

STANLIB Multi-Manager

The Educator

A guide to multi-manager investing

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

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

Multiple benefits of multi-manager investing

"The benefits sought are likely to be greater diversification, better monitoring, more rigorous research and ultimately, better governance."

Take diversification one step further

Greater diversification across asset classes, strategies and asset managers, thereby helping to reduce investment risk and deliver more consistent outcomes.

Expertise – a different skill set

Clients benefit from the investment experience, resources, knowledge and skills of the multi-manager, both in terms of manager/fund research and portfolio construction.

Fund selection - "you are not alone"

- Multi-managers research the universe of asset managers/funds for new opportunities and potential replacements
- Asset managers/funds are subject to a rigorous screening process involving both quantitative and qualitative analysis
- The multi-manager maintains contact and visits the various managers of the funds on a regular basis

Breadth of research

The level of specialisation and capacity available allows multi-managers to research a far greater number of asset managers/funds than an individual would be able to.

Simplicity

Due to the increasing complexity of investing, the search for suitable funds can be a full-time task. Manager/fund research is a core multi-manager function and makes selection from a universe of in excess of 1 000 plus funds, immeasurably easier for clients.

Monitoring – more than just performance

- Multi-manager portfolios enable clients to track an extensive range of fund investments through a single portfolio
- Investing with a multi-manager allows clients to monitor only the multi-manager fund they are invested with, whilst the multi-manager performs the due diligence, fund selection, risk management and day-to-day monitoring of the underlying funds
- The performance of the underlying asset managers is monitored by the multi-manager on an ongoing basis to assess whether they remain capable of achieving client objectives

Transition management

As and when required, multi-managers make changes to the underlying selection of managers/funds, negating the need for clients to take specific action.

- An additional layer of diversification
- Diversification across asset classes, strategies, funds and asset managers
- A team of experts to select managers/funds and provide constant careful monitoring
- Access to "best of breed" managers
- Enhanced governance – the selection of funds is outsourced to experts
- More consistency in return outcomes

Capital Gains Tax saving

Changes to the underlying funds, as well as switching in and out of underlying funds within a multi-manager portfolio, has no Capital Gains Tax implications.

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