

DISRUPTING THE DISRUPTORS

The New Intersection Between Asset Management and DFM

PORTFOLIOMETRIX
Investment Management **by Design**



Business and evolutionary biology
have a lot in common

A person with their back to the camera, wearing a light-colored shirt, stands in a chaotic, colorful, and abstract environment. The scene is filled with swirling, tangled lines and vibrant colors like yellow, blue, and red, suggesting a complex, interconnected system. The person's arms are outstretched, and they appear to be looking at or interacting with the environment. The overall atmosphere is one of wonder and discovery.

Opportunity

Advantage

Serendipity

Vulnerability

Flux and change

Feedback loops

We also find metaphors in social evolution

An aerial view of a medieval battle scene. In the background, a large stone castle with multiple towers and a central gate stands on a hill. The castle walls are light-colored with blue accents. In the foreground, a large green field is filled with soldiers and catapults. Three large wooden catapults with long red beams are positioned in the field. Numerous soldiers, some on horseback and some on foot, are scattered across the field, engaged in battle. The scene is set in a lush, green landscape with trees and a clear sky.

REVOLUTION

INSURGENCY

A wide-angle, high-angle shot of a medieval-style settlement. The settlement is built on a grassy plain, enclosed by a stone wall with several wooden towers. In the foreground, a dirt path leads towards the settlement, with several wooden carts and people walking along it. The background features rolling green hills and a range of mountains under a blue sky with light clouds. The word 'INSURGENCY' is overlaid in large, white, sans-serif capital letters across the center of the image.



RIVALRY


Our narrative starts with the Dark Ages

This is age of Feudal Overlords



The Dark Ages



A dark, atmospheric landscape painting. In the foreground, there are dark, gnarled trees and a rocky, uneven ground. In the middle ground, a river flows through a valley. In the background, a large, industrial factory with many tall chimneys is visible, set against a dramatic, cloudy sky with a bright light source, possibly the sun or moon, creating a golden glow. The overall mood is somber and industrial.

Product-led
Sales-centric
Commission-driven

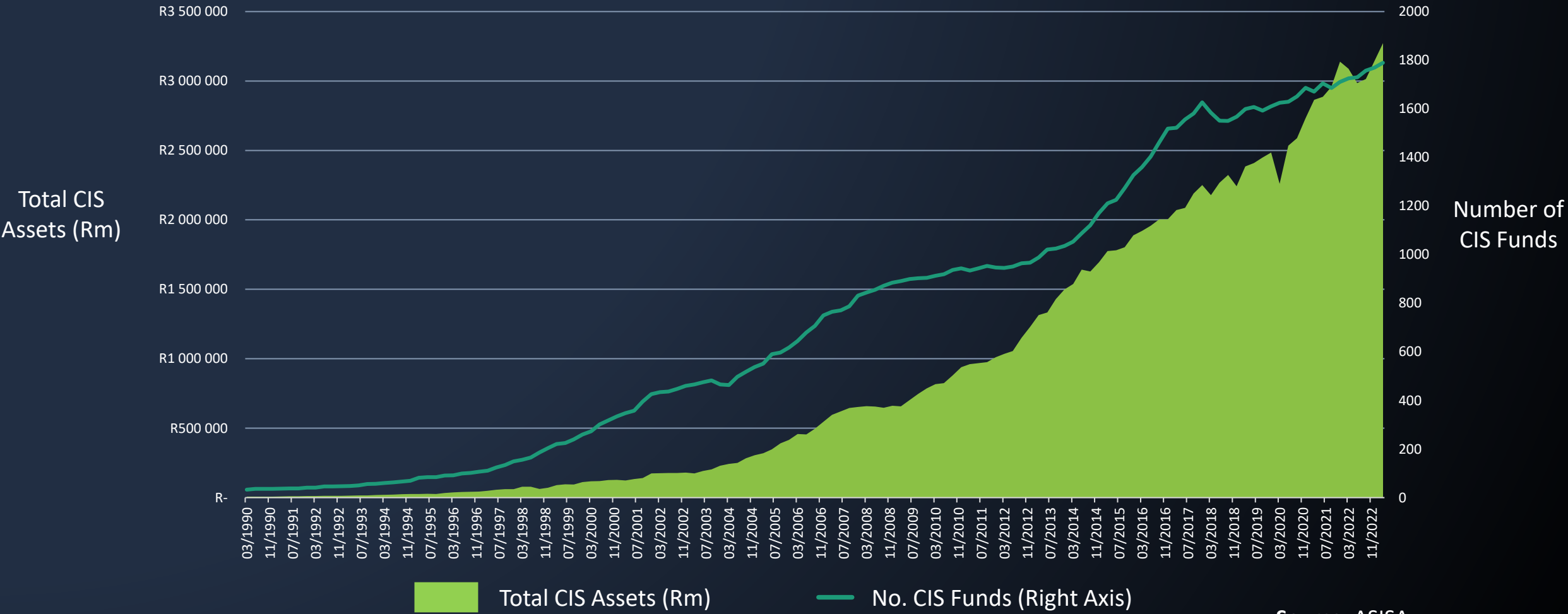
Revolution was in the air

It starts with the platforms



And triggers meteoric growth in the funds industry

March 1990 - December 2023



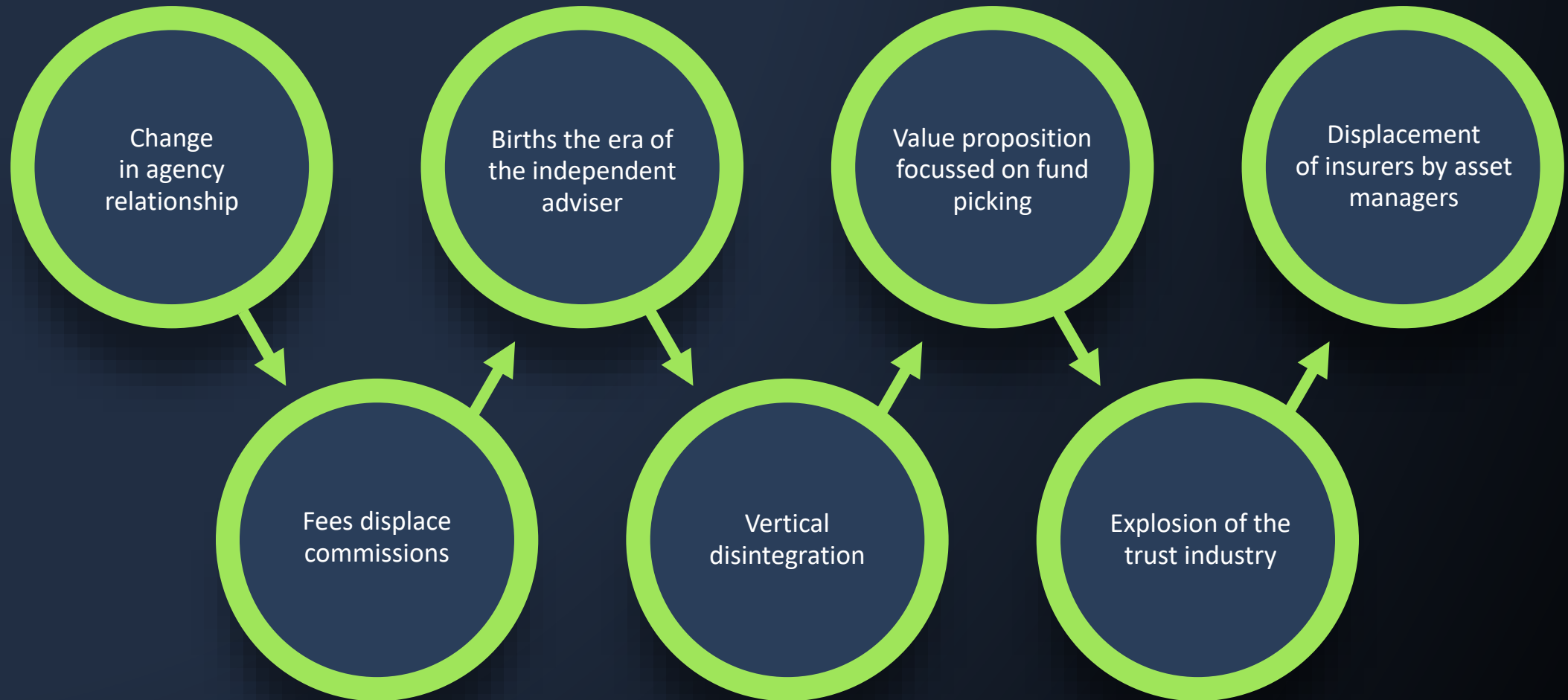
Source: ASISA

Our now-trusted brands were the *New Opportunists...*



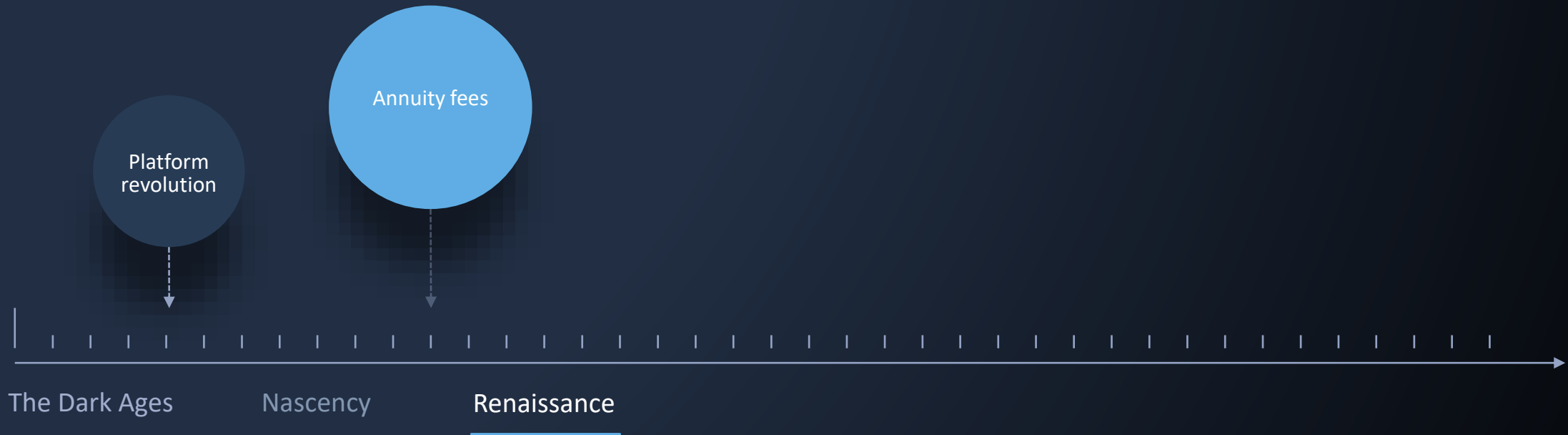
ALLAN GRAY

The real disruption happens in the intermediary market

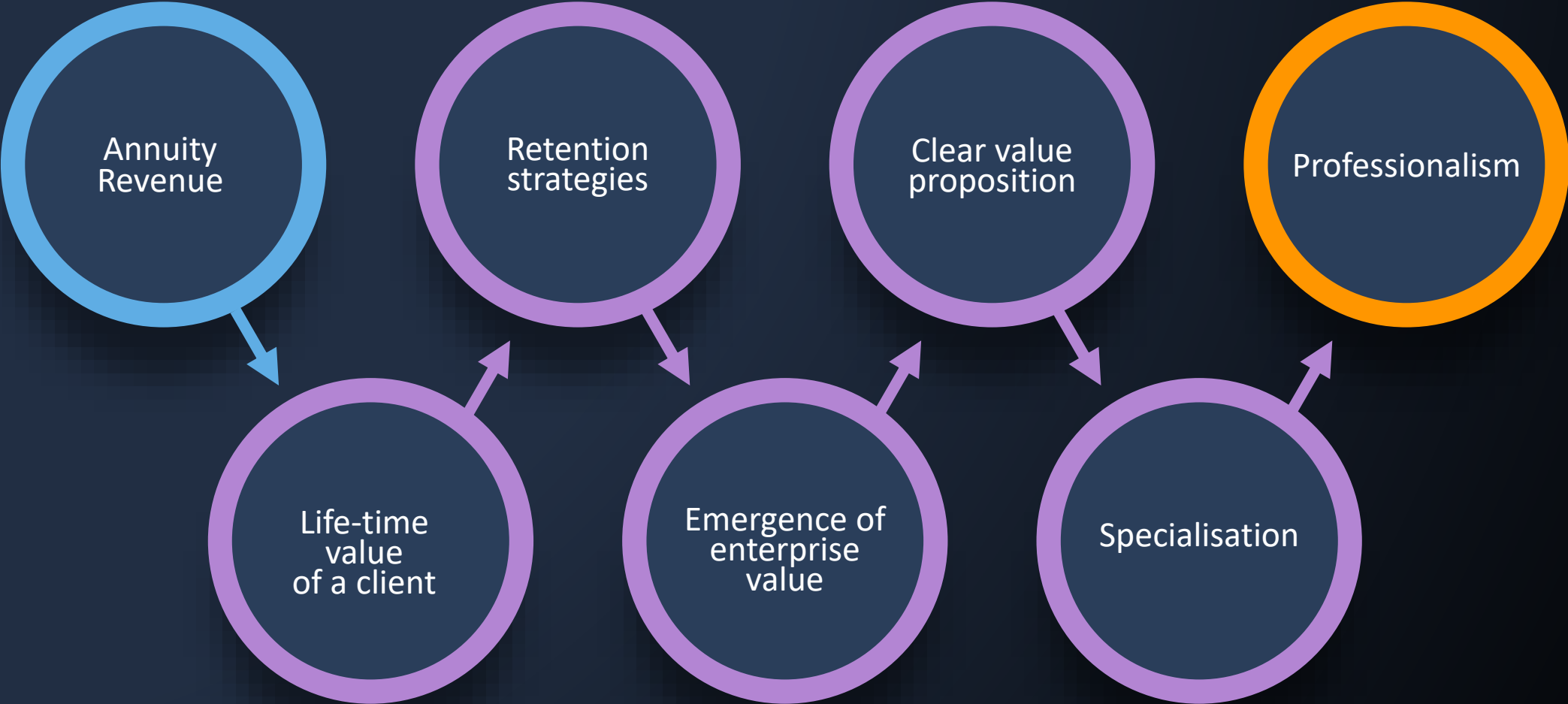


A Renaissance was taking root

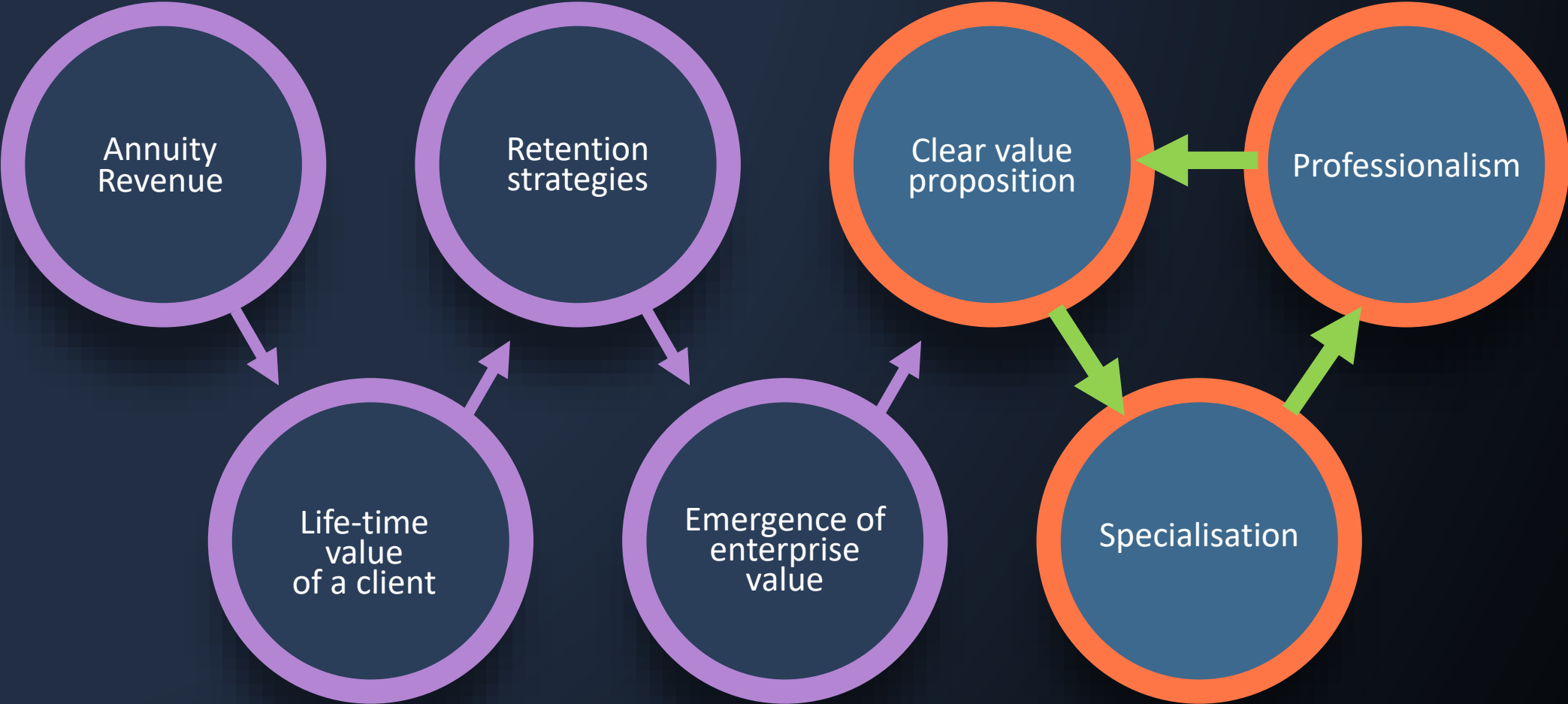
When a fee innovation triggers a feedback loop



Annuity Revenue drives the professionalisation of advice

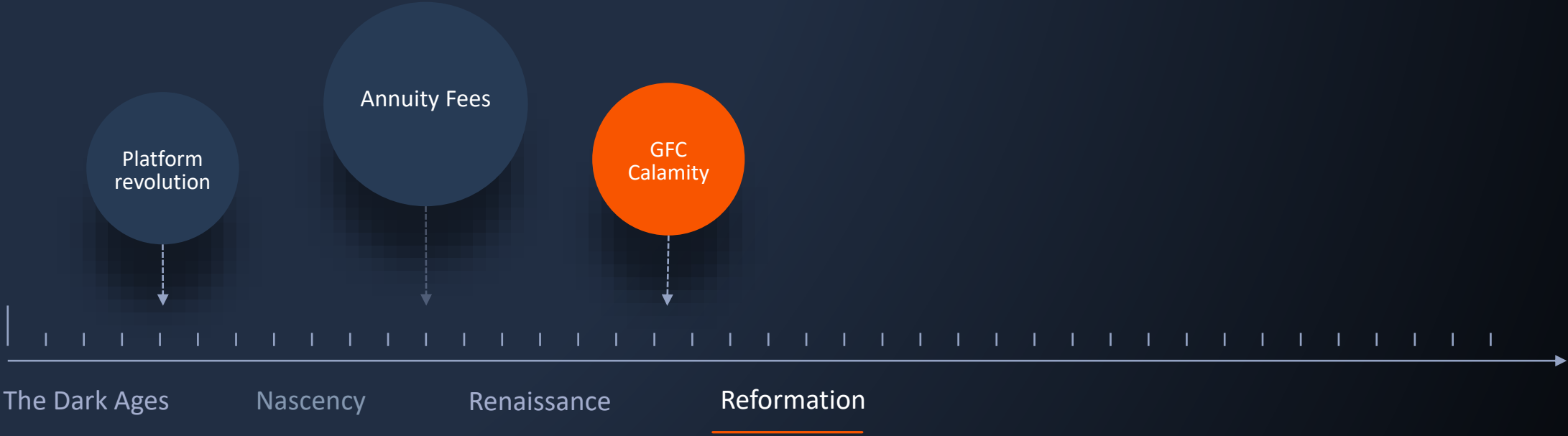


And creates **POWERFUL** feedback loops



Calamity strikes in 2007

The Global Financial Crisis challenges the new paradigm



Global Financial Crisis

S&P 500 (USD)
2007 - 2009



Source: Financial Express

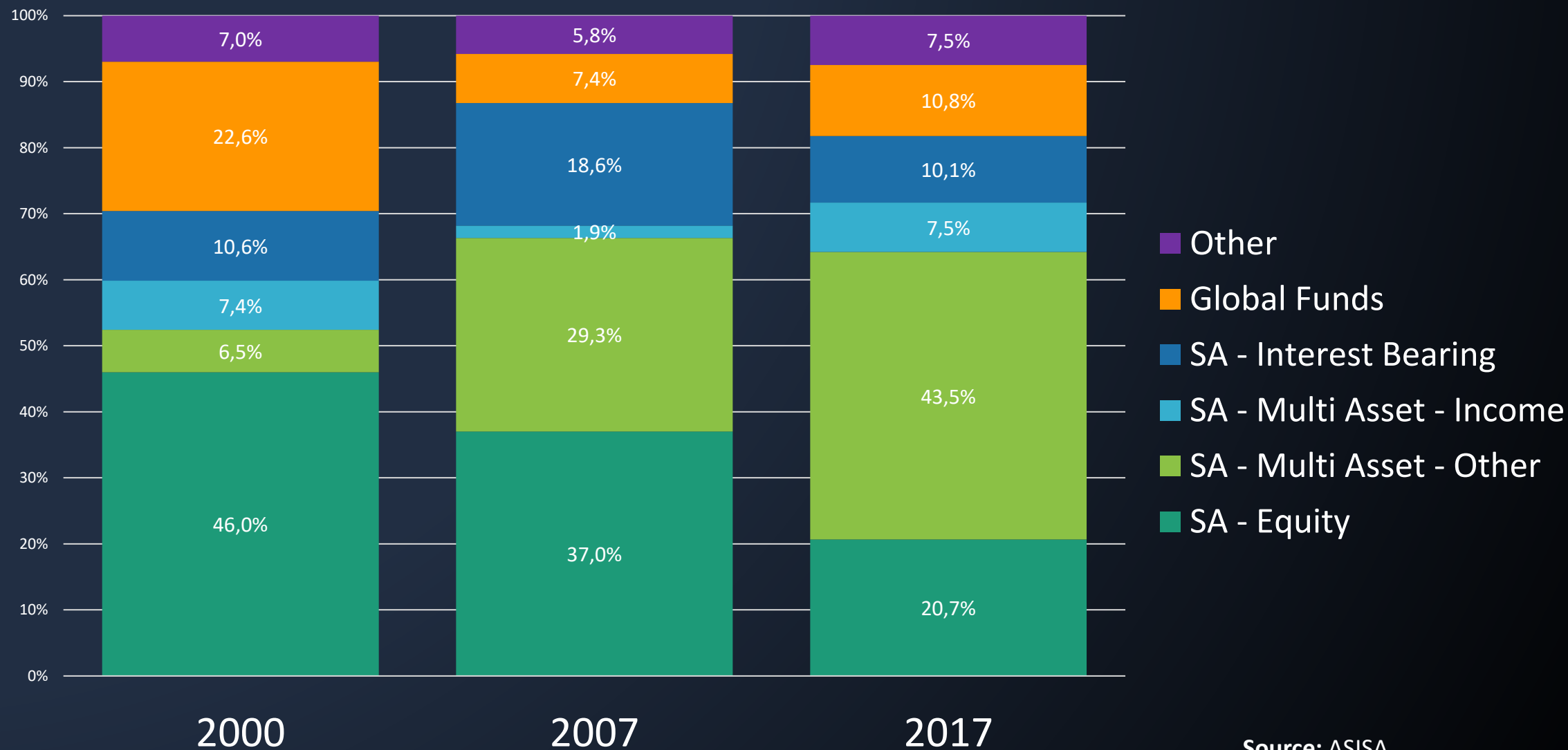
It wasn't the first challenge

USD ZAR Exchange Rate
January 1996 - May 2003



Source: Financial Express

Advice evolves quickly in the aftermath



Asset management in 2009

The strategic landscape we faced in 2009

The industry
was **mature**

Incumbents
were **well-
entrenched**

The battlefields
were **performance,
brand and
distribution**

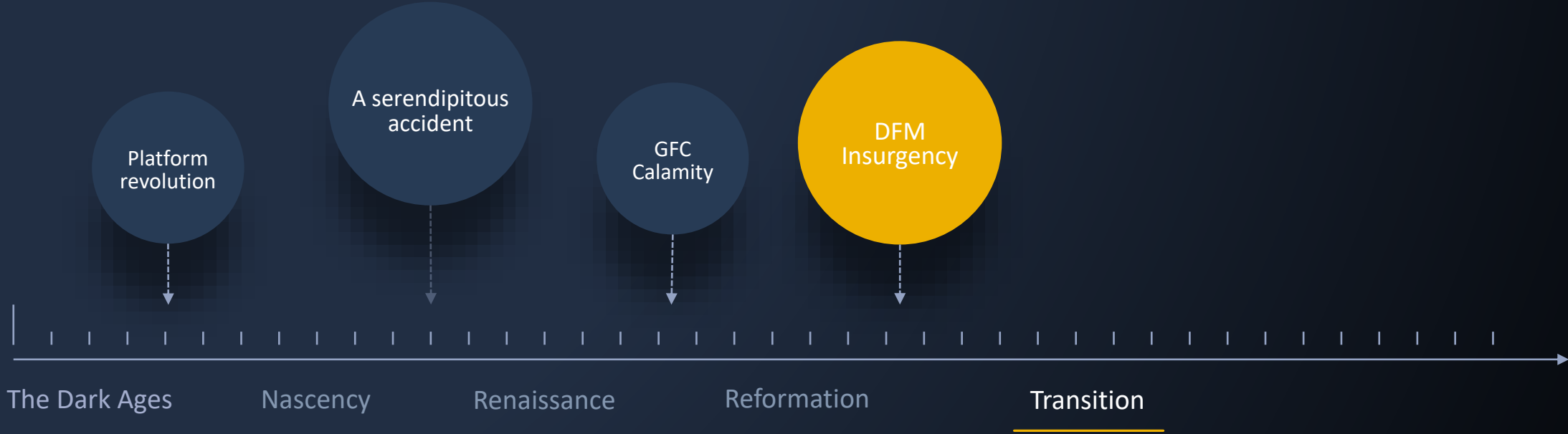
Big personalities
and reputations
mattered

The zeitgeist
emphasised
**conviction and
concentration**

Everyone was looking in the SAME direction...
while **insurgency** manifested



This left the door open for an insurgency



Few of the pioneers could predict the wave that followed

analytics 

FUNDHOUSE
investment clarity



BOUTIQUE
+ COLLECTIVE
INVESTMENTS

MORNINGSTAR®

Let's get back to basics

What Investors **NEED** to meet their aspirations

Avoiding falling
short of goals



**PERFORMANCE
MATTERS!**

A portfolio that is fit
for purpose



**RISK
MATTERS!**

To stay
invested



**THE JOURNEY
MATTERS!**

What Advisers **REQUIRE** to get their clients there

Comprehensive



An Investment Range
that meets diverse
client needs

Congruent



Portfolios that
support their value
proposition

Integrated



Solutions that tie
into the advice
process

Credible



Robust, consistent
and defensible

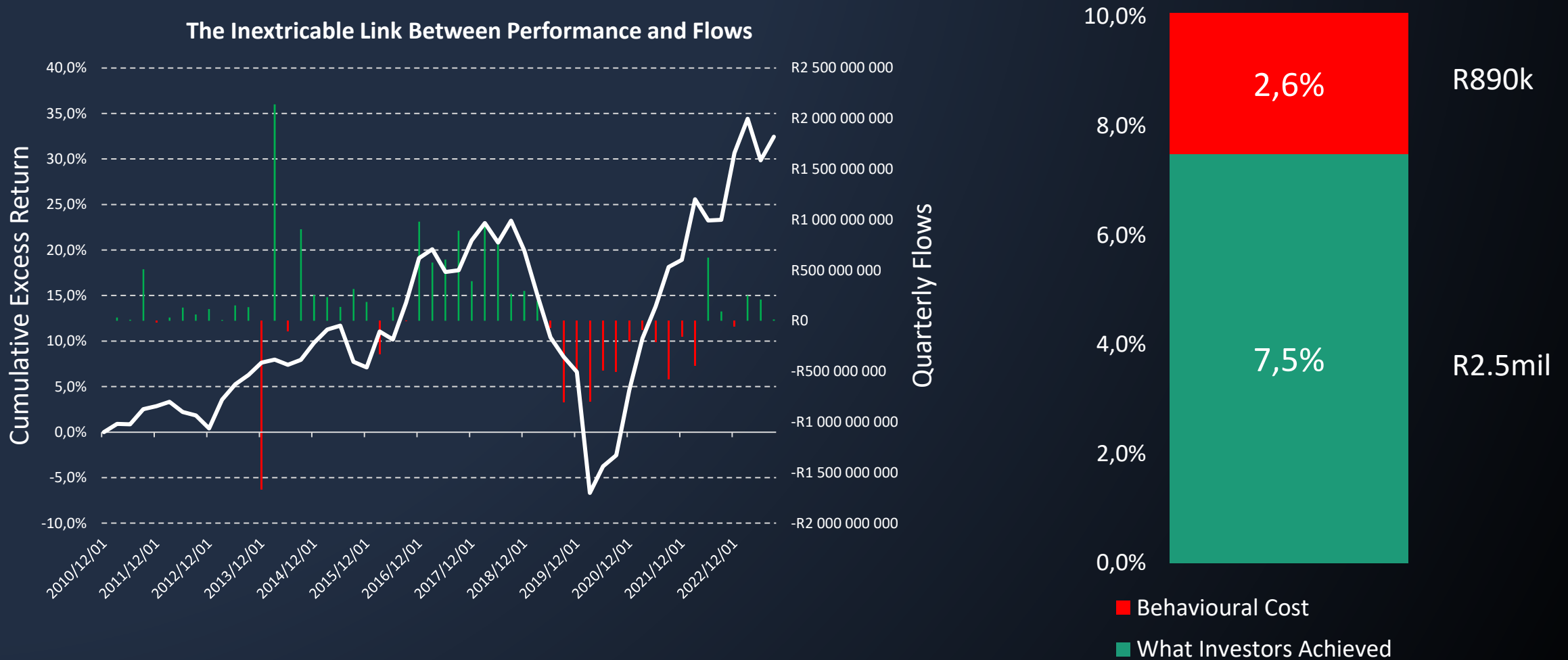
In short, what advisers were looking for...



And what they were still getting.



Investor statements are more important than fact sheets



We needed to shift some paradigms

1. Investment Management

Product	Standalone
Art and science	Engineering
Market-beating	Consistency

2. Relationships

Distribution	Partnerships
Transactional	Strategic

3. Technology

Generic	Adviser-centric
Standalone	Integrated

And had to shatter some myths along the way

Multi-management
gives you the average

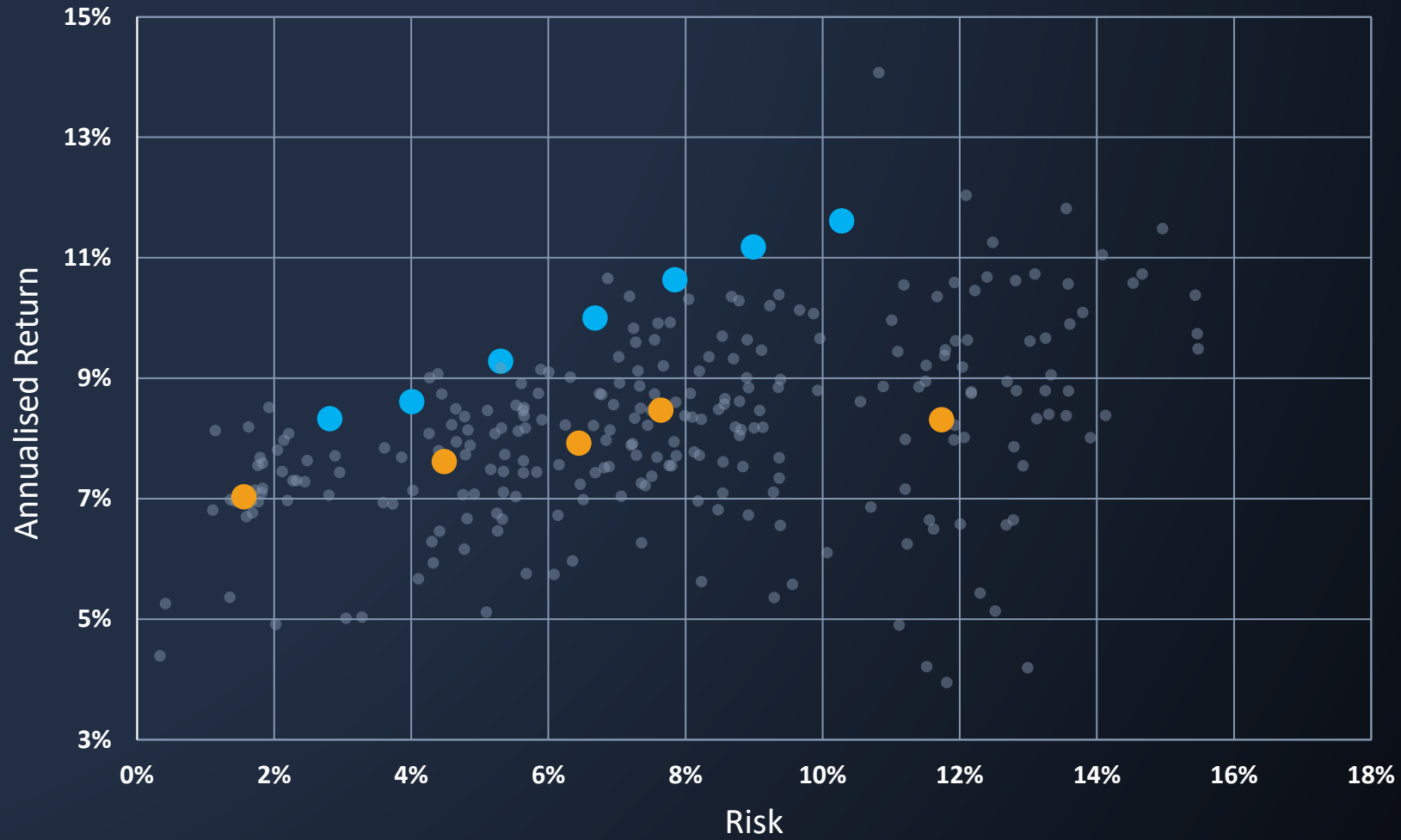
Coherency

Alpha dilution

Over-diversification

Extra layer of fees

We focused on DESIGN and MANUFACTURING



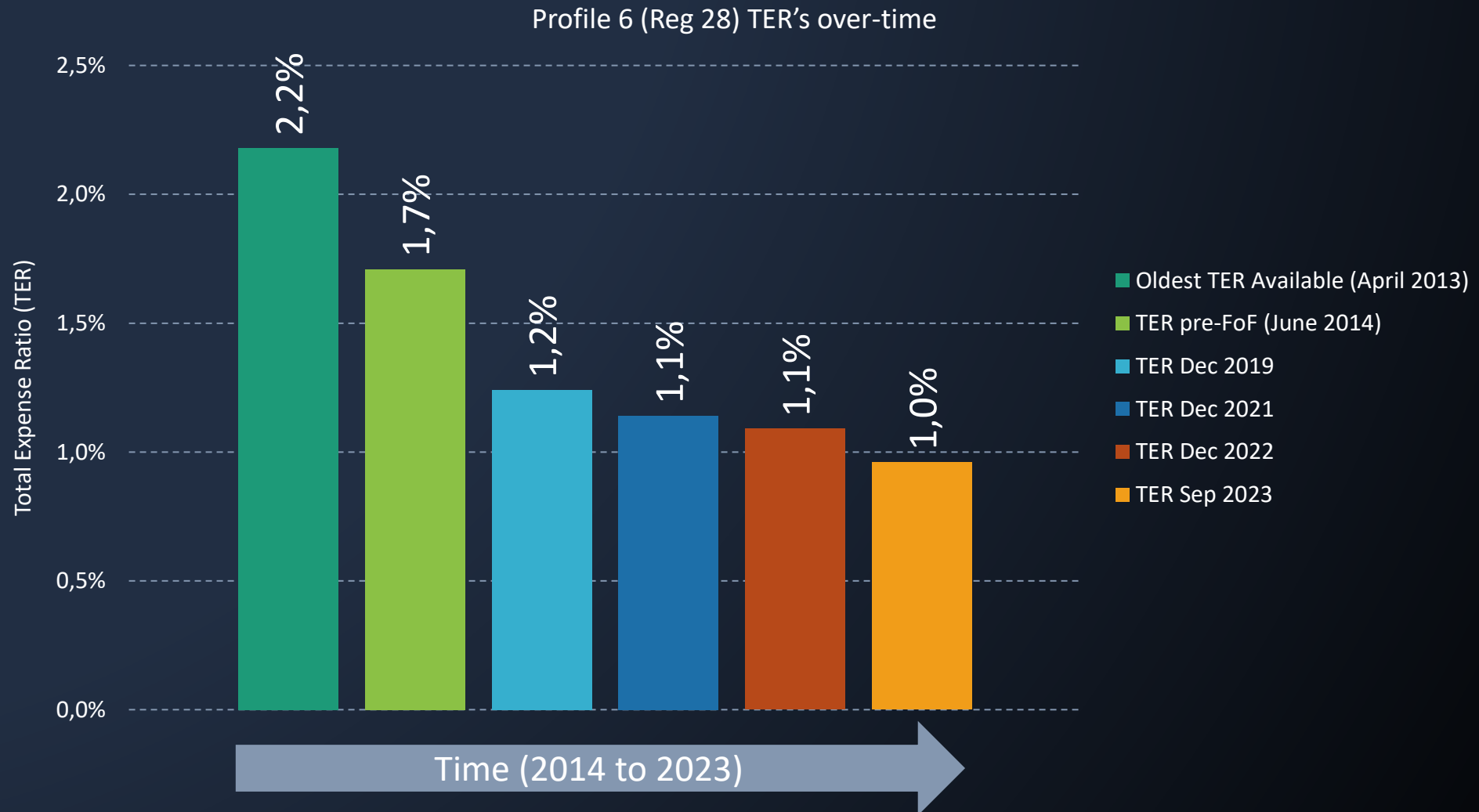
● PMX ● Competitors ● Peer Average

You didn't need to chase performance to get it

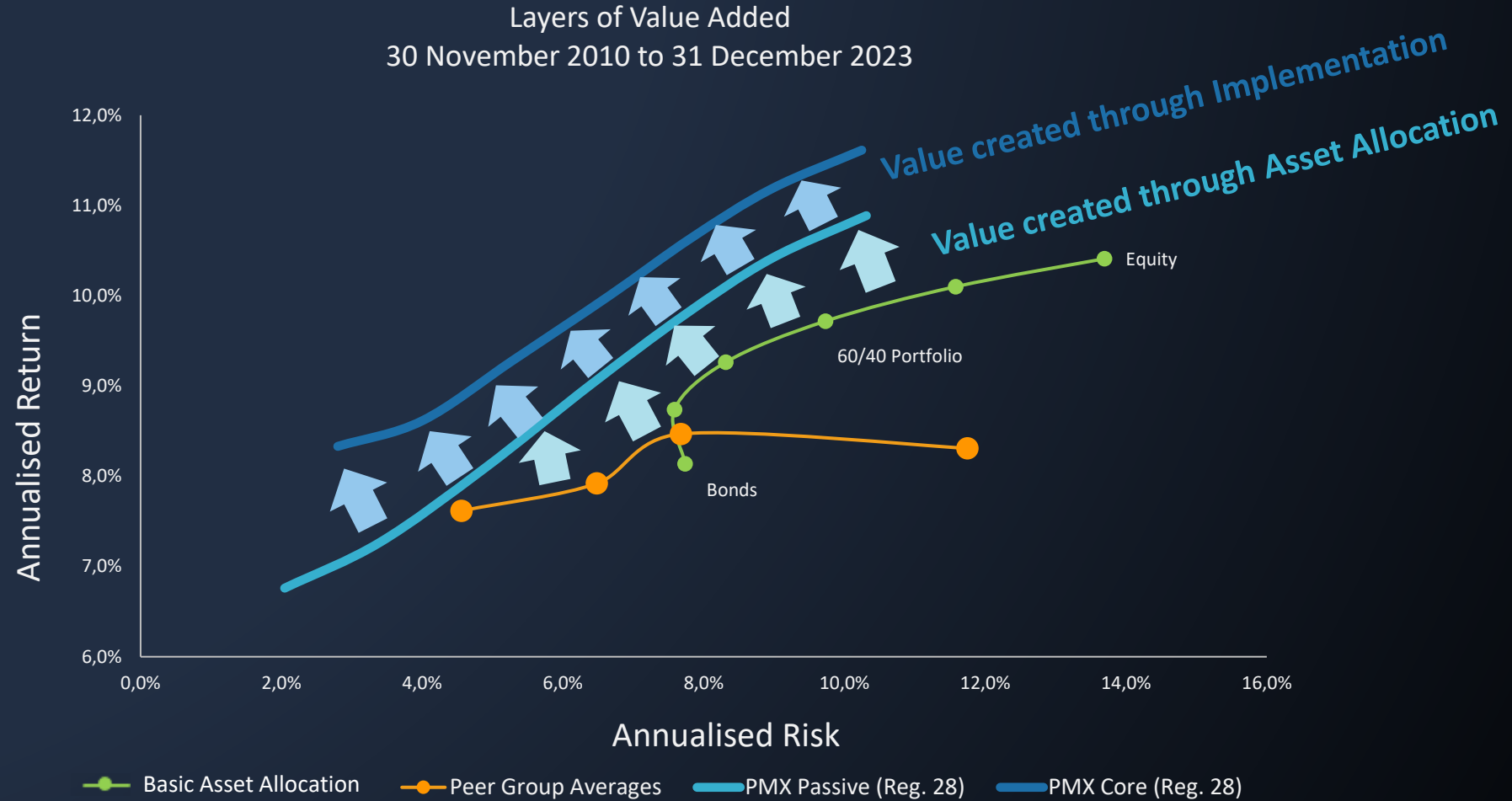
	1 Year Quartile Rank	2 Years Quartile Rank	3 Years Quartile Rank	5 Years Quartile Rank	6 Years Quartile Rank	7 Years Quartile Rank	8 Years Quartile Rank
South African - Multi Asset - Income PortfolioMetrix BCI Income Fund -A	1	1	1	2	2	2	1
South African - Multi Asset - Income PortfolioMetrix BCI Dynamic Income Fund -A	3	1	1	—	—	—	—
South African - Interest Bearing – Variable Term PortfolioMetrix BCI SA Bond Fund -A	4	1	2	1	1	1	1
Global - Interest Bearing - Variable Term PortfolioMetrix BCI Global Bond FoF -A	2	3	4	—	—	—	—
South African - Real Estate - General PortfolioMetrix BCI SA Property Fund -A	1	1	1	1	1	1	1
Global - Real Estate - General PortfolioMetrix BCI Global Property FoF -A	2	3	2	1	1	1	—
South African - Equity - General PortfolioMetrix BCI SA Equity Fund - B1	3	2	2	1	1	1	2
Global - Equity - General PortfolioMetrix BCI Global Equity FoF - B1	2	2	2	3	2	2	2

Source: MoneyMate
Performance January 2024

Adding fees is more sensible than counting them

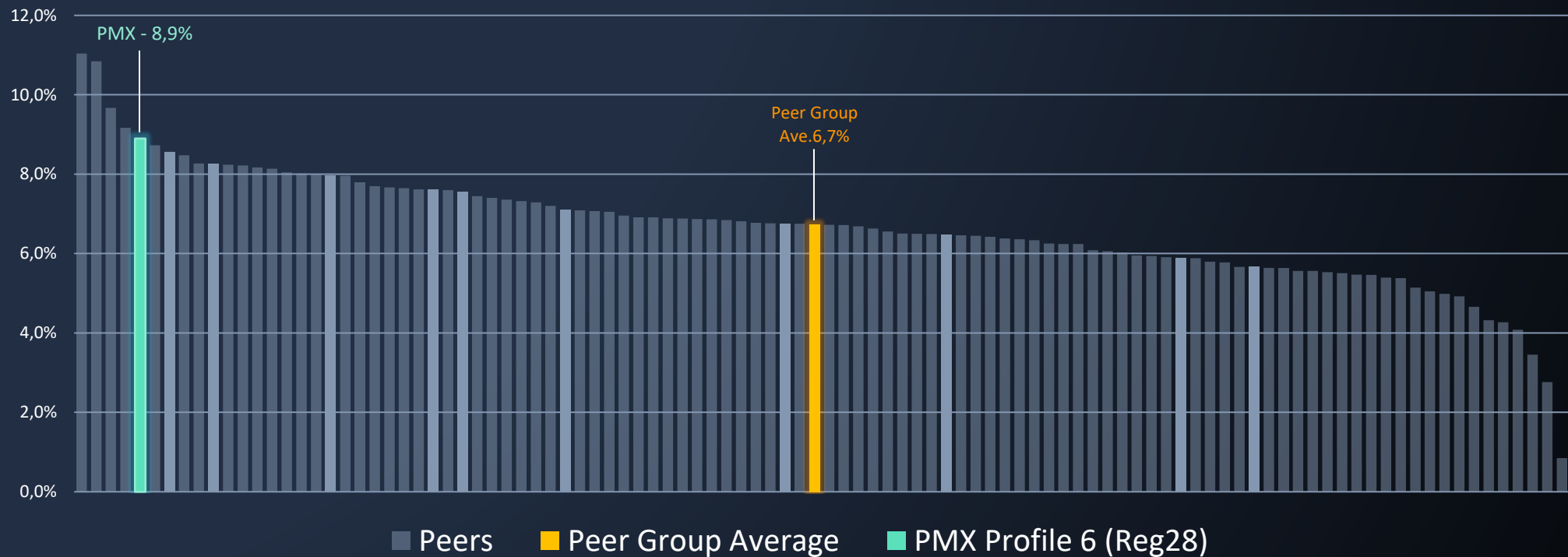


The “multiple layers” are of layers of value-add



Small, consistent gains compound

ASISA High Equity Category Annualised Performance from 01/10/2014 to 31/01/2024



Is the industry ready for disruption again?

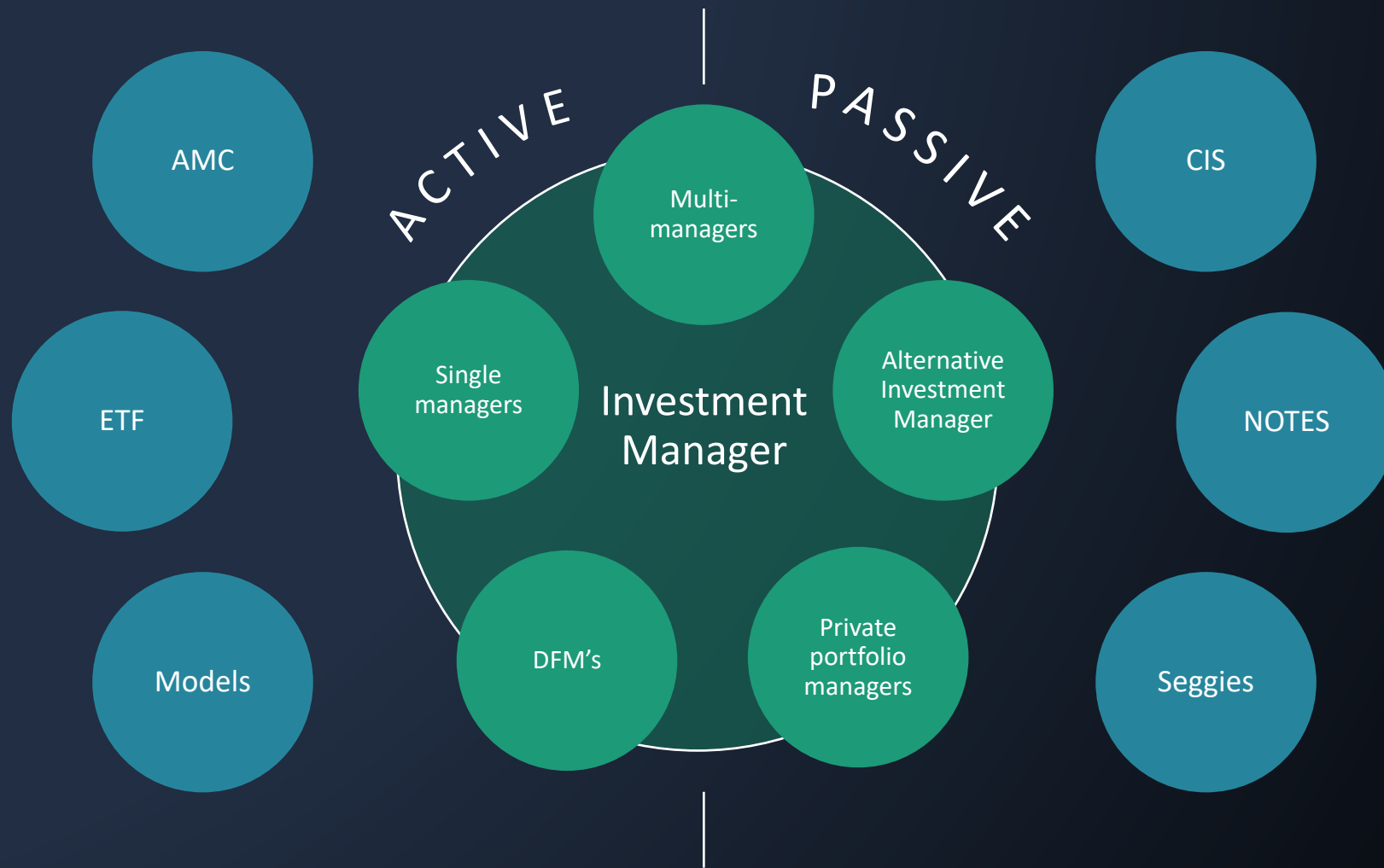
Conditions precedent for disruption



The Industry has an Identity Crisis...



But it is not very complicated

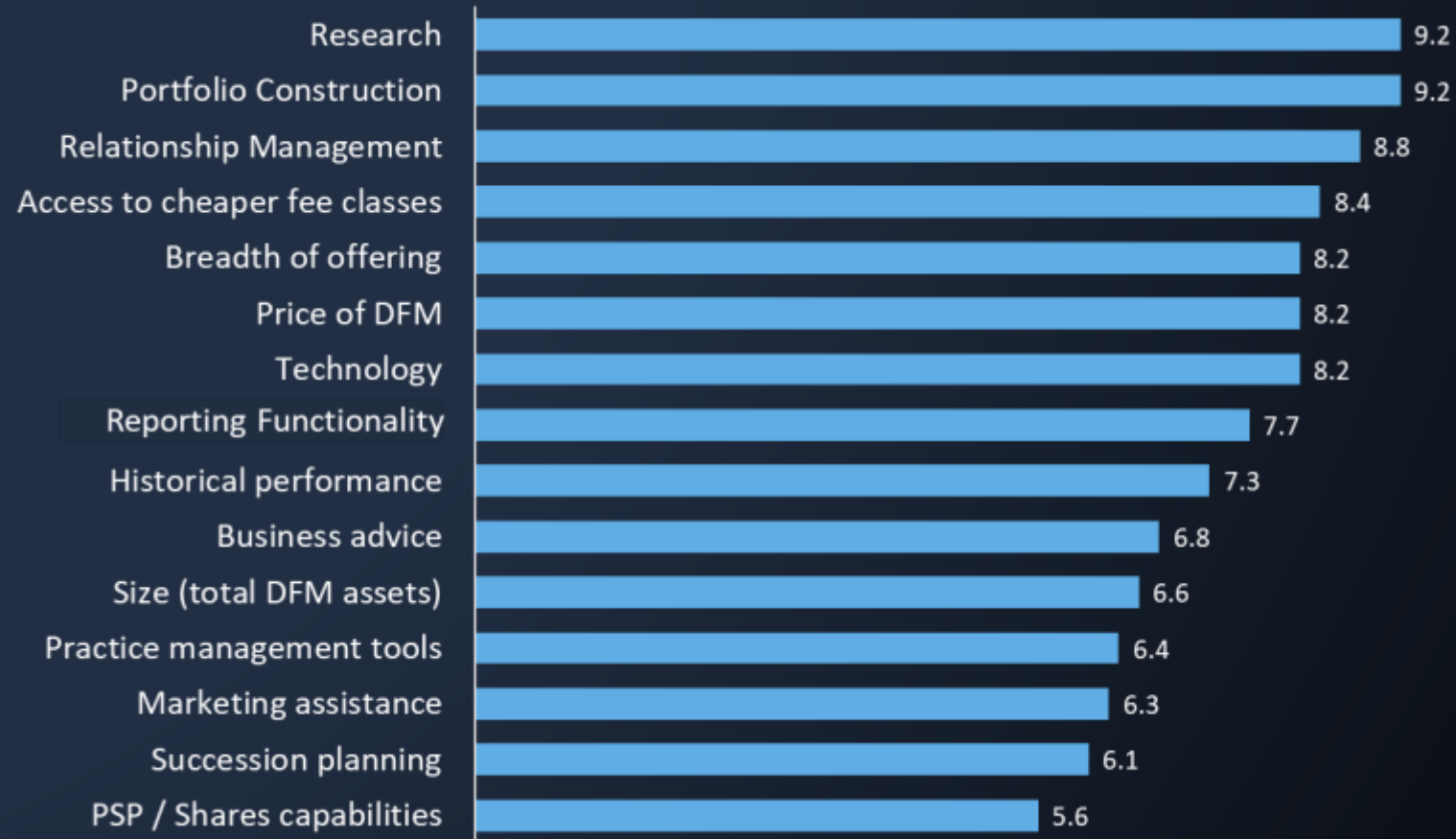


Strategy and Implementation is a CHOICE

What about disruption of DFM?

Underlying contradictions are developing

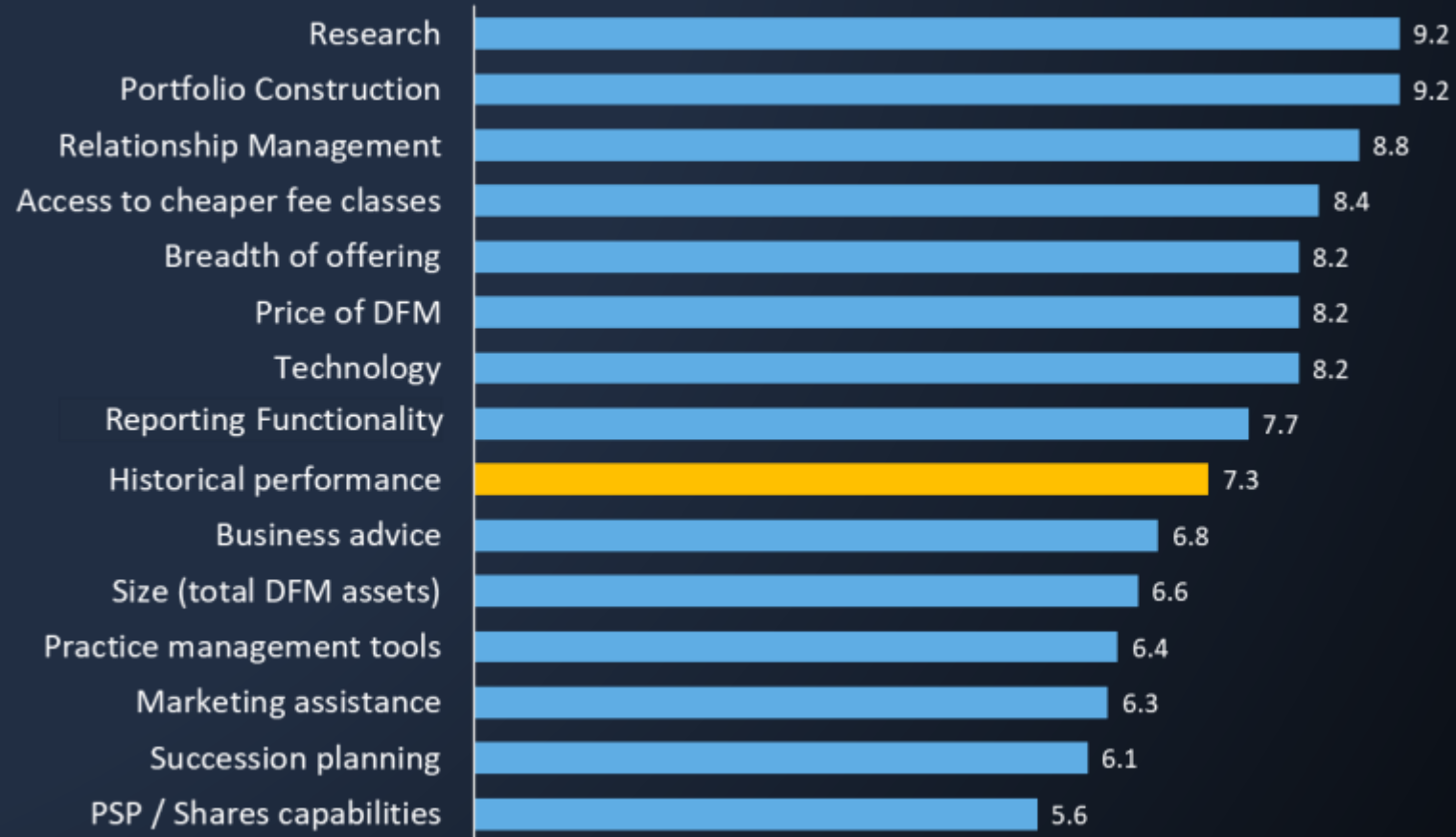
Importance of DFM selection factors



Source: NMG DFM Survey

Underlying contradictions are developing

Importance of DFM selection factors



Source: NMG DFM Survey

But is this Discretionary Fund Management?

1. Investment Management & Strategy:

- Customised solution sets
- Optimisation and asset allocation
- Fund and manager research

2. Client & Business Operations:

- Business scalability services
- Human capital development
- Reporting and operational efficiency
- Strategic support and practice management

3. Compliance & Ethical Governance:

- Compliance oversight
- Governance frameworks
- Risk management and ethical standards

To whom is the service provided?

Who pays for it?

What do they think they are paying for?

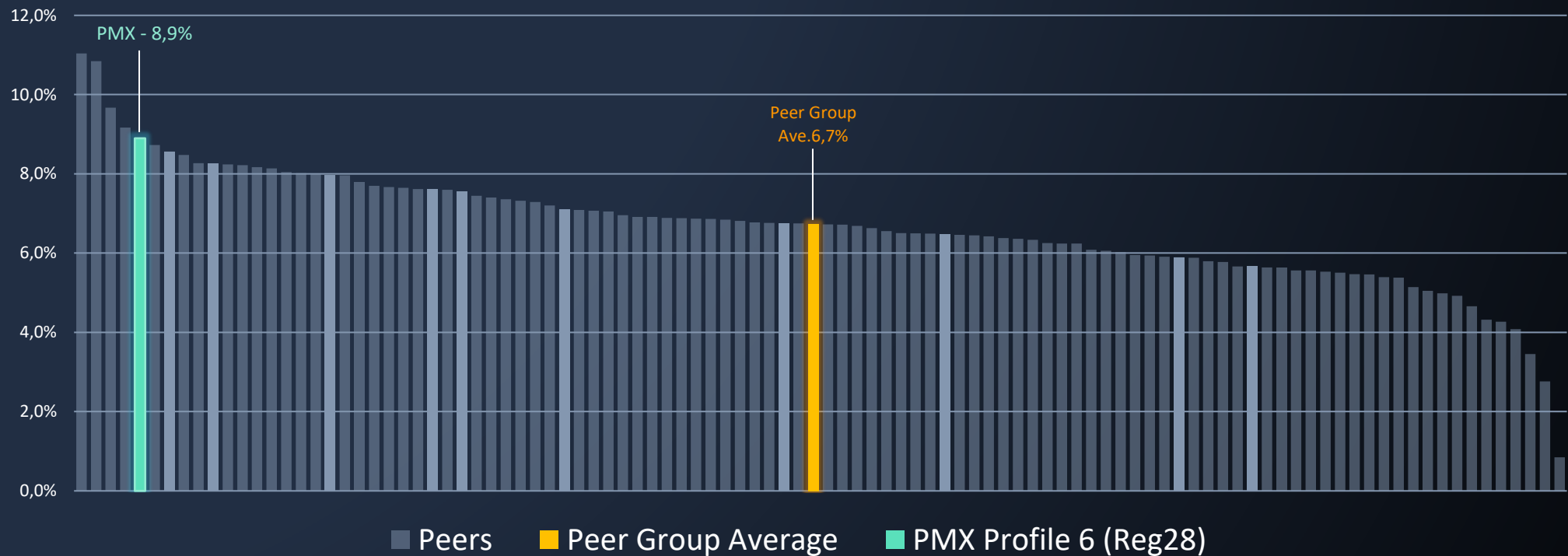
Are they receiving value for it?

Have they already paid for it?

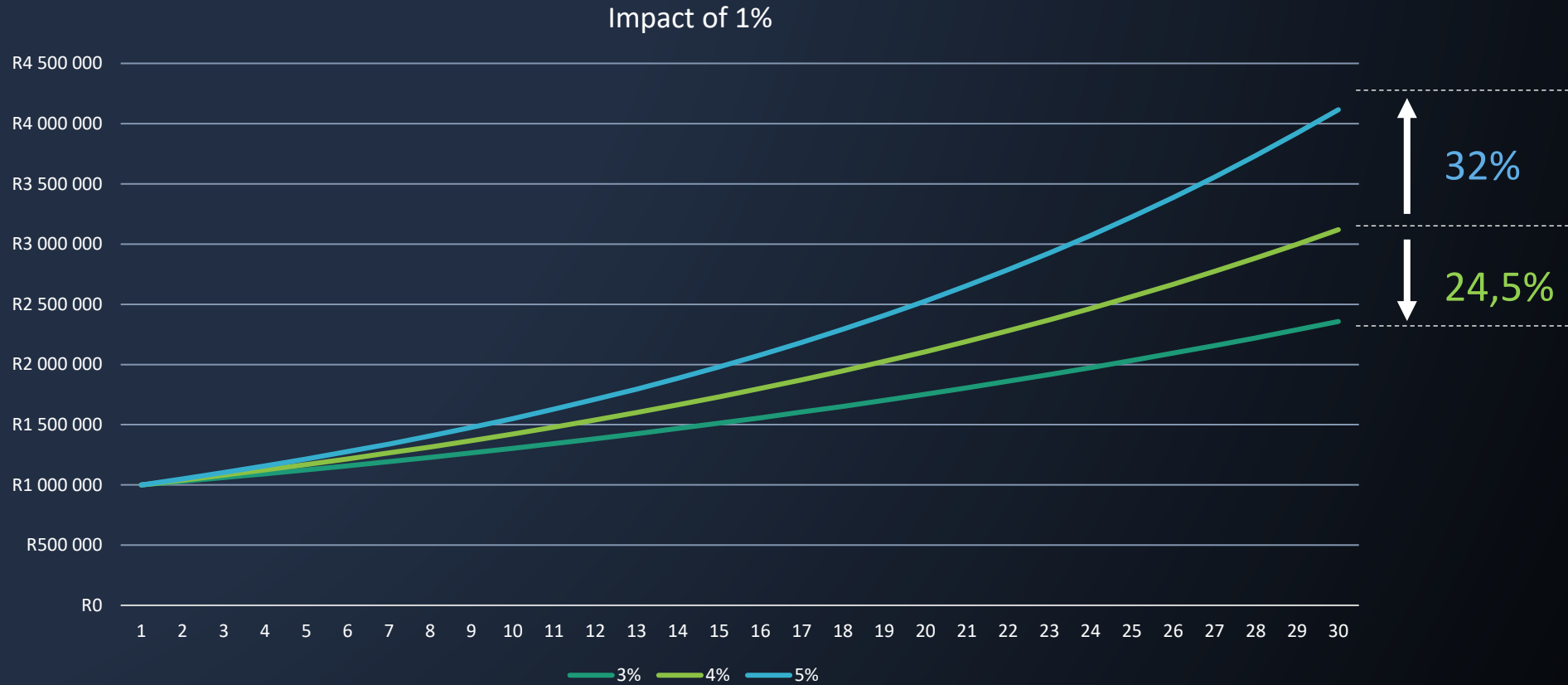
Could they be doing better?

Small, consistent gains compound

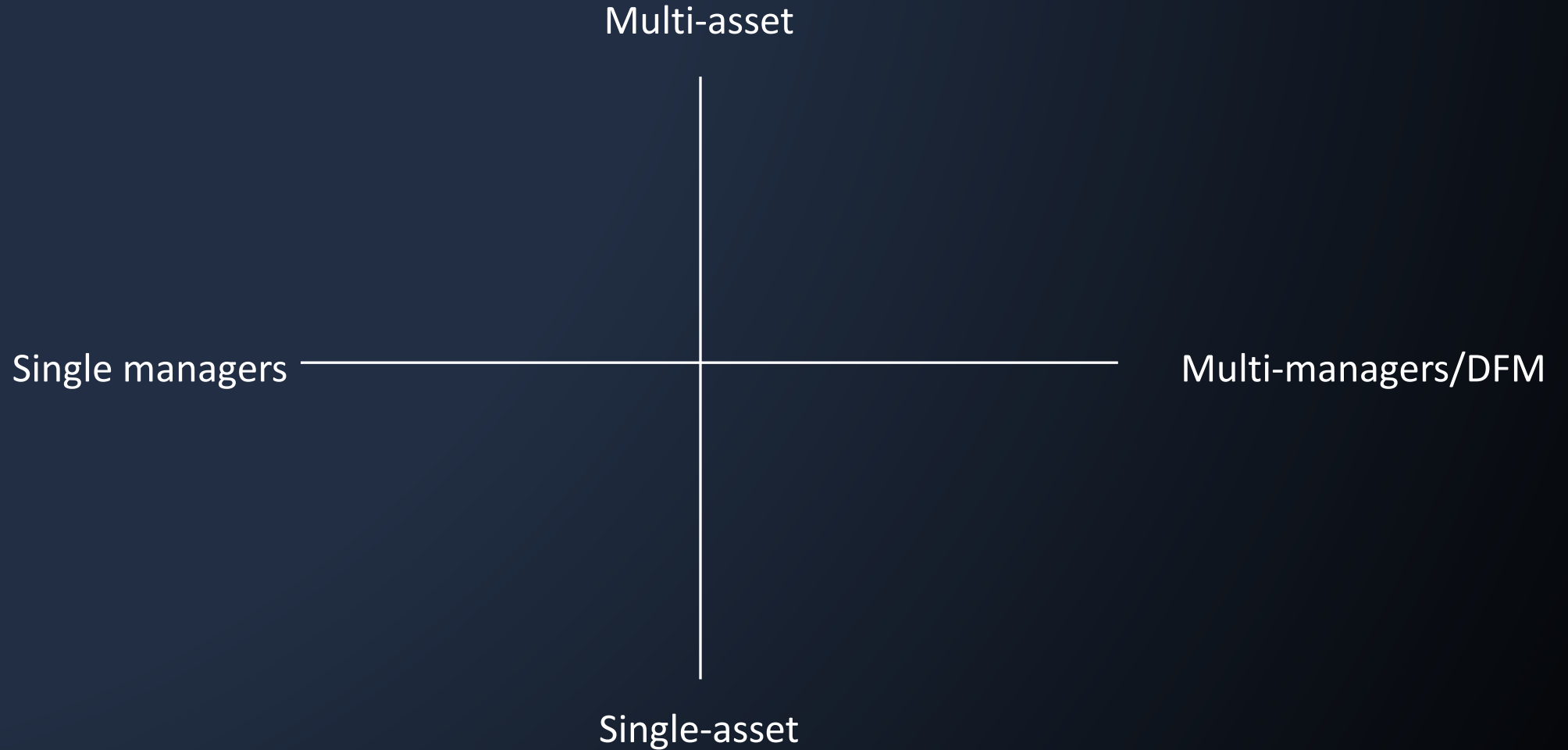
ASISA High Equity Category Annualised Performance from 01/10/2014 to 31/01/2024



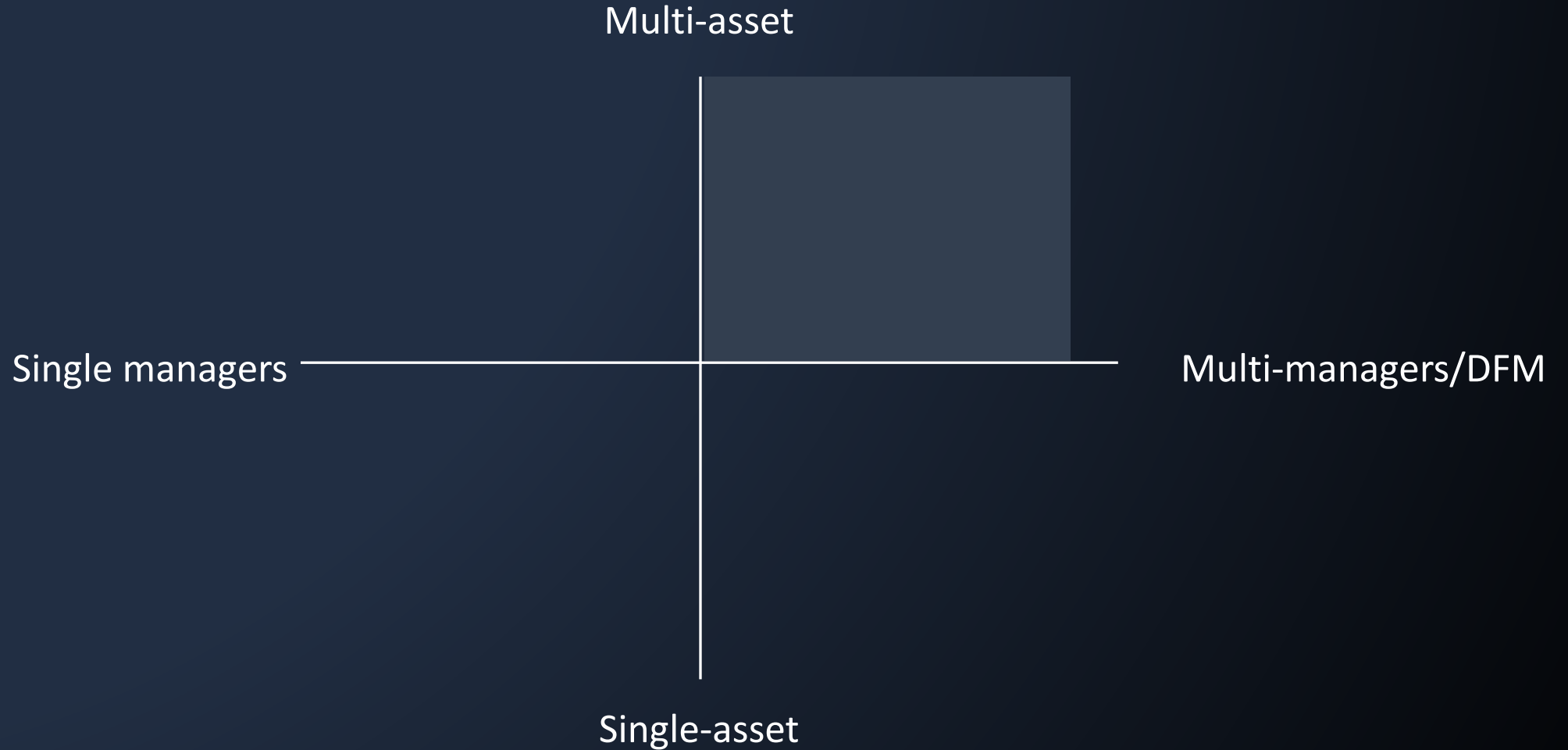
The differences in outcomes could be startling



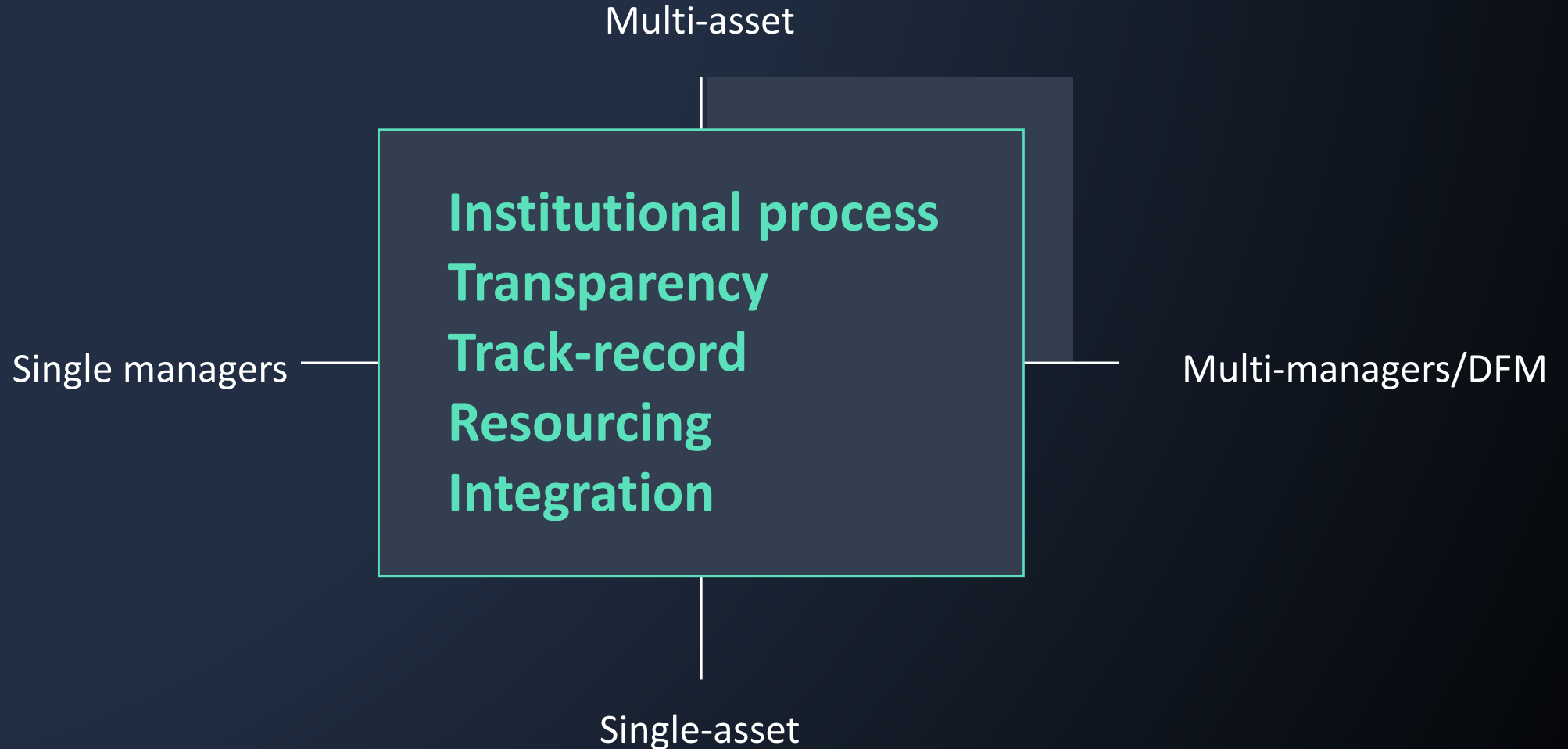
Strategies to adapt and thrive



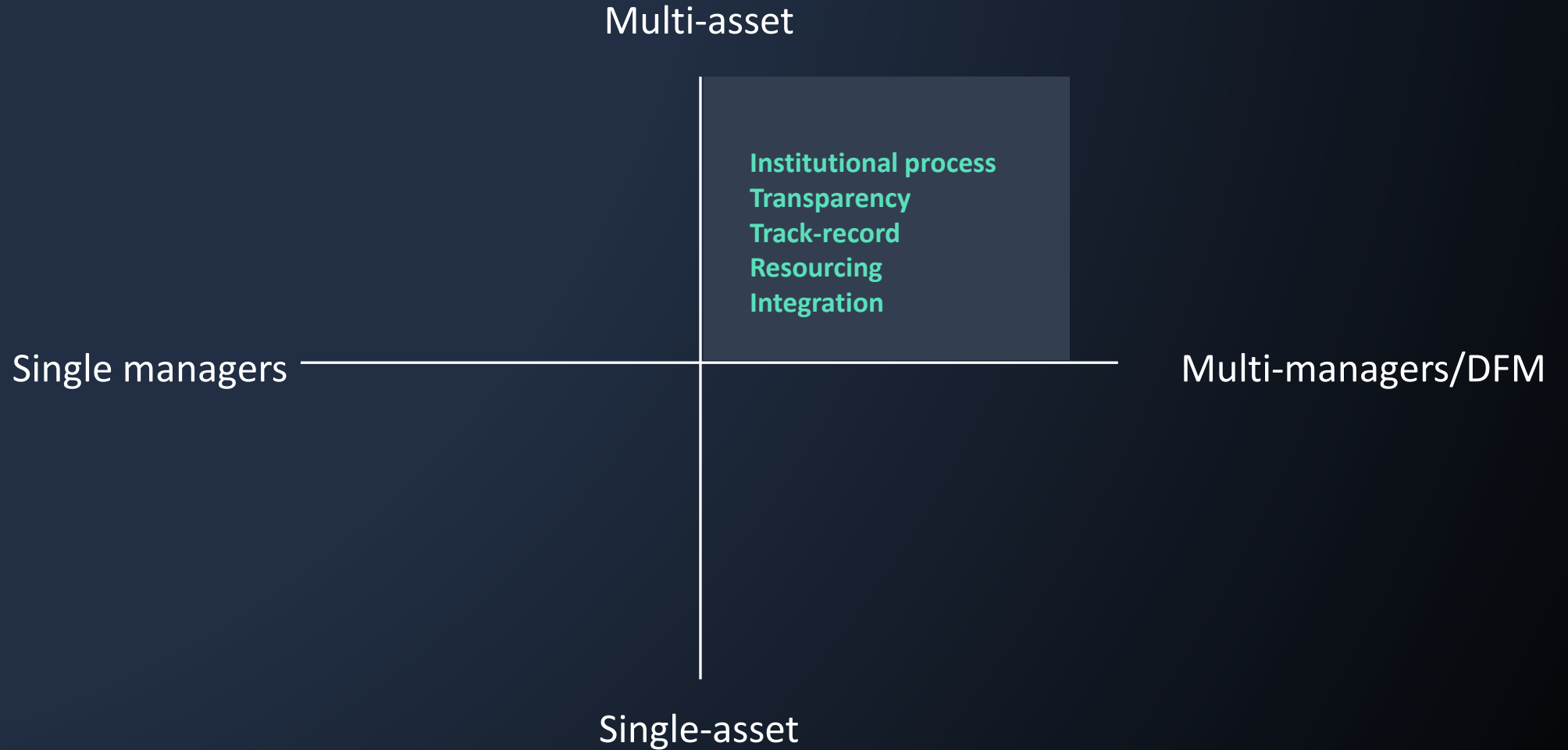
Strategies to adapt and thrive



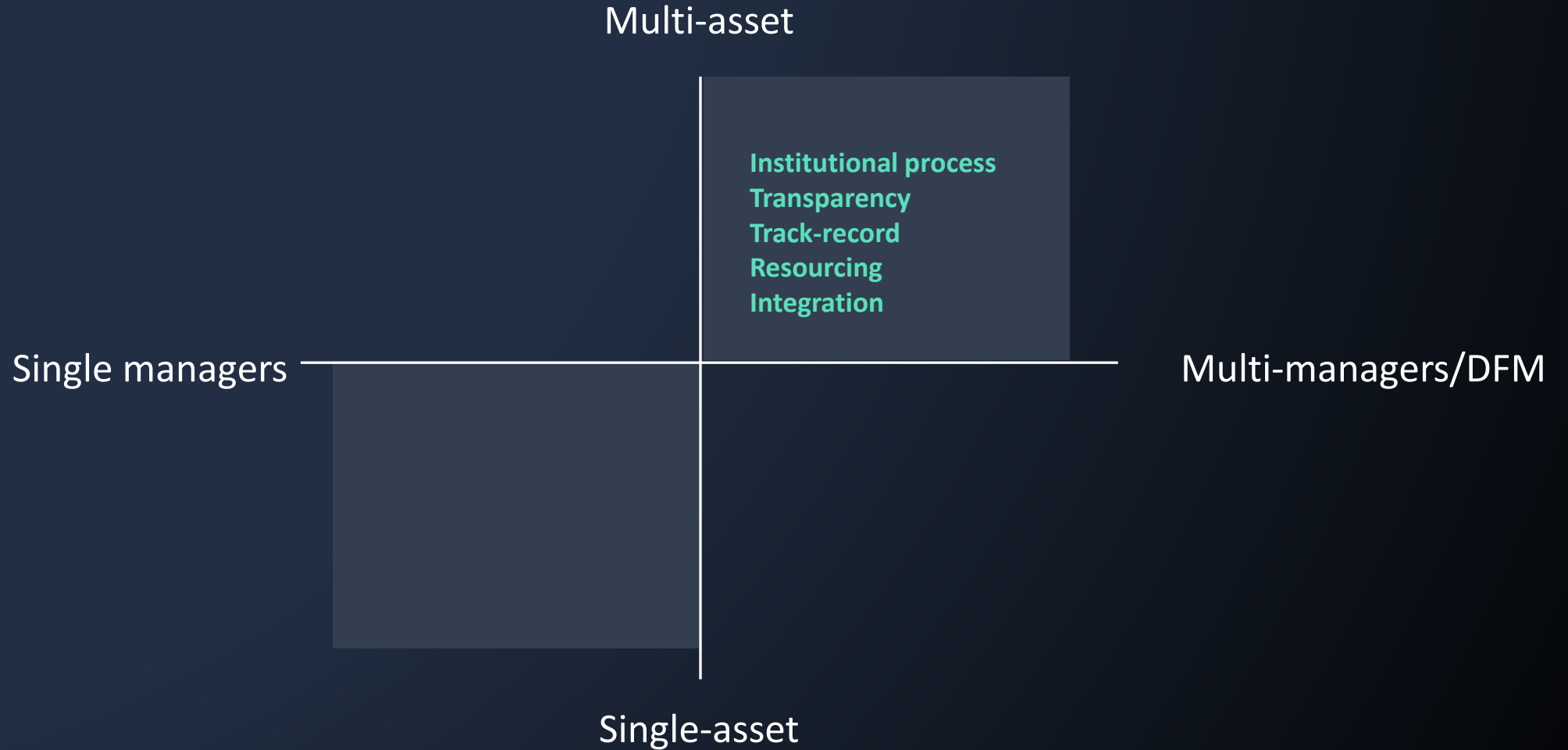
Strategies to adapt and thrive



Strategies to adapt and thrive



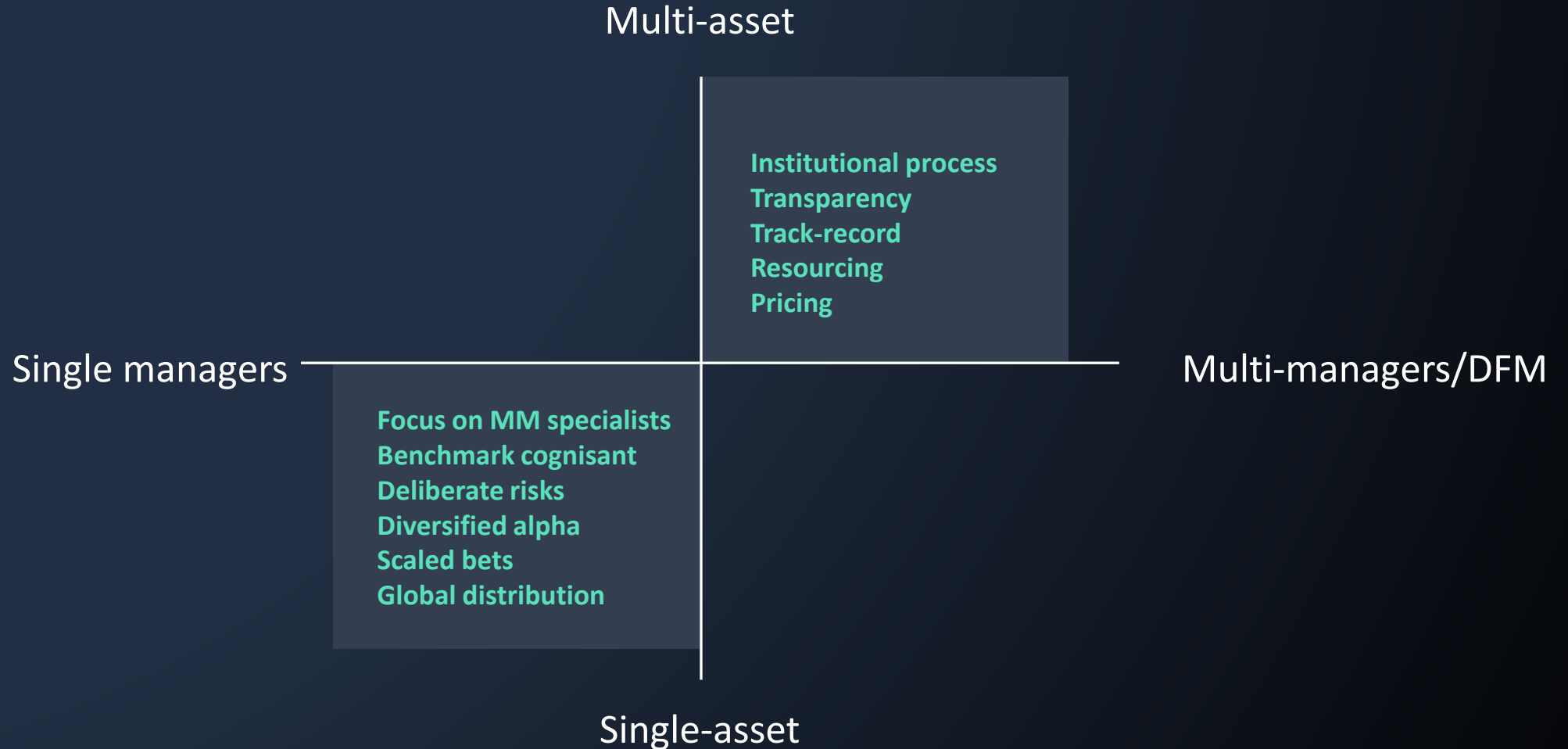
Strategies to adapt and thrive



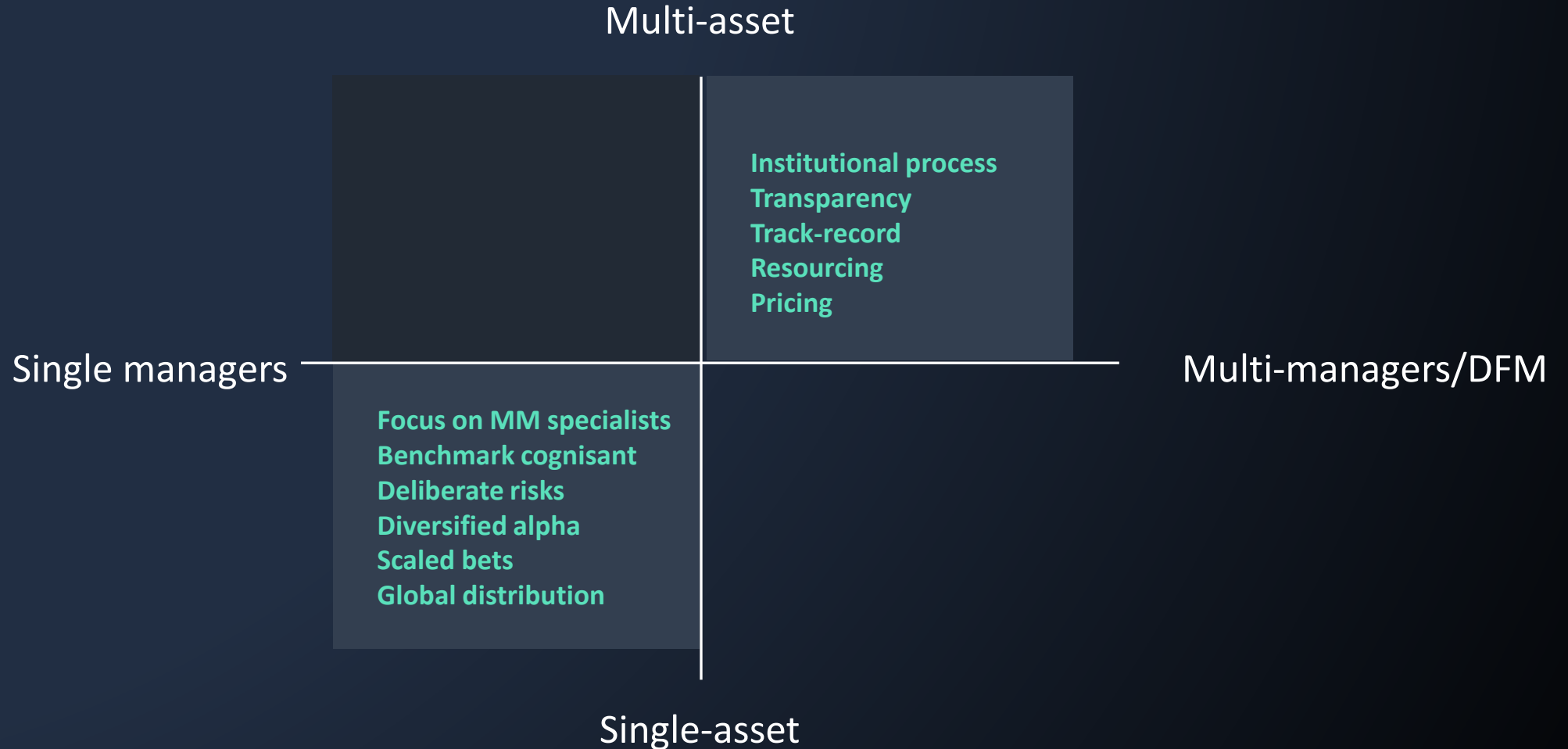
Strategies to adapt and thrive



Strategies to adapt and thrive



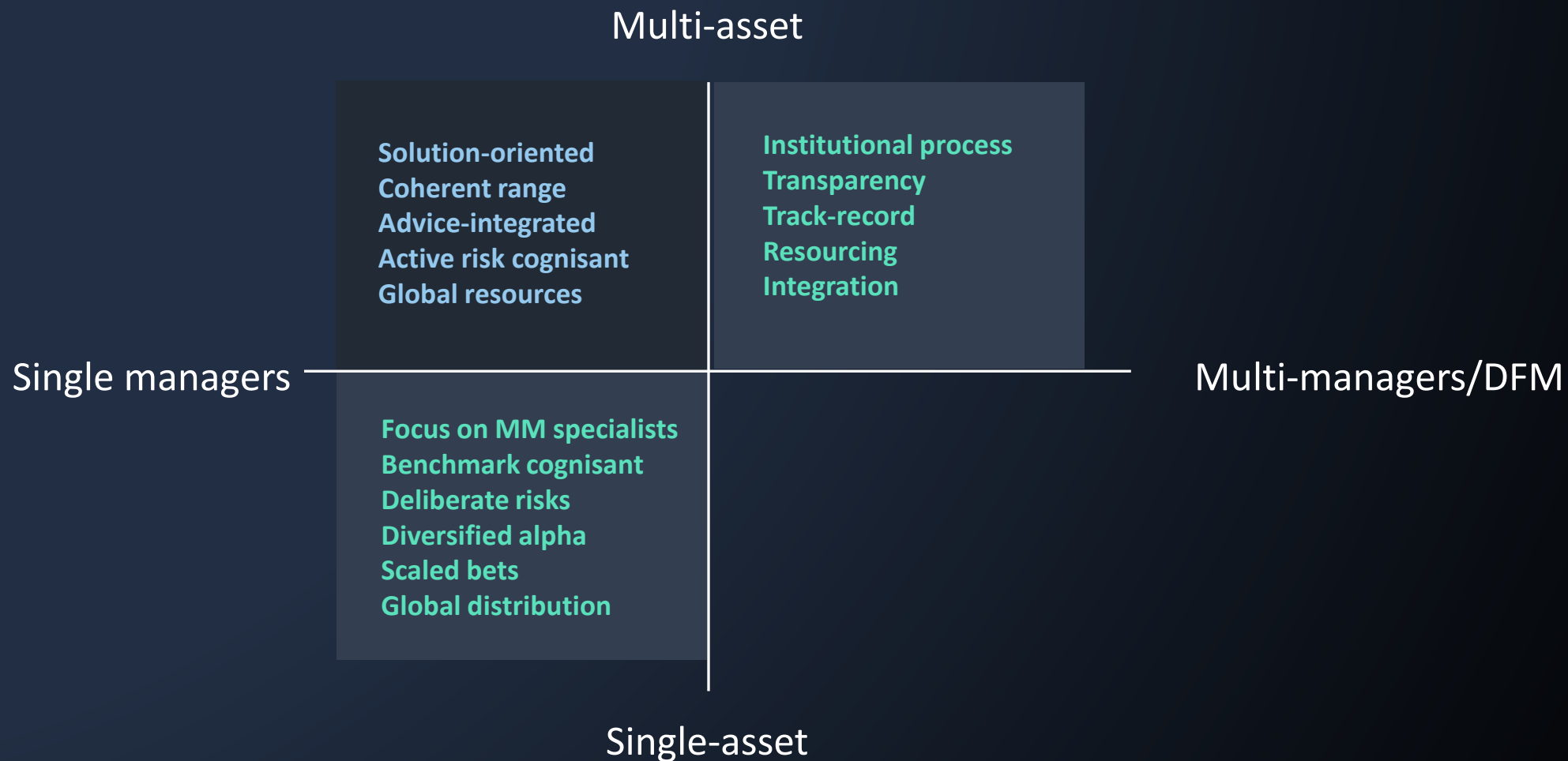
Strategies to adapt and thrive



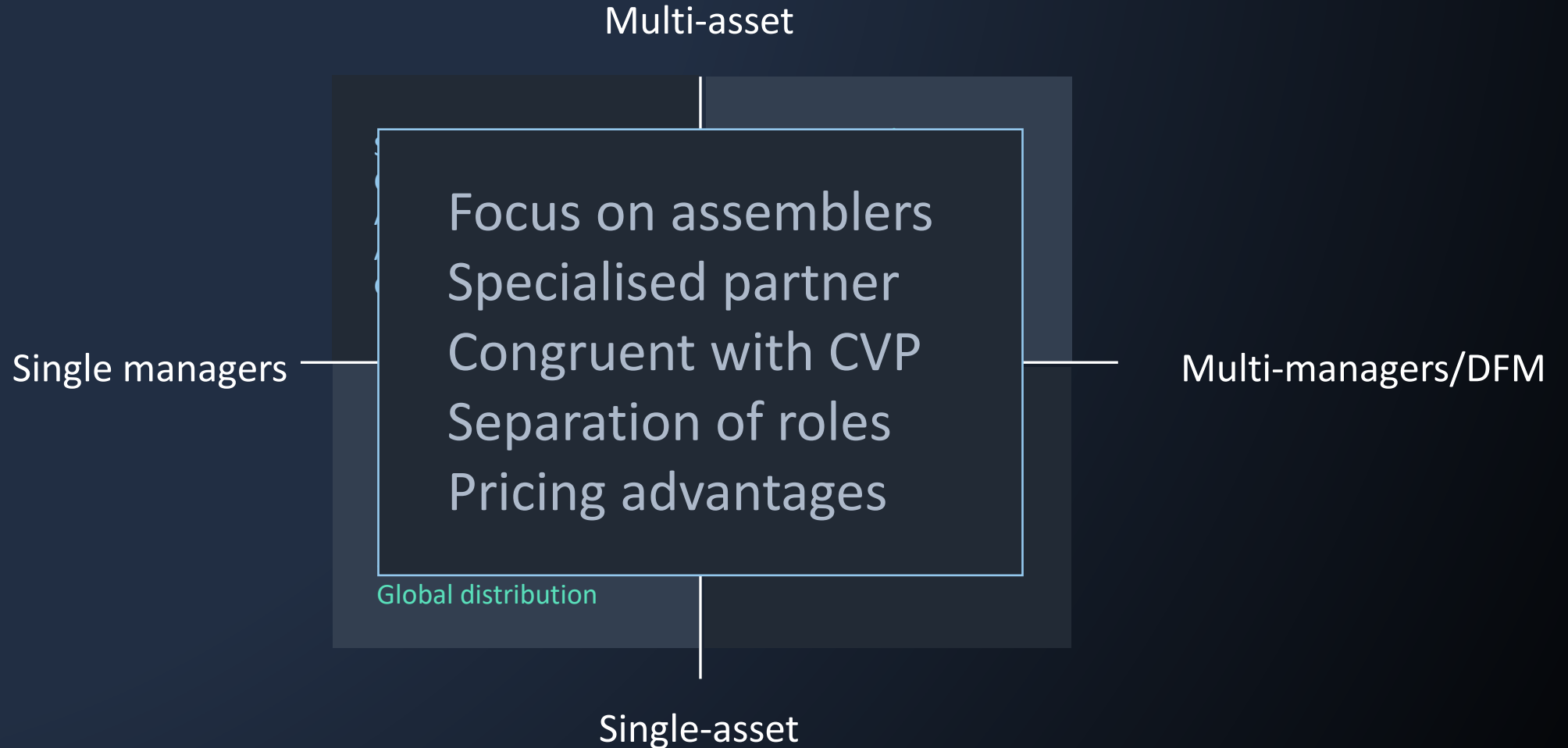
Strategies to adapt and thrive



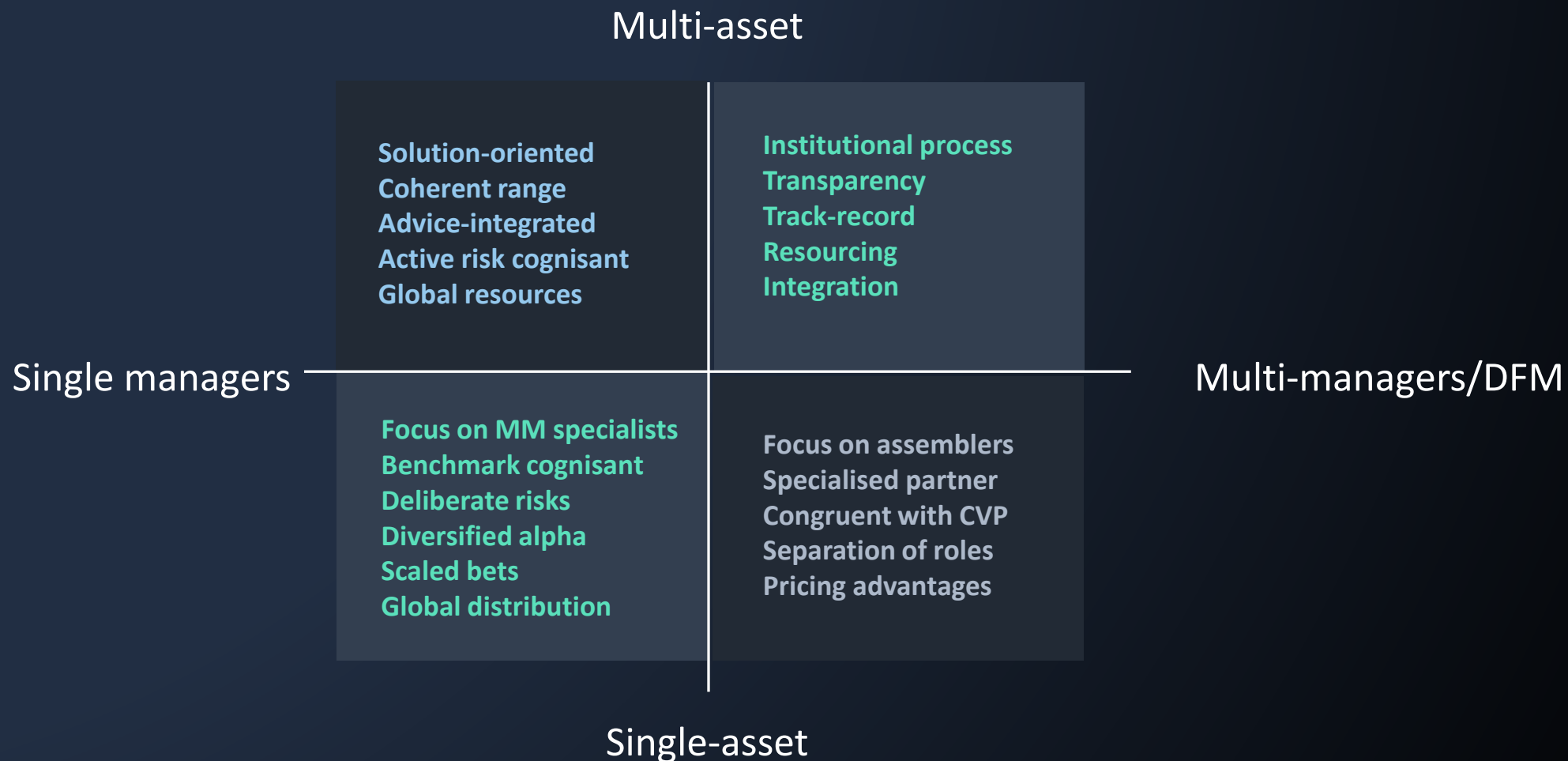
Strategies to adapt and thrive



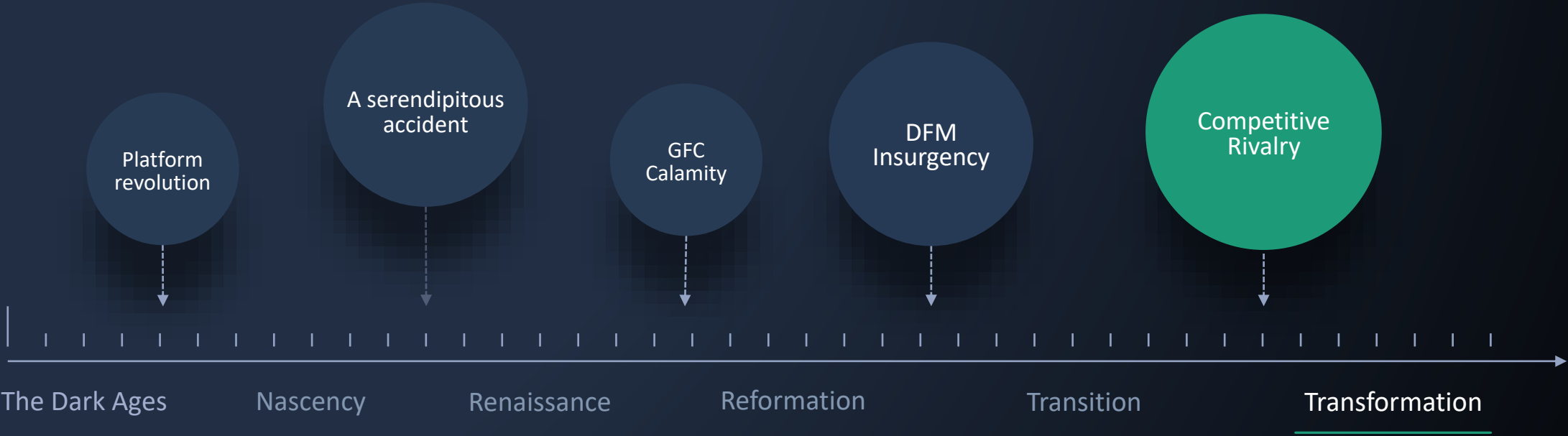
Strategies to adapt and thrive

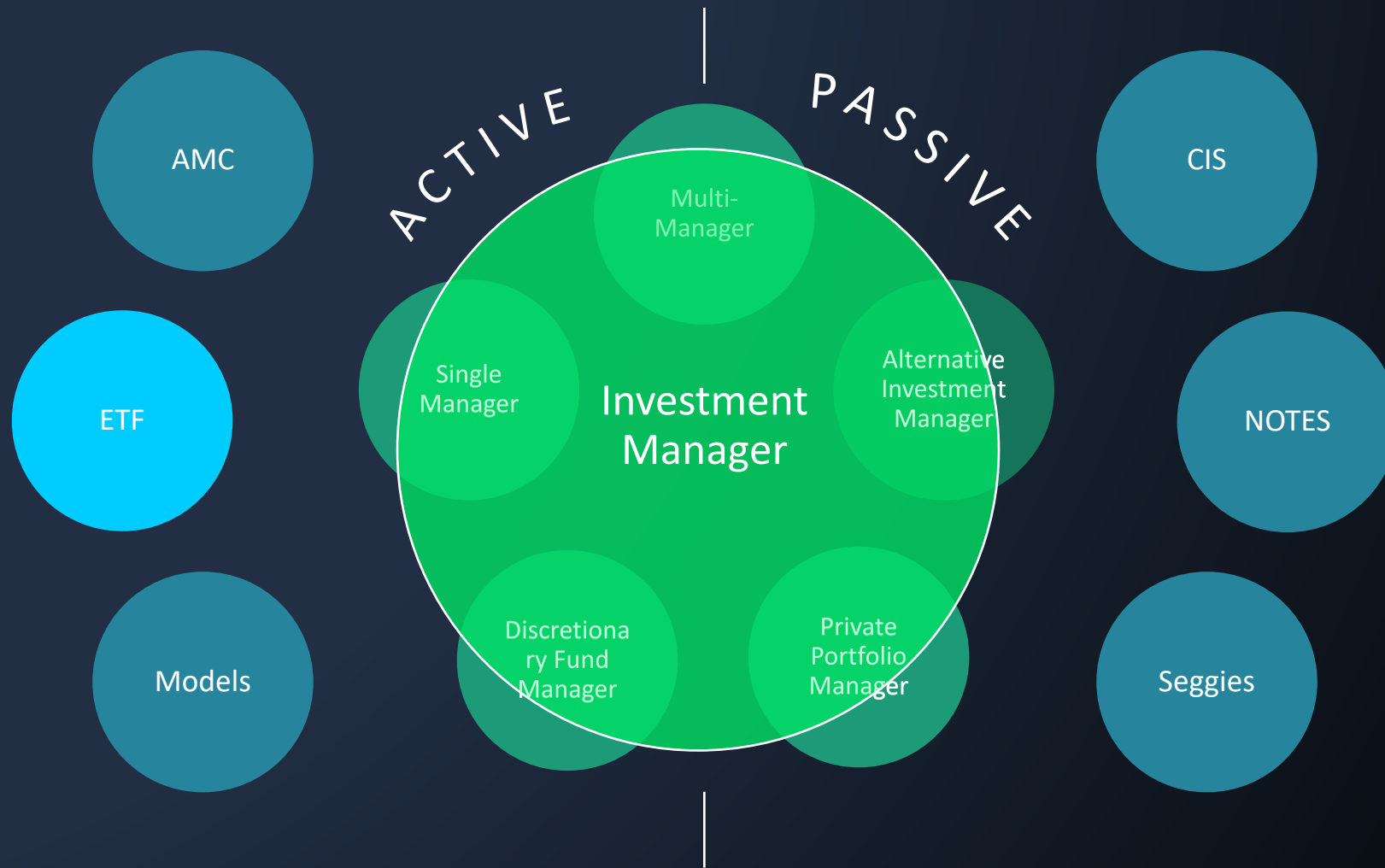


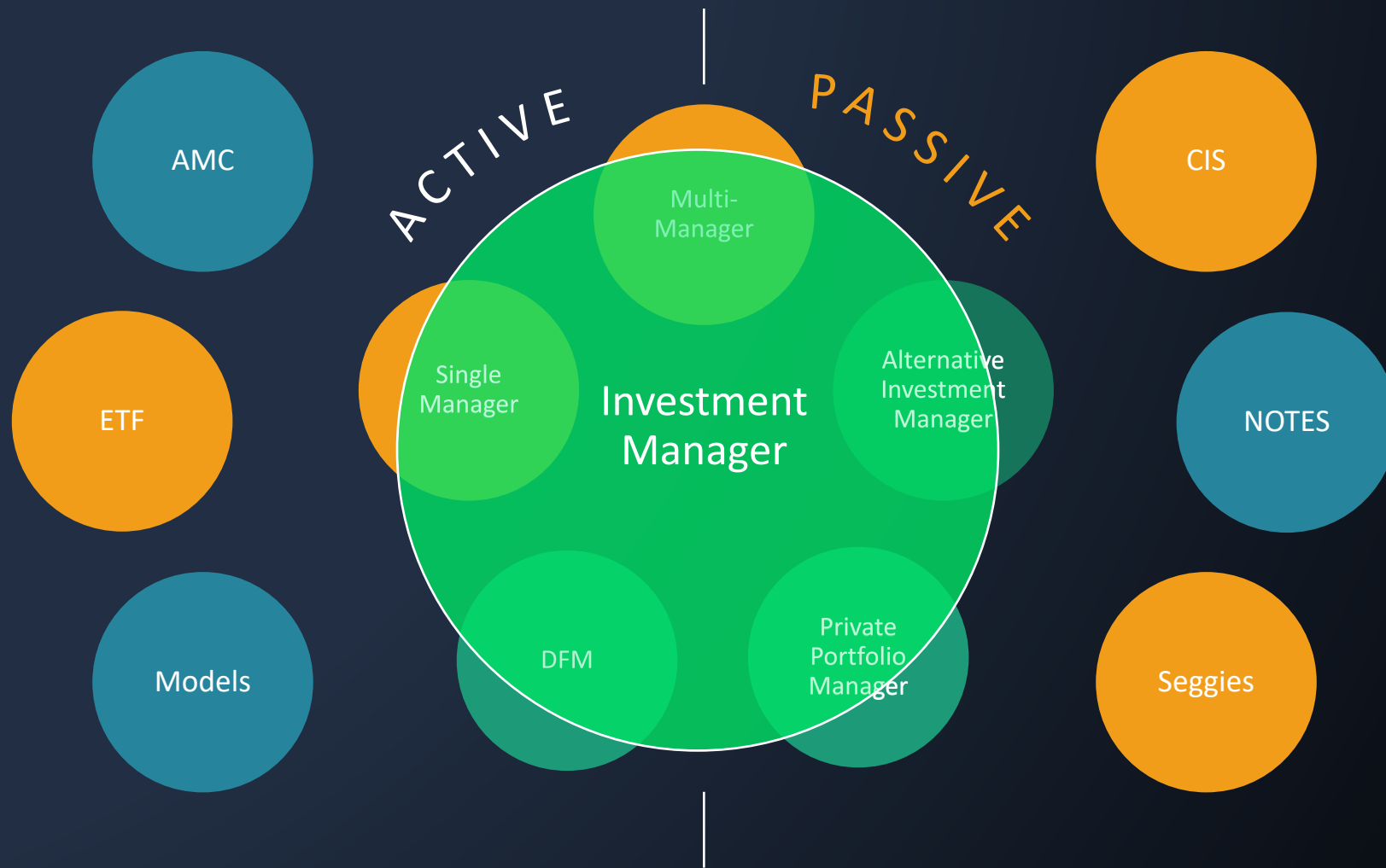
Strategies to adapt and thrive



Competition will drive a transformation







A close-up photograph of a person's face, heavily decorated with face paint. The person has bright green eyes and is wearing a red and white hat. The face is painted with green and blue, with a white and orange pattern on the left side. The text "Thank you" is overlaid in the center of the image.

Thank you