

SINCE SYmmETRY entered the multimanager space 10 years ago, there have been huge changes to the industry. For one, multimanager became a significant part of the portfolio management landscape.

The major players are SYmmETRY, Advantage, Investment Solutions and Sanlam Multi-manager International (SMMI).

The industry has experienced huge growth, but at the same time as influential an individual as Advantage CIO Anne Cabot-Alletzhauser claims that multimanager is in danger of dying, because it has become prey to the very disease it aimed to remedy: short-termism.

"We have the ridiculous situation of trustees measuring a multimanager over three to six months – just as if we were a single manager.

"It is this short-term approach to investment that results in trustees chopping and changing fund managers thereby destroying value. Multimanager aimed to provide an alternative to this, but instead is in danger itself of being evaluated in exactly the same way," says Cabot-Alletzhauser.

She says an entirely new ap-

Ten years of change in the world of multi-management

proach to investment is needed, one that entrusts investment to a single entity who manages the entire process from A-Z.

Raymond Berelowitz, CEO of SYmmETRY, a division of Old Mutual, says that the current multimanager model of being a pure performance engine is endangered, but that it is evolving in the right direction.

"We're heading in a direction of greater simplicity, with more focus on transparency, costs and consumerism. We need to get much better at explaining to people what we do.

"Many retirement fund boards of trustees have a broad variety of members, and increasingly we need to be able to communicate across the spectrum from financially sophisticated to ordinary employees," he says.

"We can't simplify this industry enough," he adds.

In addition, the entire investment landscape itself has witnessed major changes during

SYmmETRY's 10 years, with the biggest being the greater financial sophistication and access to financial information of the average consumer.

This has placed the emphasis firmly on costs, managing risk and centralising oversight of the entire strategic process of a fund.

"The asset management industry has become a lot more complex over the past decade with a major emphasis on fund specialisation.

"In addition to the increase in investment choice, retail investors have gained far greater access to information through newspapers, websites and other sources, making them much more savvy.

"Furthermore, the investment cycle has accelerated: you tend not to get long cycles (boom to bust and back again) but much quicker and more frequent cycles."

Although the recent boom has been described as one of the

longest ever, people tend to forget there were several major corrections within it.

"This has increased the case for using a multimanager to assess the range of fund managers, as the industry has seen an explosion of personalities and new capabilities coming on stream.

"In this environment, the multimanager industry is able to add far more value than ever before to the investor, whether institutional or retail," says Berelowitz.

The biggest single change in the retail business has been the emergence of a strong black middle class, while the institutional market has seen strong growth in the small and medium size enterprise (SME) market, which increasingly wants to offer employees retirement benefits either in-house or increasing through umbrella arrangements.

The strength of multimanager lies in the fact that they have teams dedicated to researching fund managers' capabilities and track records, as well as changes to such teams, and agreeing mandates and fees with selected managers.