

Decoding Discretionary Fund Managers:

In conversation
with Nadir Thokan



Alexforbes, a name synonymous with institutional strength in the business-to-business market, is embarking on an intriguing journey.

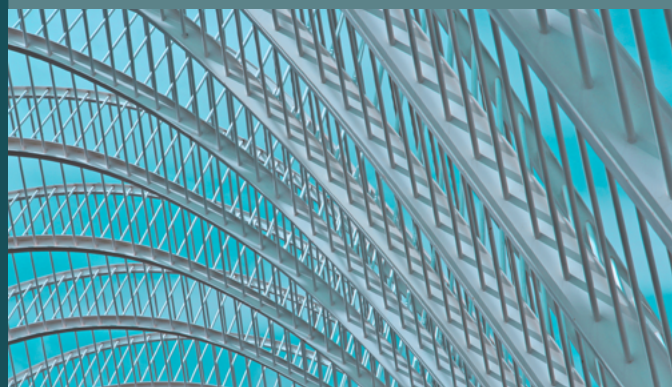
This transition involves expanding into the retail space, a strategic move that aligns with the organisation's vision. Alexforbes is set to bring its discretionary fund management (DFM) offering to market, designed to simplify investment management for independent financial advisers (IFAs) and their clients.

But what's the buzz? We sat down with Nadir Thokan, Senior DFM Specialist at Investment Solutions by Alexforbes, to explain more about this strategic transition and its significance

Asset management versus discretionary fund management - are the two in opposition?

The intersection of these financial realms is indeed complex, and the lines are starting to get somewhat blurred. Let's dissect it. A DFM seeks to help IFAs curate and create investment solutions on behalf of their clients. An asset manager's primary role is to venture into the market and acquire securities. However, the lines blur when a DFM also acts as an asset manager, directly purchasing securities.

At Alexforbes, we take a purist approach. We won't be buying securities directly. Instead, we leverage our rich history in manager research and multi-management - over 25 years of expertise - to craft tailored solutions for our clients.



What do you see as some of your core differentiators?

Advice-led DNA: At Alexforbes, advice is our cornerstone. It's not just a slogan; it's our philosophy. Our team formulates best advice, backed by rigorous research within our best advice frameworks. As the Head of Investment Consulting Strategy, my role is to translate this advice into actionable investment strategies.

Our DFM business inherits this DNA, helping IFAs create model portfolio solutions and custom-built offerings that serve the needs of their clients.

Multi-manager excellence: We've mastered the multimanager game in the institutional space. Our extensive research and scale allow us to bring this expertise to the retail market. But we're not just about traditional multi-management; we're solution-builders. Rather than venturing into asset management, we stick to our specialty.

Best-of-breed: Unlike some other DFMs, we don't push in-house products onto IFAs. Instead, we leverage our unique strength: being a multi-manager.

When you combine Alexforbes' local presence with Mercer's global scale and capabilities, I'm not sure if there's anyone who can claim to offer an equivalent in this market. But it's ultimately about the benefit this strategic relationship can bring through to clients, and being able to use that and leverage it to deliver better investment propositions at better value.

Our promise to you? We'll help you bring the best-of-breed solutions to your clients. Whether it's local or offshore, our focus remains on delivering quality solutions that manifest according to expectations and their ability to best serve clients' needs.

Local expertise, global acumen: Our institutional manager research scale matches the depth of coverage of South African managers. And, we don't stop there. By partnering with global leaders like Mercer Global Investments (Mercer), we tap into offshore manager research and solution sets because in this vast world, finding the right solutions requires a global perspective. Mercer, a global multi-manager powerhouse, boasts over 300 research analysts worldwide and manages a staggering \$1.3 trillion in assets. By tapping into their scale and investment insights, we bring the best of global thinking to our portfolio construction process. It's about rethinking and redefining wealth management for the retail market, just as we've done successfully in the institutional space.



Critics often raise concerns about additional fees associated with DFMs. What do you say about this?

Our philosophy centres on shared value. By optimising costs, we empower IFAs to deliver better outcomes for their clients.

Our substantial assets under management – currently around R500 billion – give us significant negotiating power. With longstanding institutional relationships across large and boutique asset managers in South Africa, we've committed to significantly reduce costs. Not only in investment management but also in administration. These cost benefits mean that we can offer IFAs differentiated solutions that are more cost-effective than traditional unit trust structures. It's a win-win scenario: advisers succeed, clients prosper and the entire value chain thrives.

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