

Alternative assets – Investing with purpose

BY KAMINI NAIDOO

Portfolio Manager, Alternative Investments, Momentum Investments

The COVID-19 pandemic and associated market sell-off has reinforced the benefit of a well-diversified portfolio. As a result, investors are rethinking the traditional asset class allocation strategies to ensure their portfolios are diversified to capture other sources of returns.

The pandemic and lockdowns have further exacerbated many inequalities, on both a macro and micro level, and has seen investors redirect focus to the significance of impact investing and its role in addressing some of the global social and environmental challenges. Investors are more actively committing to making meaningful contributions to the United Nations (UN) Sustainable Development Goals (SDGs) in response to the UN's call to action "to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity".

Impact investments have been traditionally driven by private markets,



Private market strategies are pivotal in channelling private capital towards assets and companies that can help to address these goals, as it is in the private market space that the investor can exercise greater control, finance discrete projects or assets, and invest in smaller, niche companies. The private markets family of alternative investments strategies include asset classes such as private equity, private credit and real assets (which includes infrastructure and direct property). These strategies provide access to assets and income streams typically not available to investors in listed markets. These include exposure to mid-sized growth businesses,

long-term infrastructure assets, and investment strategies with a targeted social development focus. Many of these investments have the potential to drive multiple social and environment benefits. For example, investment in an agriculture project can contribute to food security and provide employment in an area of need.

Momentum Investments has a targeted impact funds range that invests across a range of debt, equity and hybrid opportunities, with a targeted social development focus. Through the commitment to the UN SDG framework, the investments are focused on strategies that can make a difference locally, and where the investor has the opportunity to generate strong financial and social returns. Assets in this strategy can include renewable energy assets that span across solar, wind and alternative energy. Through these assets, the investor can contribute towards the generation of clean energy, the development of much-needed infrastructure, providing decent work and fighting climate change. This demonstrates the broad impact such a project can have. On the social infrastructure side, the fund invests in student accommodation. Lack of accommodation has been linked to high failure and dropout rates, which highlights the importance of this type of investment in providing quality education for the long-term economic growth of the country.

“Alternative investments play a valuable role in a diversified portfolio”

These are examples of investments that can help investors align their investments with their long-term goals and values, as well as targeting financial returns while realising a tangible real-world impact.

We work with individuals and institutions who prefer unconventional investment solutions to deliver on a set of predefined investment objectives. We believe that investing is personal. Our clients' interests are core to our investing philosophy, and we are able to tailor our investment strategies to specific investment objectives.

Alternative investments play a valuable role in a diversified portfolio as they offer investors improved diversification as a result of low correlations with traditional asset classes, access to a wider menu of investment opportunities, and the potential to generate an enhanced return, often while fulfilling a joint mandate of making a positive social impact.

Momentum Alternative Investments (Pty) Ltd (FSP 34758) is an authorised financial services provider. Momentum Investments is part of Momentum Metropolitan Life Limited, an authorised financial services and registered credit provider (FSP 6406) (NCRCP173).