avoid fee pressure, especially during cycles of poor market performance. As the industry matures, differentiation of products is expected, with DFMs offering model portfolios and CIS funds. Consolidation is expected to increase, and product suites may differentiate, with providers focusing on TICs, offering passive and smart-beta solutions and those with a broad skill set branching out into alternatives and offshore portfolios.

The offering for tied agents is likely to have more vertically integrated solutions whereas DFMs who want to continue to attract independent financial advisors as clients, will need to show that they are independent in their manager selection process. The shift towards networks will continue to scale, with DFMs demonstrating good performance and aligning with advice processes growing, while those lacking assets may be absorbed by larger providers.

Florbela Yates, Managing Director, Equilibrium

BIOGRAPHY

Florbela Yates is the head of Equilibrium in the Momentum Metropolitan group. Equilibrium is an independent discretionary fund manager that partners with financial advisors to help them enable their advice outcomes. Equilibrium brings balance to an advice practice by delivering services and investment solutions to help clients achieve their defined investment goals.

INN8 Invest

INN8 Invest is an independent discretionary fund manager (DFM) that places global, best-in-class expertise at your fingertips. INN8 Invest has roots going back more than 20 years and is the centre of excellence of multi-managed solutions and services within the Standard Bank Group; with R500-billion+ under stewardship. For the Standard Bank Group to better entrench itself as a leading DFM solution provider, the STANLIB Multi-Manager model portfolio proposition for third-party IFAs was repositioned in 2022 under a new brand, INN8 Invest.

Investment philosophy

Our objective is to deliver superior net investment returns more consistently than through a single asset manager or mandate by exploiting various sources of return, while diversifying multiple sources of risk. We begin with a focused and uncompromising commitment to exploiting the highest quality data, systems, processes and people, since these are the factors that can be controlled in an otherwise uncertain investment environment.

We believe that when values and beliefs are followed with great care and responsibility, the result is an emergence of successful portfolios. Therefore, we do not begin with investment ideologies, but rather apply curiosity and critical thinking. We value collective decision-making and consider all sources of risk and return. We invest in learning and development and focus on high-quality inputs.

When values and beliefs are followed with great care and responsibility, the result is an emergence of successful portfolios

Developing investment solutions

We apply a disciplined, research-driven approach that allows financial planners and investors to benefit from more consistent, long-term performance at lower levels of risk. Investment risk management is a fundamental and integral component of our investment philosophy and process. It is therefore approached holistically, permeating through every step of our investment process, rather than as a distinct component or an after-thought. Our process consists of six steps:

- Portfolio specification: Clarifies objectives and constraints.
- Asset allocation: Explores strategic and tactical sources of risk and return.
- Manager research: Identifies skilful managers and their performance expectations.
- Portfolio construction: Maximise probability of delivering on expectations.
- Portfolio management: Including monitoring, manager exists and transitions; and
- Portfolio reviews: To assess whether the portfolio is delivering to expectations.

Our power comes with the comfort and security of a large balance sheet thanks to our size and scale that allow for competitive fees

The benefits

Through our partnership with IFAs, the service we provide enables IFAs to focus even more on holistic financial planning. As an appointed DFM, we take care of the day-to-day investment management using our pedigree of access to best-in-class discretionary fund management; established track record; and reputable and consistent performance outcomes over time.

Our power comes with the comfort and security of a large balance sheet thanks to our size and scale that allow for competitive fees. In terms of partnerships, we drive greater efficiency in IFA practices, mitigate IFA investment/advice risk and empower investors with the necessary information and insights.

Performance consistency is key to our DFM value proposition. A better and more consistent outcome for investors promotes longer relationships and contributes to performing in line with client expectations and aligns better with a goals-based advisory approach.

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Award-winning pedigree

Leigh Kohler, head of DFM at INN8 Invest, explains why the company has an award-winning performance track record.

What makes your business distinctive?
Our sizable investment team of more than 20 investment professionals based in Johannesburg, Cape Town, London and Jersey has more than 300 cumulative years of investment experience. We have been entrusted with more than R560-billion of assets under stewardship and more than R120-billion under direct management from our clients. INN8 Invest has won the biggest DFM Awards in the industry over the last three years: Citywire DFM Awards 2022: Best Overall Performance; Citywire DFM Awards 2023: Best Overall DFM and Citywire DFM Awards 2024: Best Overall Performance.

Our value proposition to our clients is articulated as the three Ps: Pedigree, Power and Partnerships. Investment Pedigree speaks to our demonstrative track record of outperformance over the long term. Power speaks to our ability to harness our sizable assets to access best-in-class fees from asset managers that benefit our clients directly. Partnership is arguably our most important principle as it speaks to our commitment to financial advisors and their clients.

Who is your ideal client?
Financial advisors looking to grow their client base, increase efficiencies and profitability and professionalise their practices. For INN8 Invest, it doesn't matter how large or small the advisor practice is, as long as their aim is to improve their business, improve advice, reduce risk and are keen to partner with an independent, specialist investment business who has an actual track record of delivering investment alpha for clients.

Who are not your clients?
Our size, scale, business philosophy and client value proposition allow us to partner with financial advisors and wealth managers in different phases of their business life-cycle. It doesn't matter whether the advisor is in their start-up phase, growth phase or thinking about succession options; we're able to work with them. We completely respect that there are some advisors who want to be part of the investment process and others who don't. We don't believe in a "one-size-fits-all" solution. We're able to cater for the needs of most advisors. So, we don't really have financial advisors who are not our clients.

What role do you believe DFMs play in improving client outcomes?
DFMs play a crucial role in improving client outcomes. In fact, one could argue that at its very core, improving client outcomes is why DFMs exist. The truth, however, is that not all DFMs can do so. Therefore, selecting the correct DFM partner is a crucial step for advisors who are looking to improve client outcomes. DFMs should have an actual track record of outperformance; something an advisor and client can compare against other options out there.

Some argue DFMs are just another layer of costs for clients. Your response?
DFMs charge for their services, which is right. If anyone is offering a specialised professional service, they should charge for it. The question is, can the DFM add value to the client? Can they generate an outperformance net of fees charged? If the DFM can outperform its benchmark or meet the client's expectations in terms of performance net of fees, then they've done their job.

Some have the view that DFMs should have performance tables like fund managers. Your perspective?
Yes, we should be able to easily compare DFM performance relative to each other, like the CIS industry does. This is unfortunately not the case. There are some DFMs not willing to disclose their performances, which is unfortunate. INN8 Invest has been at the forefront of opening the transparency of performance debate. Fortunately, we run CIS funds as well as model portfolios. The performance of our fund and model portfolios are available for anyone to see on our website. The advent of the DFM Awards has also helped. It's now a lot clearer to see who the DFMs are who have performed well over many years.

Leigh Kohler, head of DFM, Inn8 Invest

BIOGRAPHY

Leigh joined INN8 Invest in 2020 as head of DFM. He started in the industry in 2003 at Glacier. Leigh held several roles at Glacier including Head: Investment Administration; Head: Research; Head: Investment Solutions – a portfolio that included Glacier Research, Glacier Manco and Glacier Invest (DFM). He then joined Sanlam Multi-Manager in 2019 as Head: Business Solutions, continuing his role within the DFM, but included a broader mandate including product, distribution, proposition and institutional business. Leigh holds a BCom (Hons) and an MBA.

Investment Solutions by Alexforbes

Investment Solutions by Alexforbes

Based in Sandton, Johannesburg, Investment Solutions by Alexforbes is a newly established division of Alexforbes, South Africa's leading investments multi-manager, entering the Discretionary Fund Management (DFM) market. Investment Solutions by Alexforbes was launched in 2024 and leverages the investment insights as well as significant institutional and retail scale of the broader Alexforbes Investments business which has been providing multi-managed investment solutions to the retail and institutional market for over 30 years.

A diverse range of clients

Investment Solutions by Alexforbes caters to a wide array of clients and IFAs in the South African market, ranging from clients requiring flagship model portfolio solutions all the way to larger wealth managers requiring investment consulting services on their own Category II licence. Such clients may also require various structuring needs from their DFM, like access to market through co-branding their own unit trust solutions or pure manager research services which are all provided through our DFM.

With circa R100-billion of internally and externally managed IFA assets, we believe in multi-investments, investing in a broad range of asset classes for diverse returns. Our multi-strategy approach uses complementary strategies for smoother returns. Ultimately, as a multi-manager, we appoint top-rated asset managers within this framework to deliver reliable outcomes.

A holistic approach

Investment Solutions DFM is designed to assist Independent Financial Advisers (IFAs) by providing a holistic suite of investment capabilities. This includes access to comprehensive investment manager research, specialised multi-managed investment portfolios and previously inaccessible asset classes like hedge funds, private markets and infrastructure investments. This is all supported by a strategic partnership with Mercer, a global investment manager that offers world-class insights and research covering more than 30 000 active global strategies. Investment Solutions can leverage its scale, experience and expertise to offer IFAs and their clients robust investment solutions that promise significant diversification and performance opportunities, aligning with the group's strategy to be a trusted partner for IFAs.

Our multi-management approach blends multiple asset managers across various markets, asset classes and management styles into a single portfolio

Process driven

We take our time to understand our IFA clients' practice and their needs before putting forward any investment proposition. This involves an in-depth book analysis at the inception of the relationship to understand the product mix, what LISP platforms are utilised, the risk profile as well as the investment needs of the various clients within their practice. Once we have these insights, we can have a far more meaningful impact with regards to offering investment solutions and advice that suits the needs of the IFA practice and the ultimate objectives of their clients. This in-depth book analysis is a vital step to understanding how our DFM can best work with an IFA to provide and co-create an array of solutions such as: flagship model solutions, custom-built model solutions or pure investment consulting services.

We are looking to create practice prosperity by taking away all non-core functions from an IFA. This includes reporting (fund fact sheets and commentary), investment research and best practice notes. We provide quarterly investment committee/report back meetings to our clients and equip them with all the necessary insights and content to better service their clients and focus purely on the advice process.

Performance imperatives

Investing shouldn't be one-dimensional. Our multi-management approach blends multiple asset managers across various markets, asset classes and management styles into a single portfolio. This added diversification and risk management aims to deliver consistent and competitive performance over time, to deliver superior long-term investment outcomes, with as little stress and anxiety as possible for investors.

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Do DFMs just add to costs?

Nadir Thokan on the downward trend of DFM fees.

The DFM industry has grown at an impressive 20% annual rate over the past three years, reaching an estimated R500-billion in assets under management. The latest NMG Retail Wealth Survey shows that IFAs are placing greater value on their DFM relationships, while ties with asset managers are becoming less relevant. With 73% of IFAs surveyed planning to expand their use of DFMs, this trend is set to continue and gain even more significance.

Two key questions remain: How has the rise of DFMs impacted a client's Total Investment Charge (TIC)? Are DFMs simply an added cost, similar to retail multi-managers?

With a growing shift towards low-cost passive and rules-based strategies, cost efficiency is a priority. DFMs must demonstrate value beyond fees, including benefits like partnership, succession planning, operational efficiency and performance. Early data shows that TICs for DFM-run solutions have been decreasing, especially for the most expensive options. For instance, in the ASISA Multi-Asset High Equity category, the highest TIC has dropped from over 2% in 2021 to around 1.75% in 2023 – a 12.5% reduction. Further confirmation of this gradual compression in overall fees even with the inclusion of a DFM is depicted in the chart below.

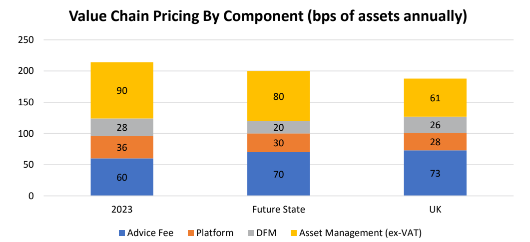
What is notable from this is that while overall costs across the investment value chain, including DFMs, are decreasing, fees are rising for parts closest to the end client – where clients see the most value. This highlights a key benefit of DFMs: over time, they enable advisers to justify higher advice fees by allowing them to focus on adding more value. Looking at the UK, where DFMs are more established, the trend suggests that total fees across the value chain will likely continue to decline, even as DFM fees increase.

While it's reassuring that total fees across the value chain, including DFM fees, are trending downward, this doesn't clearly show how DFMs help reduce overall investment management fees. To assess this, we need to separate total investment management costs (DFM and asset management fees) from other expenses and compare how they change with a DFM. The chart below right illustrates this for the Alexforbes Investment Solutions flagship DFM model range, compared to a popular IFA blend of funds within each ASISA category. The IFA fund blend is based on the largest, most invested funds in each category for a typical Category 1 IFA business. This analysis uses the retail fee class available on major LISP platforms for IFAs.

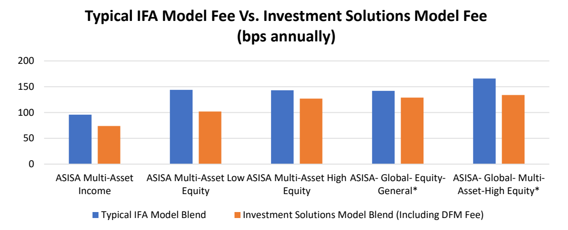
As noted above, a DFM of scale typically utilises the following factors to bring more cost-effective solutions to the market for the benefit of IFAs, as well as the end investor:

1. Using scale to negotiate institutional-scale management fees with underlying asset managers. Typically, DFMs have amassed scale across multiple IFA and wealth management clients. This scale enables access to discounted fee classes with underlying asset managers. Larger DFMs with more significant assets to allocate benefit the most from such negotiations. A DFM with the scale, longevity and track record of Investment Solutions makes a significant impact.
2. Offsetting a portion of the DFM fee due to the DFM's own funds being included in the underlying model solution where such a building block fits within the best advice framework.
3. While not applicable to the chart above, where a DFM constructs a bespoke fund for an IFA or wealth manager, such funds could leverage further fee benefits by including underlying manager fee classes, negotiated directly with the asset manager, without a requirement for such a fee class to be available on a LISP platform as the fund or fund solutions will be made available for client consumption on the LISP.

While this analysis focuses on Investment Solutions by Alexforbes, it is widely accepted that a DFM partner should be able to secure lower asset management fees because of their scale. In fact, access to lower fee classes is consistently ranked among the top four priorities for IFAs when choosing a DFM partner (NMG Retail Wealth Survey 2023). While some larger wealth managers negotiate fee discounts with asset managers based on their asset volumes, DFMs typically secure even better rates due to their larger allocations. As DFMs have grown in prominence, asset managers have adapted by reducing retail distribution costs, benefiting from DFMs as a strong, centralised source of retail flows.



Source: NMG Retail Wealth Survey 2023



*Source: Investment Solutions by Alexforbes calculations and Morningstar Direct. *Investment Solutions flagship strategy relative to ASISA category average net expense ratio.*

Ready to meet your needs

Nadir Thokan, Senior Discretionary Fund Management Specialist at Investment Solutions by Alexforbes, provides insights into his business.

What makes your business distinctive?
Leveraging South Africa's largest multi-manager platform allows us to truly implement the most flexible model in working with clients in a way that suits them best. This ranges from completely outsourced investment management and market access for clients with a lower risk budget all the way to a highly customised bespoke investment strategy and research design for a large IFA or wealth manager with complex needs for their client base. The second element which differentiates our DFM materially is tapping into a truly independent global manager research partner of scale.

Who is your ideal client?
Investment Solutions by Alexforbes' flexible business model enables clients to tap into the time, resources and expertise they need from us. While we have seen significant appetite for larger, custom-built investment strategies suited to specific IFA practices, our houseview model portfolio and unit trust strategies have all been exceptional top-quartile performers offering credible outsourced CIO solutions to IFA practices looking to delegate non-core functions and focus on the business of financial advice.

Who are not your clients?
Clients that require bespoke solutions to be built with assets that are subscale and do not offer sufficient economies of scale to construct such desired bespoke solutions in a scalable and efficient manner.

What role do you believe DFMs play in improving client outcomes?
DFMs should improve client outcomes across the following factors:

a. Provide more time for IFAs to focus on where their effort is best spent – providing financial advice. By focusing on where they are most productive, they would compound the positive impact on their clients' financial journey.
b. Improve investment outcomes through focused and scalable investment research as well as portfolio construction. A DFM should have greater depth of investment research resources focused solely on this task.
c. A DFM should have the capability and insight to advise their IFA practices on how to run a more efficient, scalable and profitable practice through leveraging adviser impact reporting and best practice thinking.
d. A DFM should be able to use scale to negotiate more competitive asset management fees from underlying asset managers utilised within a solution.

Some argue DFMs are just another layer of costs for clients. Your response?
One should consider value as opposed to just costs. Should a DFM achieve its intended outcomes of greater practice efficiency, enabling advice to be provided at scale to more members of the public by freeing up advisers' time and improving performance outcomes on a net of fee basis, you have an entire retail investment industry that is better off for it.

Some have the view that DFMs should have performance tables like fund managers. Your perspective?
One of the challenges of the DFM industry overall is a lack of ubiquitous performance transparency as we so readily have within the unit trust industry. Greater performance transparency promotes sustainability, accountability and adopting an evidence and data driven approach to measuring enhanced client outcomes.

What are the biggest challenges you see facing DFMs in the next decade?
As the industry continues to grow and increase its presence in the retail market, regulation would need to keep up with the rate of innovation happening within the sector. Examples of this include gaining exposure to alternative asset classes and clearer standards for performance measurement and accountability with regards to model portfolios. However, regulations such as RDR and COFI have addressed several nascent retail market concerns.

Nadir Thokan, Senior Discretionary Fund Management Specialist at Investment Solutions by Alexforbes

BIOGRAPHY

Nadir assumed the role of head of Investment Consulting Strategy at Alexforbes in October 2022, overseeing the research and best practice division. His expertise covers various areas, including formulating default investment strategies and adapting to legislative changes affecting investment strategies. Nadir's insights assist advisors in optimising the use of different investment products for both mandatory and optional investments. His work in developing investment frameworks and solutions has established him as an integral member of the Investment Solutions Discretionary Fund Management team at Alexforbes, facilitating the integration of best investment practices into advisory services.

Well positioned to thrive

Fay Khan, Senior Discretionary Fund Management Specialist at Investment Solutions by Alexforbes, offers her thoughts on the current DFM landscape.

How do you see DFMs evolving in the future to keep Alexforbes competitive?
The evolution of South Africa's DFMs will be shaped by stricter regulations, global passive investments, ESG filters and alternative strategies. Initially created to alleviate administrative and regulatory burdens on IFAs, DFMs are now crucial in managing complex investment landscapes. Future success will depend on scale, research capabilities and technology-driven solutions. The Investment Solutions DFM strategy is rooted in connecting high-quality advice with best-in-class solutions. We leverage our institutional expertise for retail clients, ensuring IFAs remain confident and in control.

Our differentiators include:

- Advice-led DNA: Our DFM inherits Alexforbes' rigorous research frameworks to help IFAs create model portfolio solutions.
- Multi-manager expertise: Unlike DFMs that push in-house products, we leverage our strengths to provide best-of-breed local and offshore solutions.
- Global partnership: Through Mercer Global Investments, we access top-tier offshore research and expertise, enhancing our portfolio construction.
- Technology and data: We use Adviser and Practice Impact Reports to provide real-time insights that shape future-fit solutions.

How do tightening regulations impact your ability to stand out?
Investment Solutions is well positioned to thrive under regulations like the Conduct of Financial Institutions (COFI), which prioritises good conduct, transparency and customer protection. Our Best Practice team and Academy keep IFAs ahead of compliance trends. Our Mercer partnership also provides global diversification. By integrating insights from our chief economist, digital analytics and strategic units, we help our clients to adapt swiftly to regulatory changes. This proactive approach ensures our solutions remain compliant, effective and competitive.

How important is technology for DFMs?
Agility is key to the future of DFMs and technology plays a vital role. However, it's not just about AI-driven platforms – it's about mining data to provide actionable insights. Hyper-personalisation allows us to tailor solutions to each IFA and their clients. Technology should be an enabler rather than the solution itself. By analysing IFA client books and practice data, we develop bespoke investment solutions that enhance their advice models. Partnering with IFAs for ongoing innovation ensures both practice prosperity and long-term business sustainability.

How can DFMs support IFAs?
Our Adviser and Practice Impact Reports provide detailed insights into practice health, identifying risks and opportunities. Much like a regular medical check-up, these reports analyse asset allocation, manager spread, flow trends and client demographics. This ongoing dialogue ensures IFAs remain aligned with best practices and optimal fee structures. Beyond investment management, we help IFAs address business sustainability, succession planning and long-term growth.

How can DFMs contribute to industry transformation and succession planning?
DFMs must continuously evolve to support industry transformation and inclusivity. Alexforbes is committed to Broad-Based Black Economic Empowerment (B-BBEE) by promoting diversity in asset management and financial advisory services. Through AFinvest, our digital launchpad, we are empowering emerging IFAs, especially black advisers, by providing cost-effective, scalable advisory solutions. Additionally, we partner with organisations like ABSIP to drive meaningful transformation.

Succession planning is another crucial role. Leveraging Alexforbes' financial strength and business infrastructure, we help IFAs structure succession strategies that ensure business continuity. Our practice reports support workforce planning, allowing experienced advisers to transition ownership smoothly while fostering industry growth and sustainability.

Fay Khan, Senior Discretionary Fund Management Specialist at Investment Solutions by Alexforbes

BIOGRAPHY

Fay joined Alexforbes on 1 May 2023, initially as a Senior Technical Marketing Specialist before transitioning to her current role as a Senior Discretionary Fund Management Specialist with Investment Solutions by Alexforbes. With over 16 years of experience, Fay has honed her expertise primarily within the asset management industry. Her career journey includes roles as an equity analyst, multi-manager research analyst and DFM portfolio manager at institutions such as Sanlam Investments, Glacier by Sanlam and PPS Investments. Notably, she played a pivotal role in refining investment-related processes and launching a DFM at PPS Investments from 2017 to 2020.

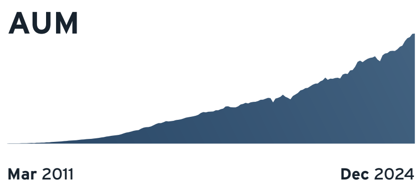

PMX
Fuelling the success of top financial advisers
The Future of Investment Management. Today.
portfoliometrix.com
PortfolioMetrix Asset Management SA (Pty) Ltd is an Authorised Financial Services Provider, FSP number: 42383

With **PortfolioMetrix** as an investment partner, advisers are free from the distractions that hold them back, giving them the space to achieve their full potential.

We are a global investment management and technology partner to financial professionals, with a focus on high-performing advisers and specialist multi-managers.

Financial advisers benefit from our ability to customise portfolios and from our proprietary **WealthExplorer™** technology, which enhances adviser effectiveness, business efficiency and the client journey. PortfolioMetrix manages over R90 billion, and employs 65 people in offices in London, Johannesburg, Dublin, and Cape Town.

We achieve consistent, market-leading investment outcomes through our precision-engineered portfolios, and have been recognised by the industry, our peers and financial advisers through multiple awards, which span investment outcomes, best DFM services, best technology, best client service, and best risk profiling service.



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PORTFOLIOMETRIX

Pioneer in the DFM space

PortfolioMetrix was one of the first DFM firms in South Africa. Brandon Zietsman tells us more about their current offering.

PortfolioMetrix was one of the pioneering South African DFM firms. Does the rise of new DFMs validate your original thinking?
PortfolioMetrix (PMX) was launched in 2010 because we saw gaps in the market that others overlooked. Back then, the DFM model wasn't mainstream and we had to challenge conventional wisdom. Today, DFMs are launching at an eye-watering pace, but many are driven more by fear of missing out than deep strategic insight. Whether the trajectory is sustainable remains an open debate.

What opportunities did you identify in 2010?
At the time, the asset management industry was mature with entrenched incumbents and strong brand power. Disruption required a keen eye for what was missing. Asset managers were pushing products, while advisors needed solutions. IFAs were treated as a distribution channel, but what they wanted were strategic partners. Relationships needed to move from transactional to holistic. The industry also failed to recognise how rapidly financial advice was evolving, leaving traditional distribution models ripe for disruption.

> Clients don't pay DFM fees for an advisor's compliance system, they pay for investment outcomes

PMX is a DFM with an extremely strong investment management track record. Is there room for another asset manager?
DFMs managing client money are investment managers. Regardless of the peripheral services they offer, their investment track record must hold up against all alternatives, net of all fees. Clients don't pay DFM fees for an advisor's compliance system, they pay for investment outcomes. While value-add services matter, they only make sense if the proposition is competitive.

What makes PMX different from an investment perspective?
When PMX launched, the industry was fixated on star managers with high-conviction strategies and portfolios with unstable risk characteristics. These funds were difficult to integrate into a structured advice process, leading to erratic client behaviour and poor decision-making. We rejected the trade-off between short-term consistency and long-term performance, recognising that a disciplined approach could deliver both. Consistency compounds over time, improving both the client journey and the advisor's role. We build portfolios with clear purpose, combining both the precision of science and the art of design.

Who is your ideal client?
We work best with top-tier advisory firms and professionals who share a common vision and face similar challenges. Top advisors aspire to build financially successful businesses and achieve professional excellence and focus on what they enjoy the most. Like all specialists, they seek resilient, respected businesses with the freedom to make their own choices.

Yet, they're often held back by non-core tasks, the workload of managing client portfolios and inconsistent investment performance, which shifts focus away from key client conversations. PMX helps clear the runway.

What do advisors really get from partnering with PMX?
PMX removes obstacles, empowering advisors to focus on what matters most – delivering an exceptional client experience while achieving their business and professional aspirations.

Validation is straightforward. PortfolioMetrix delivers consistent, market-leading investment outcomes and has been recognised globally for investment performance, WeathExplorer™

Brandon Zietsman, CEO and Founder, PortfolioMetrix

BIOGRAPHY

Brandon has been a key figure in the financial services industry for many years, leveraging his experience and an extensive skill in various influential roles. He started his career at Investec in 1994, then joined RMB Fund Managers to lead product development and the sales division. At PortfolioMetrix, Brandon has maintained his commitment to innovation and ethical standards in the industry, leading a vibrant company that has made an indelible impression on the markets in which it operates. He has a deep interest in the issues that beset our society and humankind, completing a Master of Science in Global Challenges (with distinction) through the University of Edinburgh in 2023.

technology, best DFM services, best risk profiling service and best client service.

Our advisor community speaks for itself – many of them are Advisor of the Year and Practice of the Year winners and a large proportion of top contenders use PMX technology to build their submissions.

Some argue DFMs are just an extra layer of cost. Your response?

A fee is only a cost if it doesn't translate into value. It's more intellectually sound to add up total costs rather than count "layers". Whether bundled into a single manager fee or separated across multi-manager and fund fees, clients ultimately pay for asset allocation, selection, portfolio construction and monitoring. The key is comparing total cost vs net outcomes.

With nearly R100-billion AUM, we have significant pricing power and NMG's DFM survey shows that our underlying manager costs are less than half the industry average.

Should DFMs be ranked in performance tables like fund managers?

Yes, but with caveats. Comparing competing investment propositions is crucial, but large CIS fund managers (eg Allan Gray, Coronation, Ninety One) often face a disadvantage relative to DFMs submitting only model portfolio returns.

Many industry awards and performance surveys fail to apply basic GIPS (Global Investment Performance Standards) principles, allowing for cherry-picking, opaque methodologies and unverified numbers.

The key is transparent, independently verified rankings, ensuring a level playing field across DFMs and asset managers.

What will be the biggest challenges facing DFMs in the next decade?

Many DFM models are unsustainable and already show signs of strain. The entire market may benefit from DFM-like functionality, but it's less clear that traditional DFMs will remain the dominant providers of these solutions.

Expect creativity and competition as alternative investment integration models emerge. Many firms need support but don't necessarily need a traditional DFM structure – but they do need something. At the same time, mainstream asset managers won't go quietly into the night. DFMs will have to work harder to prove their investment credentials, while traditional managers will continue evolving from product providers to solutions businesses.

Final thoughts?

PortfolioMetrix was founded on the principle that investment management and financial advice must work in tandem. As the industry evolves, success won't be measured just by performance charts or service layers, but by the ability to help advisors build stronger businesses, keep clients invested and deliver truly differentiated value.

STRATEGIQ Capital | Discretionary Fund Management

STRATEGIQ Capital

At STRATEGIQ Capital, an owner-managed and independent investment firm based in Cape Town, we partner with independent financial advisors who share our vision for delivering exceptional investment outcomes. Our goal is to enhance their value proposition by providing access to a diverse range of investment opportunities across the risk spectrum, encompassing both public and private market assets. Built on a foundation of independence, expertise and transparency, our partnerships with financial advisors drive us to deliver investment excellence and superior service consistently.

A blended approach

At STRATEGIQ, we blend entrepreneurial intuition with a disciplined investment process, ensuring expert management of client portfolios. Our firm has evolved, yet we remain steadfast in our commitment to independence, integrity and passion for investment excellence.

As a dynamic investment boutique, our culture is defined by innovation, collaboration and adaptability. We encourage our team to challenge conventional thinking, fostering a creative and transparent environment where diverse perspectives thrive. Open communication and active feedback loops reinforce a shared sense of purpose, empowering our investment professionals to deliver exceptional outcomes for investors.

STRATEGIQ partners with financial advisors to enhance investment performance, governance and operational efficiency. Our service proposition grants advisors access to seasoned investment professionals, a range of local and global risk-profiled solutions which can be tailored to individual client objectives and risk tolerance. Our commitment to transparency is reflected in our detailed reporting of portfolio performance, underlying holdings and fees. Dedicated onboarding and servicing specialists streamline client engagements, ensuring efficiency and seamless integration.

Luis Levy, CFA®, Chief Executive Officer, STRATEGIQ Capital

The expert difference

Our competitive advantage lies in the depth of expertise within our investment team and our rigorous and repeatable investment process. We uphold independence, avoiding conflicts of interest while leveraging a blend of top-tier active management and cost-effective passive strategies. Our manager selection process integrates advanced technologies and stringent criteria to achieve superior risk-adjusted returns.

STRATEGIQ meticulously curates an approved list of investment managers through a combination of quantitative and qualitative assessments. The quantitative analysis begins with filtering the investment universe using key performance metrics such as excess returns, standard deviation, Sharpe ratio and correlation. This process distils the selection to a refined pool of managers.

The qualitative review then involves a thorough investment due diligence to identify top-tier professionals and a rigorous operational due diligence to ensure compliance with regulatory and operational standards.

Using the right tools

Our innovative advisor-directed tools and systems enhance practice management efficiency. Our comprehensive digital platform serves as a centralised hub for financial advisors. Initially developed for investment proposal generation and risk profiling, the platform has expanded to include financial planning software, forex solutions, financial calculators, digital mandating and client onboarding.

A standout feature is our Performance and Attribution tool, providing real-time insights into portfolio positioning, sector and geographic exposure, asset allocation and underlying fund holdings. Functioning as a "live fund fact sheet", it offers rolling performance updates and complete transparency on Total Expense Ratios. Advisors also gain access to in-depth manager research reports, market outlooks, recent trade activity and trade rationales, equipping them with the knowledge to communicate effectively with clients.

By prioritising independence, expertise, transparency and partnership, STRATEGIQ empowers financial advisors with cutting-edge tools and strategic insights. Our collaborative approach to wealth management enables advisors to provide tailored, high-quality investment solutions, ensuring lasting success for their clients and their practices.

Contact Information

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STRATEGIQ
Capital

Discretionary
Fund
Management

Independence
Expertise
Transparency
Partnership

Discover how STRATEGIQ can elevate your financial advice practice
Scan the QR code to learn more

www.strategiq.co.za

CITYWIRE SOUTH AFRICA DFM AWARDS 2024 WINNER SERVICE - BEST SERVICING: STRATEGIQ CAPITAL

CITYWIRE WINNER DFM AWARDS 2023 SOUTH AFRICA SERVICE INVESTMENT SOLUTIONS STRATEGIQ CAPITAL

CITYWIRE WINNER DFM AWARDS 2023 SOUTH AFRICA SERVICE PRACTICE MANAGEMENT STRATEGIQ CAPITAL

The Robert Group

John Robinson, DFM specialist, The Robert Group.
Over my 17 years in wealth management, I've seen how investment management can take advisors away from what matters most – their clients. That's why at The Robert Group, I help advisors streamline their process with a full-service DFM solution. By handling investment selection and portfolio management, we free up your time, reduce complexity and ensure your clients' investments stay aligned with their financial goals.

Partnering for success
Since 2010, we at TRG Private Wealth have been dedicated to empowering financial advisors with innovative solutions that drive success. Built on a foundation of independence, expertise and a commitment to excellence, we work hand-in-hand with advisors to enhance their practices and help them deliver exceptional client outcomes.

How our DFM services empower you
Our Discretionary Fund Management (DFM) service is here to make your life easier. We take on the responsibility of selecting, maintaining and servicing a carefully blended portfolio of managers, both locally and offshore. This frees you to focus on what you do best: providing financial planning and building strong client relationships.

Our DFM service doesn't just save you time – up to 40 hours a year with tools like our bespoke calculators – it also minimises the risk of underperforming or neglected portfolios. By employing a consistent, well-executed investment strategy, we help you deliver predictable outcomes tailored to your clients' risk profiles. This approach enhances the value of your book of business and simplifies succession planning.

Our fund range stands out for its risk-adjusted performance, earning us accolades at the Citywire DFM Awards for the past three years

Award-winning fund range
Our fund range stands out for its risk-adjusted performance, earning us accolades at the Citywire DFM Awards for the last three consecutive years. These funds are designed to provide consistent and predictable outcomes through strategic asset allocation. They're seamlessly global and scalable, catering to a wide range of client needs. For forward-thinking advisors, our offering also includes managed crypto solutions.

Supporting your practice beyond investments
We know that successful partnerships go beyond great funds. That's why we provide bespoke, white-labelled tools and marketing support to enhance your practice. These resources are designed to help you create a client experience that's uniquely yours while leveraging our expertise and infrastructure.

Your partner for the long haul
Our solutions are built to scale, whether you're working with high-net-worth individuals or serving a broader client base. We ensure every portfolio aligns with individual objectives, delivering long-term value and peace of mind for you and your clients.

We don't see ourselves as just a service provider – we're your partner in success. Our goal is to complement and enhance your practice with the tools, expertise and innovative solutions you need to thrive in an ever-evolving financial landscape. With no additional fees for our DFM services (subject to a minimum AUM), we're here to help you optimise your time and deliver exceptional outcomes for your clients. Let's take your practice to the next level.

Our solutions are built to scale, whether you're working with high-net-worth individuals or serving a broader client base

Contact information
For more information, reach out to our dedicated DFM specialist and let's explore how we can work together:
- John Robinson
- Telephone: 032 947 1132
- Email: john@robertgroup.co.za
- Website: www.robertgroup.co.za

MitonOptimal South Africa

MitonOptimal is a trusted and independent Discretionary Fund Manager (DFM) offering tailored investment solutions to financial advisors and their clients.

For over 25 years, Cape Town-based MitonOptimal has established enduring partnerships with advisors by emphasising innovation, adaptability and a steadfast client-centric approach.

As a DFM, our mission is to provide advisors with the assurance that their clients' investments are expertly managed. We streamline client onboarding, compliance, reporting and regulatory processes while serving as a reliable investment partner through all market conditions.

> Providing peace of mind to financial advisors and their clients for over 25 years

Heart of our success

At the heart of our success is our experienced and collaborative team. Roeloff Horne, Head of Portfolio Management, leads a skilled committee of investment specialists dedicated to managing local and global portfolios. Supporting this team are Executive Directors George Dell and Jolandi Slabbert who lead professionals in compliance, operations, marketing, client relations and back-office support; all working together to deliver a seamless experience. Our collective expertise enables us to confidently navigate volatile markets, adapt to evolving regulations and embrace technological advancements.

MitonOptimal's investment philosophy

MitonOptimal's investment philosophy prioritises capital preservation, downside risk management and strategic asset allocation. By combining insights from both global and local markets, we strive to deliver consistent returns with a focus on safeguarding client assets. This approach aligns with the long-term goals of financial advisors and their clients, providing peace of mind through expert portfolio management and robust regulatory support.

Our client-focused investment solutions are built on a rigorous process of strategic and tactical asset allocation, designed to meet the unique needs of advisors, their clients and assets under management:

- Core Model Portfolios: A diverse range of portfolios available via most local and offshore LISPs.
- Hedge Fund Model Portfolios: The ASTUTE range, comprising two portfolios consisting of only absolute return funds and hedge funds.
- Tailored Model Portfolios: Custom-designed solutions in collaboration with advisors for specific client needs, accessible on preferred LISPs.

> Our mission is to provide advisors with the assurance that their clients' investments are expertly managed

- Collective Investment Schemes (CISs): A variety of CIS options, including bespoke solutions for specific requirements.
- Financial Planning Solutions: A selection of innovative retirement and tax planning solutions – the Managed Life Living Annuity and Tax-Free Savings Accounts.

George Dell, Executive Director, MitonOptimal

Beyond investment management, our DFM offering includes comprehensive support services such as fund manager due diligence, research, onboarding, compliance and portfolio implementation. These services enable financial advisors to focus on strengthening their client relationships.

MitonOptimal's focus

MitonOptimal is focused on delivering consistent results, reflecting our commitment to client success. Through disciplined processes and an innovative mindset, we provide the confidence and peace of mind financial advisors and their clients deserve.

Contact information

For more details or to explore partnership opportunities, contact:

- George Dell, Executive Director, Discretionary Fund Management
- Telephone: 021 689 3579
- Email: george@mitonoptimal.com
- Website: www.mitonoptimal.co.za

2025 DFM GUIDE LISTING

This list of DFMs has been collated on the basis of publicly available information. It does not claim to be an exhaustive list of DFMs, but rather gives an indication of the range of businesses providing DFM services.

27four www.27four.com

2IP Independent Investment Partners
www.2ip.co.za
2IP is a truly independent DFM with a proven long-term track record in delivering above-average returns across a range of model portfolios and unit trusts on all the major LISP platforms. We give IFAs and end-clients the most valuable resource – more time to focus on what is important to them.

Amity Investment Solutions
amity.co.za
Amity Investment Solutions is an independently owned boutique DFM which helps its national network of independent advisors to differentiate their advice offering, grow their business, enhance their client service and improve overall business efficiency. We provide advisors with integrated investment management tools, client service resources, personalised support and outcomes-based investment solutions.

Analytics
www.analytics.co.za
Portfolio Analytics, founded in 2004 through a management buyout from Investec Asset Management, is a privately owned Discretionary Fund Manager. Specialising in bespoke, risk-profiled solutions, we offer branded model portfolios and advisory services to independent FSPs. As a group we manage assets over R96-billion, delivering tailored exposure to local and global financial markets.

Apex Investment Consulting SA
www.apexgroup.com/apex-invest/investment-consulting-south-africa
As a key player in the retail multi-manager industry in South Africa, prominent South African independent financial advisors, investment managers and collective investment scheme managers, along with their retail and institutional clients, choose investment management and consulting services from Apex Investment Consulting SA to maintain a competitive edge.

Capital International Group
www.capital-iom.com
Capital International Group specialises in the provision of financial services, including Trading & Stockbroking, Custody & Administration, Cash & Investment Management and Investment Structuring. Headquartered and regulated from the Isle of Man, we recognise the importance of building trusted, transparent relationships and work collaboratively with our clients to understand their requirements and deliver the most effective solutions to meet individual short and long-term financial goals.

Cogence www.cogence.co.za

DFM Global www.dfm.co.za

Edify Fund Managers
edifyinvest.co.za
Edify Fund Managers is an independent, owner-managed DFM based in Paarl. We provide tailored investment solutions, from model portfolios to bespoke investment consulting. Leveraging technology, boutique fund managers and alternative investments, we aim to deliver superior risk-adjusted returns while prioritising exceptional client service. Our expertise in hedge funds and global investments sets us apart.

Equilibrium
eqinvest.co.za
Equilibrium provides Discretionary Fund Management (DFM) services and investment solutions to help financial advisors and their clients achieve their objectives. Our advice-driven, optimised model portfolios are designed to navigate market cycles. Available on leading LISP platforms, we offer a proven track record of both customised and standard solutions that meet investors' goals.

Fundhouse www.fundhouse.co.za

Glacier Invest
www.glacier.co.za/invest
As Sanlam's subsidiary and a leader in Discretionary Fund Management, Glacier Invest blends world-class investment capability, superior operational scale and pricing power, and revolutionary technology to bring you the future of portfolio construction. Glacier Invest's Discretionary Fund Management and portfolio management capabilities help financial advisors meet their clients' investment objectives and needs, while building tailored portfolios targeted to specific goals.

Graviton Wealth Management

www.gravitonwm.com

Graviton's DFM offering leverages off the scale and expertise of the Sanlam Investments Multi-Manager team. The DFM approach is advice-led, serving a vital role of managing investment portfolios which cater for client outcomes across a wide range of needs and stages of the investment lifecycle.

Harbour Wealth **harbourwealth.com**

Independent Investment Solutions

i2solutions.co.za

INN8 Invest

inn8.co.za

INN8 Invest is an independent Discretionary Fund Manager (DFM) for the wealth manager of the future that places global, best-in-class expertise at your fingertips. We aim to inspire adviser confidence, grow client portfolios and facilitate business growth. We understand that solutions should be designed to meet the everchanging investment needs of South African investors. By putting the advisor at the centre of our process, we make sure that we build future-focused investments designed to deliver superior client outcomes.

Investment Solutions by Alexforbes

investmentsolutions.alexforbes.com

Investment Solutions is an independent Discretionary Fund Manager backed by Alexforbes' scale and expertise. With R450-billion in assets under management, we empower independent financial advisers by streamlining investment processes, offering tailored solutions and providing access to global opportunities – helping you enhance your service and make a greater impact.

Mentenova

www.mentenova.co.za

Mentenova is an award-winning financial services group dedicated to providing goals-driven investment solutions tailored to individual needs. With a focus on innovation, independence and integrity, we prioritise understanding your long-term objectives to maximise investment success and reduce stress in managing your financial future.

MI-PLAN

www.miplan.co.za

MI-PLAN partners with IFAs to create strategies that deliver consistent returns while considering the complexities inherent in the risk-return relationship. We work alongside IFAs, guiding them through each phase of their journey. Our tailored solutions, integrated into our financial planning software, enable the creation of dynamic client reporting for continuous adaptation.

MitonOptimal

www.mitonoptimal.co.za

MitonOptimal is an independent, owner-managed investment management business delivering focused investment solutions and support to enable advisors to meet their clients' investment objectives. We offer a range of investment solutions to cater to an advisor's unique needs, assets under management and client book.

Morningstar Investment Management South Africa

www.morningstar.com/en-za/products/investment-management

Supporting you across your entire practice, the heart of our service program are regular feedback loops. What we hear from advisors directly influences the content, tools and resources we produce.

Mosaic Investment Consulting

mosaicinvestments.co.za

Established in 2015, Mosaic Investment Consulting provides independent investment advice to institutional and retail clients across South Africa. 51% black-owned and a level 2 B-BBEE contributor, Mosaic advises on over R40-billion in assets, including retirement funds and model portfolios for independent financial advisors, with offices in Cape Town and Johannesburg.

Multivest Asset Management

www.multivest.co.za

Multivest Asset Management is an independently owned financial services business, offering specialist investment management and asset consulting to financial advisors. We offer discretionary portfolio management aligned to specific investment objectives, while we help financial advisors grow their business and assist with prudent investment choices for their clients.

Naviga Solutions

www.naviga.co.za

Naviga Solutions offers an extensive range of more than 20 portfolios across 11 platforms, catering for all risk profiles. We offer innovative post-retirement solutions focused on income security, while our range also covers direct offshore investments, tax-free savings and hedge funds. We provide a paraplanning service through a team of experienced CFPs and quarterly reporting at investor level.

2025 DFM GUIDE LISTING

Old Mutual Wealth Tailored Fund Portfolios
www.oldmutual.co.za/wealth/solutions/tailored-fund-portfolios
Tailored Fund Portfolios is the Discretionary Fund Management capability offered by Old Mutual Wealth. Their consistent process of asset allocation, manager selection and investment philosophy has resulted in a range of solutions to meet all investment objectives. As the first Investment Manager in South Africa certified for fiduciary excellence, Old Mutual Wealth believes it is crucial for asset management businesses to recognise that responsible investing and fiduciary care are essential to driving sustainable business practices.

Optimum Investment Group
oig-invest.com
Your bespoke legacy partner | Building wealth for a prosperous tomorrow. At the Optimum Investment Group, we prioritise personalised investment management, fostering long-term relationships based on trust, transparency and integrity. Our seasoned professionals blend market expertise with a deep understanding of client needs to craft bespoke strategies. Winner of the "Equity General – S.A. Equity" Category at the Citywire DFM of the Year Awards 2024.

PortfolioMetrix
www.portfoliometrix.com
PortfolioMetrix is a global investment management and technology partner to financial professionals, with a focus on high-performing advisors and specialist multi-managers. We achieve consistent, market-leading investment outcomes through our precision-engineered portfolios, flexibly offering a wide range of products and services. Financial advisors benefit from our ability to customise portfolios and from our proprietary WealthExplorer™ technology, which enhances advisor effectiveness, business efficiency and the client journey. PortfolioMetrix manages over R90-billion, and employs 65 people in offices in London, Johannesburg, Dublin and Cape Town.

PSG Wealth
www.psg.co.za

Ramsey Crookall
ramseycrookall.com

Rutherford Asset Management
rutherfordam.co.za

SA Asset Management
saassetmanagement.co.za

Seed Investments **www.seedinvestments.co.za**
Seed Investments is a high-conviction multi-manager, delivering expertly curated DFM solutions backed by deep research, institutional-grade risk management and full transparency. Our strategic asset allocation and fund selection cut through complexity, empowering IFAs with nimble, performance-driven solutions that enhance client outcomes. Built for advisors – driven by experts who care.

Sequoia Capital Management
www.sequoiacapital.co.za
At Sequoia Capital Management, we help you navigate the complexities of investment management – delivering strategic, diversified and resilient solutions for sustainable growth. The relationship between the DFM, advisor and client is of paramount importance in understanding the needs of the client. Our DFM service model offers portfolio management, portfolio reporting and consolidated client reporting.

Southern Charter **www.southerncharter.co.za**

STAR Investment Partners
www.starip.co.za
STAR, a hybrid, local and global DFM, partners with financial advisors to integrate their business, advice and investment model needs into sustainable portfolio solutions. We're platform and fund management style agnostic, incorporating traditional and alternative asset classes. As a hybrid DFM, we can include STAR-managed unit trusts in our portfolio offerings.

STRATEGIQ Capital
www.strategiq.co.za
STRATEGIQ Capital is a leading independent Discretionary Fund Manager with offices in Cape Town and Johannesburg. With a nine-year track record, we deliver innovative, research-driven investment solutions. Our client-focused approach, advisor-centric tools and dedication to long-term goals empower financial advisors and investors to achieve optimal outcomes in a complex financial landscape.

The Robert Group
www.robertgroup.co.za
TRG Private Wealth empowers financial advisors with innovative Discretionary Fund Management (DFM) solutions since 2014. Our award-winning, globally scalable funds and bespoke tools save time, reduce risk and enhance client outcomes. Partner with us to strengthen your practice, deliver tailored investment strategies and achieve long-term success in a dynamic financial landscape

Weaver Investment Management
www.weaverinvest.co.za

Partner with Glacier Invest to unlock infinite investment opportunities for your clients.

As an independent discretionary fund manager, Glacier Invest draws on the full expertise and capabilities within the Sanlam Group to deliver a world-class portfolio management and consulting value proposition.

Our highly experienced investment professionals work with financial intermediaries to create and manage bespoke portfolios. These skilled individuals conduct robust macroeconomic and fund manager research to inform the portfolio construction process, and provide unique, independent and objective insights to help intermediaries make informed investment choices for their clients.

Why partner with Glacier Invest?

LARGEST DISCRETIONARY FUND MANAGER IN SOUTH AFRICA	ACCESS TO INVESTMENT TECHNOLOGY
HOLISTIC INVESTMENT CAPABILITY	WORLD-CLASS INVESTMENT CAPABILITY
CLIENT-FOCUSED	SIGNIFICANT OPERATIONAL CAPABILITY
PURPOSEFUL ACTIVE MANAGEMENT	UNRIVALLED PRICING POWER

Glacier Invest's leading position in the discretionary fund management space in South Africa gives us the ability to offer unmatched investment and operational support to financial intermediaries.

Our scale enables us to negotiate more favourable pricing with asset managers, thereby affording our investors cost-effective access to the best managers, portfolio construction techniques and tactical expertise. As the largest discretionary fund manager in terms of assets under management (AUM), we are able to invest in operational capabilities that create practice efficiencies and investment technology that empowers intermediaries to make better investment decisions.

Solutions architecture

We provide financial intermediaries with an unrivalled and fully customisable investment proposition that enhances the investment experience for clients. Our philosophy entails a deliberate focus on clients' investment requirements to consciously construct portfolios that cater to the needs of various client segments.

Investment team

Our skill is embedded in an experienced and diverse investment team, renowned for their portfolio management, research and portfolio construction capabilities, with an exceptional portfolio management track record. The combined efforts of professionals from Glacier and Sanlam Investments Multi-Manager, allow us to increase the depth and breadth of our research, to identify truly skilful managers and unique and rewarding investment opportunities.

Our business development managers provide holistic investment and operational support and insights to financial advisers. They are poised to partner with you to assist with the intricate processes related to portfolio construction, retirement income planning and discretionary fund management for your clients.

Investment philosophy

We believe that capital markets are inherently inefficient in the short term. These inefficiencies provide us with opportunities to add value through:

- the selection of truly skilful managers,
- the strategic combination of complementary managers,
- and deliberate tactical asset allocation and risk management in accordance with the overarching strategy.

This can only be done successfully through rigorous research, which is fundamental to sound investment decisions.

Portfolio construction process

Portfolio construction is guided by the client's objectives and preferences, including their risk/return preference. We follow a structured and disciplined process with a strong emphasis on rigorous manager and market research.

The process focuses on both quantitative and qualitative assessments, and fund selection is objective and independent. We continually analyse the way managers construct portfolios to understand their performance drivers in light of their management style to form clear expectations. We seek asset managers who collectively fulfill specific client needs, for example capital protection, high performance or an income requirement.

To learn more, visit www.glacierinvest.co.za

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Fax +27 21 950 2126 | Web www.smmi.com | Reg No 2002/030939/07 | Licensed Discretionary Financial Services Provider FSP 845, acting as a Juristic Representative under Glacier Invest.