

UNDERSTANDING INVESTOR BEHAVIOUR

A Blue Chip interview with Theo Terblanche, executive head of investment management at Momentum Investments.

Theo, please share with us the journey that brought you to the recent appointment in your current role.

I'm an accountant by trade and ever since doing my articles, I've always aspired to being involved in the investment management industry. After joining Momentum as a project accountant in 2009, I jumped at an opportunity to join the wealth business in 2010. I started out in the finance department and, as the business evolved, I was fortunate to become engaged in more than just finance. This led to the appointment of my current role last year.

What is your objective for Momentum's investment business?

Planning finances and investing is a deeply personal and often daunting task. We understand this and we believe our outcome-based approach is well-suited to addressing our clients' needs. My objective for our business is to be recognised as a true partner to advisors and our clients alike and to do our part to make investing and financial planning less daunting.

We have a wide range of investment capabilities, ranging from full end-to-end investment solutions to building blocks that advisors use in the advice or portfolio construction process. We're able to integrate our investment offerings into a range of product and administrative capabilities as part of the larger Momentum business.

This puts us in a perfect place to solve the needs of any investor and to offer our solutions to a wider client base and that's what we aspire to do.

With the current focus on ESG, what advice can you share with financial planners in terms of approaching investment decisions for their clients?

Considering ESG factors when investing is certainly a sharp focus in South Africa of late, spurred on by high-profile corporate failures and growing concerns about the impact of our actions.

The investment management industry has a role to play in making sure we invest in sustainable companies that act responsibly and take environmental matters seriously.

We relish this role, and have a proud history of being an early adopter of many ESG initiatives in the industry.

Financial advisors can play their part by ensuring they ask relevant questions and hold the investment managers they support responsible for implementing these factors into their processes.

With today's uncertainty, is it wise to invest offshore?

Offshore investing is certainly still a relevant consideration in any investment plan. Investable assets in South Africa are small in relation to the world. One would simply miss out on too many opportunities by not considering offshore.

Clients and advisors are understandably concerned about uncertainty in the currency, but this shouldn't result in avoidance of all offshore investments. In any period of volatility, like now, we need to assess the merits of our investments based on long-term underlying fundamentals and not get fixated with short-term movements and currency fluctuations.

What are the focus areas for the Momentum investment business in the next year?

We continuously look for ways to be more innovative and improve the investment outcomes for our clients. We have recently invested in our research and innovation capabilities, and you can expect to see more from us on thought-leadership topics pertaining to investments in future. Many advisors may be aware of the extensive research we do in understanding investor behaviour. We believe this will be vital for advisors to better advise their clients.

We continuously seek to enhance our product offering and several of our flexible fixed-income and smart-beta equity funds have recently reached one- and three-year track records with pleasing results.

Although the last year has been kind to multi-asset-class funds on the back of a strong recovery in global markets, returns in the past five years have been below long-term averages and the focus on alternative asset classes as a way of enhancing returns to clients remains a focus. We already offer a range of private equity, hedge and infrastructure funds and will focus on expanding our offering.

Investing in asset classes also affords us the opportunity to invest in real assets such as infrastructure, renewable energy, student and low-cost housing to name a few. In addition to better returns, this contributes to sustainable growth of our economy. ■



Theo Terblanche, Executive Head of Investment Management, Momentum Investments.