

# What to look out for in a unit trust partner

BY KAPIL JOSHI

Head: Momentum Collective Investments



Sometimes choice is critical for enhancing transparency and competitiveness, and this is true for the unit trust industry in South Africa.

But at what stage does it become too complex and time-consuming? There are over 2 000 funds to choose from locally. There are over 50 collective investment schemes companies, each with multiple funds across the various asset classes.

How do you approach this as a financial adviser?

This is where we consider what financial advisers – and their clients – want when choosing a unit trust company as their partner. In many surveys, brand and performance are often cited as the most critical components in the choice. We believe there are at least three more pillars to consider:

1. Fees – returns are more difficult to come by, and fees play a critical role.
2. Diversification – this is key in a multi-asset fund. It reduces risk, and, when done well, is proven to be the biggest driver in generating a return. Using our outcome-based investing philosophy, we achieve diversification at three levels: blending multiple asset classes, blending different investments managers, and blending the different investment styles, including quality, value or momentum.
3. Client needs – this is a critical component because clients invest for very specific personal outcomes that they hope to achieve.

To help better navigate the complexity, we have put together a range of multi-asset class and single asset class funds,

built with the financial adviser and these pillars in mind.

Our capabilities include funds for local and global unit trusts across the risk-and-return spectrum to suit various personal investment needs and goals.

“There is a mountain of complexity in the unit trust industry”

Innovation and being at the cutting edge of enhancements in the industry are also critical, and we have a range of smart beta funds to enhance our offering that financial advisers and clients simply cannot ignore. Momentum Investments dominates the smart beta market with the highest assets under management for smart beta unit trusts in South Africa. Our smart beta funds offer the benefits of active and passive investing, and aim to achieve benchmark-outperforming returns at lower fees than what is associated with traditional equity funds. We achieve this by following a rules-based process to identify shares that are likely to outperform due to having

trending, value or quality attributes. Quite simply, with lower fees, reduced risk and attractive returns, it is understandable why smart beta funds are gaining popularity.

There is a mountain of complexity in the unit trust industry. However, we believe sound selection starts with a robust advice process, partnership with a provider that understands this process and has investment funds and solutions that do not only match a clients' needs but that talks to this process and, finally, has credibility in delivering consistent results.

With us, investing is personal, and we deeply care about making sure we partner with financial advisers on their journey to deliver meaningful outcomes for their clients. We set our sights beyond mere benchmarks and instead focus on the things that matter the most to your clients – making sure we maximise the likelihood of them achieving their personal investment goals.

*Momentum Collective Investments (RF) (Pty) Ltd (the “Manager”), registration number 1987/004287/07, is authorised in terms of the Collective Investment Schemes Control Act, No 45 of 2002 to administer Collective Investment Schemes (CIS) in Securities. The Manager is the manager of the Momentum Collective Investments Scheme. Standard Bank of South Africa Limited, registration number 1962/000738/06, is the trustee of the scheme.*

FOR ADVISORY AND INTERMEDIARY USE ONLY.