

**MULTI-MANAGERS OFFER EXTRA PROTECTION IN UNCERTAIN TIMES**

In the current uncertain market conditions, diversification across multiple asset classes helps to lower the risks of a portfolio. Multi-managers offer investors even more diversification – and therefore safety - by allocating their clients' investments across different fund managers. According to Meyer Coetzee, Head of Portfolio Management at Symmetry Multi-Manager, they carefully construct portfolios to match clients' risk and return requirements, blending together the very best fund managers as determined by thorough quantitative and qualitative analysis.

"This extra layer of diversification helps to lower the risk of an investment portfolio without sacrificing returns," he explains. "We use our expertise in understanding each of the fund managers in the South African market – their experience and specialisation, past performance and investment processes - to choose the very best combination of underlying managers."

For example, Coetzee says, if a theoretical portfolio has a 60% allocation to equities, Symmetry will further diversify that equity exposure by allocating a portion of this total to a "core" asset manager – a larger, well-established company with an excellent history of consistently meeting benchmark returns with lower variability of returns around the benchmark. The remaining portion could be allocated to "satellite" managers – typically smaller specialists with different investment styles and philosophies who have proven track records for outperforming the market. The returns of these managers usually fluctuate more around the benchmark than a core manager. It is important that the managers manage their portfolios in different ways.

"When we blend these underlying managers together, the resulting portfolio is better than the sum of its parts," notes Coetzee. "The aim is to deliver a competitive return, but at lower risk than one would typically expect from a single manager. This gives the portfolio the same potential for outperformance at a lower risk – a significant improvement."

Diversification across different investment philosophies also helps protect a portfolio during equity market swings, he adds. "Historically, the equity market sometimes favours value investing and sometimes growth investing. Likewise, some larger managers invest mostly in large capitalisation stocks, whereas smaller managers are able to invest a much larger portion of their portfolios in small capitalisation stocks without jeopardising the liquidity in the portfolio unnecessarily. Multi-managers can also tilt exposure towards a favourable style at a particular point in the market cycle to boost returns or lower risk."

Multi-managers therefore can offer significant advantages for investors wanting extra diversification, reduced volatility and consistent performance, particularly in uncertain times like these.

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