Managers’ Digest

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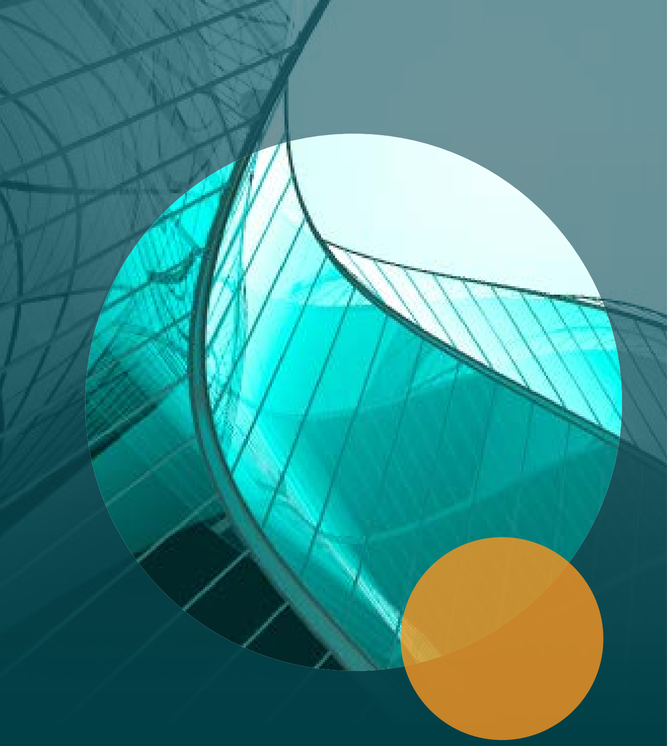


In this **edition**

The South African investment landscape has recently witnessed mixed performances and notable developments, underscoring the diverse dynamics shaping the industry. Among these standouts, the **Ashburton Income fund** was the best absolute performer in **the Namibia Manager Watch™ survey**, achieving an impressive return of **3.62%** for the quarter. In parallel, the **ClucasGray Equity Fund**, participating in the **SA Equity Manager Watch™ survey**, emerged as the best relative performer, exceeding its benchmark by 6.67% during the same period.

The recent relaxation of offshore limits to **45%**, as stipulated by **Regulation 28** of the **Pension Funds Act**, has prompted asset managers to adjust their strategies. This underscores the industry's agility in a rapidly changing global environment.

The **Targeted Development Investment (TDI) Manager Watch™ survey** is an important tool in the South African financial landscape, providing clients, trustees, consultants, and asset managers with an objective platform for evaluating the performance and risk of South African TDI mandates. These mandates are centred on socially responsible and targeted investments, encompassing strategies like ethical screening, shareholder engagement, and cause-based investing.

Introduction

The Alexforbes Manager Watch surveys highlight the performance and risk statistics of institutional fund managers in South Africa and have been published since 1994. Not only does Alexforbes pride itself in providing clients with a specialised range of analytical solutions, but we are also the only investment survey provider in South Africa that publishes a survey for all the major asset classes.

For the fifth consecutive year, the Alexforbes Survey Team was voted the winner in the Best Investment Survey Provider category at the 2023 New York-based Africa Global Funds (AGF) Service Providers Awards held on 1 November 2023.

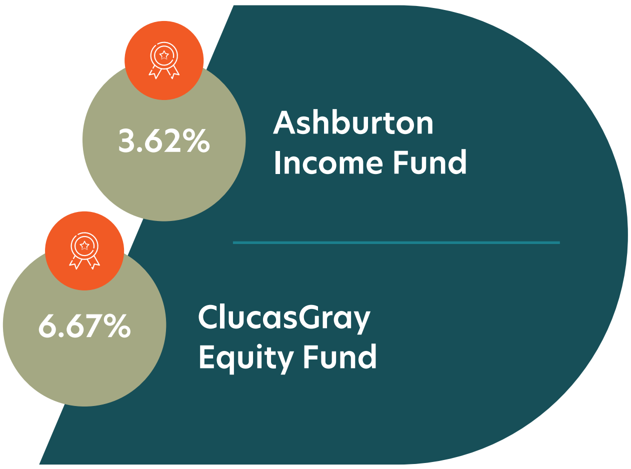
Now in their eighth year, the AGF Service Providers Awards recognise and reward companies that excel at providing services to the African asset management industry.

View 2022 Annual Retirement Fund survey

Sharpshooter

The sharpshooter (best absolute performer across all surveys) for the quarter is **Ashburton Income Fund**, participating in the Namibian survey with a return of **3.62%**.

The best relative performer for the quarter was the **ClucasGray Equity Fund**, participating in the Equity survey and outperforming its benchmark by **6.67%**.



Surveys in numbers

Some interesting facts generated over the third quarter of 2023 across all surveys state that we have:

87 **Asset managers participating** across our surveys

715 **Participating strategies** across our surveys

49 BEE level 1 contributors

R7.76 trillion
Total assets under management
(AuM – June 2023) of all participating strategies

56

Signatories of the UN Principles for Responsible Investment (PRI)

280
Portfolios outperforming their respective benchmarks
(excluding the International, Namibia, Fund of Hedge Funds, Africa and LDI surveys)

345
Portfolios increasing their market values
(excluding the Fund of Hedge Funds survey)

69
Companies endorsing the principals of the Code for Responsible Investing in South Africa (CRISA)

Read more

Industry news

In the dynamic landscape of the South African asset management industry during the third quarter ending September 2023, the following developments have emerged that bear an influence on the survey constituents. They are:

Mergence Investment Managers

They are poised to have a 46% stake of their asset management business acquired by Harith General Partners. The transaction is pending approval by the Competition Commission and should be finalised in January 2024. As of June 2023, Mergence had a reported total AuM of R36.9 billion.

Benguela Global Fund Managers

They are completing a shareholder transaction that could see the ownership of the company's staff possibly increase to over 50%. This comes after the news that Karl Gevers, a director and co-founder of the company, who held 29.5% in the company and Sibongile Mpakanyiswa who held an 8.7% stake, have both entered into agreements with Benguela and its shareholders to sell their entire combined holding of 38.2%. The firm is also in the process of selling a 20% stake in the company to its staff.

Industry and legislative update on the two-pot retirement system

On 25 October 2023 National Treasury and the South African Revenue Service (SARS) provided feedback at the Standing Committee on Finance as part of the parliamentary process following workshops and public consultations in September about the proposed two-pot system.

Key announcements and clarification were provided on a few material aspects:

- The new proposed effective date for the two-pot system is 1 March 2025.
- New proposal for seed capital is 10% of a member's retirement savings value on 28 February 2025, limited to a maximum of R30 000. The seed capital reduces a member's vested component and is transferred to the savings component as the starting balance.
- Cash lumpsum withdrawals from the savings component after 1 March 2025, including seed capital, will be taxed at members' marginal rates if they are withdrawn before retirement.

Quarterly investment update

Best-performing SA indices in the surveys

Quarter	1 year	3 years	5 years
2.07% Short Term Fixed Interest Rate Index	19.78% FTSE/JSE Top 40 Index	17.11% FTSE/JSE All Property Index	9.90% FTSE/JSE Top 40 Index

Best-performing peer group benchmarks as featured in the surveys

Quarter	1 year	3 years	5 years
0.70% SA Conservative Median	14.68% Global Dynamic Median	14.04% SA Best Investment View Average	9.37% Global Dynamic Median

SA and Global Best Investment View (BIV) – asset allocation

This section explores how asset managers are adjusting their investment strategies in both the South African and Global BIV categories of the Manager Watch survey. These adjustments are influenced by recent changes of Regulation 28 of the Pensions Funds Act, in the rules governing offshore investments, particularly an increase in the limit to 45%.

The table below shows the change in average quarterly asset allocation for selected asset classes among BIV (SA and Global) categories of the Manager Watch survey.

SA BIV - average asset allocation

	March 2023	June 2023	September 2023
SA equities	64.3%	64.5%	62.9%

We observed a minor shift in the quarterly asset allocation of the participants in the SA BIV category from September 2022 to September 2023. On average, there was a decrease of 0.7% in the allocation of assets to domestic equities with an increase of 0.7% to bonds. These slight changes could be in response to market dynamics or a broader strategy for managing risk and returns. Among the managers, the one with the highest allocation to domestic equities had an exposure of 75.8% delivering a quarterly return just above the lower quartile.

Global BIV - average asset allocation

	March 2023	June 2023	September 2023
SA equities	40.0%	38.6%	37.3%
Total SA assets	**68.6%**	**67.0%**	**66.5%**

	March 2023	June 2023	September 2023
Global equities	21.8%	23.2%	24.4%
Total global	**31.4%**	**33.0%**	**33.5%**

The Global BIV category delivered an average performance of -1.4% for the quarter, possibly influenced by the shifts in asset allocation, emphasising the need for strategic decision-making to navigate market volatility. The average assets allocated to offshore investments increased by 4.5% from September 2022 to the quarter ending September 2023. Among the managers, the one with the highest allocation to global assets for the quarter ending September 2023 had an exposure of 46.2%, delivering a quarterly return in the third quartile.

The average exposure to global assets of the participants in the peer group was 34%. Of the 43 managers, only 4 were lower than 30% by more than 5%.

Overall, the data indicates a significant trend of managers gradually increasing their offshore allocations in response to the amended Regulation 28, which allows for higher offshore exposure. The focus has shifted towards global markets, with higher allocations to global equities, while the allocation to South African assets has slightly decreased. The trend suggests that asset managers are diversifying their portfolios to take advantage of global opportunities and manage risk, considering the relative attractiveness of different asset classes and markets. The differences in offshore investments and performance across managers are likely to continue, emphasising the importance of smart allocation decisions.

Survey in focus – **Targeted Development Investment (TDI) Manager Watch™ survey**

The TDI Manager Watch™ survey serves a crucial purpose in offering clients, trustees, consultants, and asset managers an objective and meaningful platform for comparing the performance and risk associated with South African TDI mandates.

The participating portfolios within the survey primarily focus on socially responsible investments and targeted investments. Socially responsible investment portfolios encompass various strategies, such as ethical screening, shareholder engagement, and cause-based investing:

1. **Ethical screening** involves the careful inclusion or exclusion of shares in a portfolio based on ethical, social or environmental considerations. This approach aligns investments with a set of values and principles.

2. **Shareholder engagement or shareholder activism** is a strategy that goes beyond mere restriction or exclusion. It empowers investors to improve a company's ethical, social and environmental behaviour by engaging in dialogues, applying pressure, supporting responsible management and exercising voting rights at annual general meetings.

3. **Cause-based investing** revolves around supporting specific causes or activities through investment. Investors may pursue market-rate financial returns or, in some cases, accept lower returns to achieve specific social benefits for society through their investments. This type of investment can encompass a wide range of areas, including:

    - infrastructure development (roads, bridges, dams)
    - provision of housing, water and sanitation
    - construction of educational and healthcare facilities, as well as correctional institutions with adequate capacity
    - job creation through expansion initiatives
    - advancing broad-based economic and social empowerment
    - promoting employment equity through affirmative action
    - investments guided by ethical, social or environmental considerations
    - shareholder activism to drive corporate responsibility

The TDI survey is categorised by product type, facilitating a more granular analysis of performance and risk within the following segments:

- Balanced funds
- Equity
- Fixed interest
- Property
- Alternative

By providing this comprehensive platform for performance and risk assessment, the TDI survey plays an important role in guiding investment decisions and promoting responsible investment practices in South Africa's financial landscape.

Risk statistics – Volatility and tracking error

Lowest volatility

	1 quarter	3 years	5 years
Total SA Equity	**3.53%** Ninety One Value Composite	**11.81%** Visio Absolute Equity Composite	**13.70%** First Avenue Focused Equity
Manager Watch SA Best Investment View	**6.70%** Laurium Domestic Balanced Fund	**9.07%** Foord Domestic Balanced	**9.97%** Foord Domestic Balanced
Manager Watch Global Best Investment View	**4.16%** Nedgroup Investments Core Guarded Fund	**4.81%** Rezco Value Trend	**6.05%** Sasfin BCI Balanced Fund

Volatility is a measure of investment price fluctuations over time. Higher volatility suggests larger price swings and potential gains or losses.

For example, the Rezco Value Trend portfolio gained **4.46%** over 3 years, showing positive performance. Its portfolio volatility of **4.81%** indicates relatively moderate fluctuations in returns. This suggests a reasonable level of risk, aimed at achieving steadier returns.

Highest volatility

	1 quarter	3 years	5 years
Total SA Equity	**24.14%** VunaniFM Core Equity Fund	**17.63%** Momentum Investments Value Equity	**23.53%** Fairtree Asset Management Equity Fund
Manager Watch SA Best Investment View	**13.14%** Aluwani Domestic Balanced Fund	**12.28%** Coronation Domestic Mandate	**14.83%** Merchant West SCI Managed P&G Fund
Manager Watch Global Best Investment View	**11.27%** Balondolozi Active Balanced Fund	**13.83%** PSG Balanced Fund	**16.19%** PSG Balanced Fund

Volatility is a measure of investment price fluctuations over time. Higher volatility suggests larger price swings and potential gains or losses.

For example, the three-year Momentum Investments Value Equity volatility of **17.63%** was much higher than the average volatility of **14.47%** in the peer group. This indicates that the PSG Balanced Fund experienced larger price movements compared to its peers over the past three years, making it relatively riskier to its peers.

Lowest tracking error

	1 quarter	3 years	5 years
Total SA Equity	**0.04%** Old Mutual SWIX40 Enhanced Index	**1.47%** Mianzo Enhanced Equity Fund	**1.79%** Alexander Forbes Investments Pure Equity Local
Manager Watch SA Best Investment View	**1.61%** Coronation Domestic Mandate	**1.76%** Alexander Forbes Investments Performer Local	**1.93%** Alexander Forbes Investments Performer Local
Manager Watch Global Best Investment View	**0.01%** Sanlam Wealth Creation	**0.51%** Alexander Forbes Investments (Spectrum)	**0.61%** Alexander Forbes Investments (Spectrum)

The **tracking error** measures how closely an investment follows a benchmark index. It reflects the divergence between the investment's returns and the index's returns, indicating the effectiveness of replicating the benchmark's performance.

For example, the Alexander Forbes Investments (Spectrum) portfolio achieved a solid three-year return of **11.97%** per year, indicating strong performance. With a low tracking error of **0.51%**, it closely followed its intended strategy or benchmark. This suggests relatively lower risk and more consistent returns.

Highest tracking error

	1 quarter	3 years	5 years
Total SA Equity	**17.33%** Ninety One Value Composite	**10.95%** Rezco Equity	**11.60%** Ninety One Value Composite
Manager Watch SA Best Investment View	**14.06%** Aluwani Domestic Balanced Fund	**12.06%** Merchant West SCI Managed P&G Fund	**15.02%** Merchant West SCI Managed P&G Fund
Manager Watch Global Best Investment View	**23.04%** Rezco Value Trend	**16.38%** Rezco Value Trend	**16.46%** PSG Balanced Fund

The **tracking error** measures how closely an investment follows a benchmark index. It reflects the divergence between the investment's returns and the index's returns, indicating the effectiveness of replicating the benchmark's performance.

For example, the Merchant West SCI Managed P&G Fund portfolio achieved a three-year return of **18.10%** per year, showing a positive performance. However, its tracking error of **12.06%** indicates that the portfolio's actual results deviated from its intended strategy or benchmark. This suggests higher risk and potential for more unpredictable returns.

Survey asset distribution

	March 2023	June 2023	September 2023
Absolute Return	R224 billion	R228 billion	R217 billion
BEE	R408 billion	R481 billion	R466 billion
Manager Watch	R1 413 billion	R1 432 billion	R1 456 billion
Medical Aid	R89 billion	R90 billion	R90 billion
Multi-Manager	R488 billion	R498 billion	R500 billion
Namibia	R86 billion	R84 billion	R91 billion
Property	R59 billion	R56 billion	R54 billion
SA Bond	R228 billion	R230 billion	R218 billion
SA Equity	R488 billion	R477 billion	R474 billion
SA Money Market	R487 billion	R490 billion	R552 billion
Shari'ah	R31 billion	R32 billion	R31 billion
TDI	R69 billion	R66 billion	R69 billion
Total	**R4 070 billion**	**R4 164 billion**	**R4 218 billion**

The figures in the table above suggest a mixed trend with regard to the growth and decline in the assets when viewing the various surveys in isolation. Aggregated asset distribution across the surveys shows an overall upward trend. The growth in asset values across most surveys indicates increased investor confidence. Growth of the assets in the Manager Watch series of surveys is positive.

While these figures provide insight into the asset distribution of the surveys, it is important to note that additional analysis and context would be necessary to fully understand the implications of these trends. Factors such as market conditions, economic indicators, and investor behaviour would need to be considered to gain a comprehensive understanding of the observed changes.

Sustainable investment considerations – **Our approach to responsible investing**

Responsible investing (RI) is a practice that integrates factors that may materially affect the sustainable performance of assets, including those of an ESG nature.

Our RI approach is a part of our group sustainability strategy. We have adopted a four-pillar approach to provide our clients with a transparent and practical pathway to understand and identify where RI considerations sit within our investment approach and how they are incorporated into our investment portfolios:

Beliefs: We believe investing should consider a wide range of risks and opportunities, including sustainability factors such as good governance, environmental and social impacts on assets, and the associated policy and regulatory implications.

Policy: Once our beliefs on RI are established, they are distilled into our policy. The key principles underpinning our policy are: clear communication, engagement with asset managers, active monitoring of managers' ESG practices and transparency on implementing this policy.

Process: To incorporate the belief that responsible investment matters, our RI policy is expressed within each stage of our investment process, including investment analysis and decision-making. Our process also focuses on assessing asset managers' approach towards integrating ESG considerations into their investment decision-making and enhancing its disclosure.

Portfolio: We consider incorporating RI practices into our portfolio solutions through proactive allocations for impact and risk mitigation aligned with our RI beliefs.

We believe that integrating ESG factors into our investment process can capture investment opportunities and mitigate risk for our portfolio solutions, making ESG integration a focal element of our investment strategy.

It makes a case for aligning financial, environmental and social value-add, and it is an investment approach that we incorporate into our own culture. Collectively, this creates an holistic framework for investing responsibly and generating sustainable long-term investment outcomes.

Key signatories and endorsements

Principles for Responsible Investment (PRI)

As the world's leading proponent of RI, the PRI works to understand the investment implications of ESG factors and to support its international network of investor signatories in incorporating these factors into their investment and ownership decisions. We have been a signatory to the PRI for over a decade and we are proud to have maintained our strong rating, consistently scoring above our global peers across most reporting modules.

Code for Responsible Investing in South Africa (CRISA)

Launched in 2011, CRISA encourages institutional investors and service providers in South Africa to integrate ESG issues into their investment decisions. We endorse CRISA and its latest iteration, CRISA 2, which aims to reaffirm a framework of principles for stewardship and responsible investment as a key component of the South African governance framework.

United Nations Sustainable Development Goals (SDGs)

Our business activities primarily contribute to SDGs 8 and 10, with secondary goals being SDGs 3, 4, 5, 7 and 13. Through our RI approach, a focus on shaping SDG outcomes involves broadening the analysis of our financially material ESG issues to also include a parallel analysis of the most important outcomes to society and the environment at a systemic level.

Association for Savings and Investment South Africa (ASISA)

ASISA aims to strategically direct the future of the South African savings, investment and insurance industries to ensure relevance and sustainability and meet the developmental needs of our country. ASISA is aligned with the government's global and local regulatory objectives to reduce inequality, protect consumers and improve investment and savings behaviour. We are proud to also have representation on ASISA's board of directors, putting us in an advantageous position to advance the interests of our clients and our industry.

As stewards of our clients' assets, we are dedicated to stewardship, active ownership and the incorporation of ESG principles to generate both financial and non-financial value for our clients.

As the largest multi-manager in South Africa, our influence strengthens our ability to effect change by leveraging our position for the greater good. We do this through proxy voting and engaging with our appointed asset managers where we have a clear mandate on how they should vote on our behalf. We expect them to assess and consider ESG opportunities and risks in stock selection and portfolio construction. Voting and engagement activities of our underlying asset managers are reviewed regularly and reported on to ensure transparency, and this information is used to inform our investment decision-making. We also regularly engage with industry regulatory bodies, and global and local shareholder rights organisations to share our views for the benefit of our clients and business.

We ensure alignment on and coordination of house views, opinions, thought leadership, and ESG and sustainability-related advice through our impact centre of excellence.

Expert insights -
An interview with …

Lethu Zulu
Alexforbes portfolio manager

Please introduce yourself: name, designation and company name.

Lethu Zulu, Alexforbes portfolio manager

What motivated you to become an investment professional?

Like most people coming into university, I never really knew what to study; all I knew was that I was good at mathematics and accounting. In my youthful exuberance, I decided on mathematics, thinking I would have a better chance of future employment. As luck would have it, I was introduced to the investment world when career day came, and we were told about how we could apply mathematics to the investment world. I thought the stars had aligned for me!

How does your investment style and philosophy influence your approach to managing client portfolios?

As a multi-manager, we don't really have much preference for a style because we would prefer to be exposed to all styles and philosophies in the hope that this will lead to outperformance in the fullness of time. We can differentiate ourselves in how we view different strategies and choose to put it all together to add value to portfolios. In this puzzle we put together, we try to give the portfolio the most likely chance to outperform by adding complementary strategies that will work together and not cancel each other out.

How do you stay disciplined and avoid making emotional decisions during market volatility?

Sticking to the process and believing in the decisions made are essential when trying to be objective in the face of volatility. The adage that says 'All the work is done on the training ground' is very true, and its applicability to our industry is that all the work, reviews and testing done beforehand to gain the positions in the portfolio will help you keep calm because you have prepared for this and how the portfolio reacts was within the realm of expectations.

What are one or two of the most common mistakes you see novice investors make, and how can they avoid them?

The most common mistake is not following the process through the bad times as they do in the good times. Staying the course and understanding that there are times that you will be wrong is vital to reap the benefits when things do turn for you. Top decile investors are those who get 6 out of 10 decisions right, and in those 4 times that they do get it wrong, they remain calm and stay convicted in their process.

How do you think advancements in technology such as AI is changing the investment industry, and how are you adapting to these changes?

In an industry such as this one, where there are so many inefficiencies, you can take advantage of the inefficiencies if you have access to more additive levers. In a world where one can't hire 100 analysts, AI can be all those and more in searching for information, sifting through data, picking up trends, and much more at a much lower cost. In our world of manager research, we are asking more questions about technology adoption and implementation to see if asset managers are constantly improving their process and using AI to enhance their process or if it's a side project that's not properly used.

What are one or two of the biggest challenges you face as an investment professional, and how do you address them?

Switching off is probably the most challenging thing, especially since we are in this hybrid world where we think we are just working from home, but in fact, it has become living at work with how much work one does. So, time away to refresh is very important, and letting the mind drift away in mind-numbing activities is what keeps the energy levels high and the ideas fresh.

What are one or two of the most important lessons you have learned about investing over the course of your career?

The most important lesson I learned was that nobody really knows what the future looks like. All the most experienced and decorated investors don't know what the future may hold or how markets will react to the current environment and new information. Knowing this made me feel a lot better about things that I have gotten wrong or projections or estimates that I have had and gave me the confidence to keep seeing the market in my own way and not be influenced much by other factors.

What sets you apart from other investment professionals, and how do you differentiate yourself in a crowded field?

I am a big sports fan but an even bigger fan of sports tactics and analytics; I'm always curious to know how that play or move happened and why that unique training ground routine worked in an actual game. With investments, it's also the same; we want to know why something happened so that we know how to view it going forward and then do the detailed analysis needed to be ready for it or to make sure we are on the right side when a similar opportunity comes about. This viewpoint goes a long way toward finding out how to make strategies better going forward and how to think of new strategies that could work.

Finally, what advice would you give to someone who is just starting to invest their money and looking to build a diversified portfolio?

I always tell my friends who ask me this same question that they need to know what their desired outcome is or the purpose of the money they are saving or investing for, which will inform a lot of things. The other thing I like to tell people is that one can replicate a payoff profile of almost anything, so they needn't buy something or invest in things that are always done. An example would be property, so instead of going through the arduous task of purchasing a property, they could buy something else to create a similar payoff profile but with less headache and capital leakage.

Word
on the street

What is the difference between retail and institutional investors?

Within the investment landscape there are two main categories that investors fall in: retail investors and institutional investors. While they share the common goal of growing their wealth, there are distinct differences between these two groups. In this article, we will compare and contrast their unique characteristics.

Retail investors are everyday individuals like you and me. They invest their own money, usually saved from their salaries or personal savings in the financial markets through investment vehicles such as unit trusts and other collective investment schemes (CIS).

These investors approach investing with a more personalised and hands-on approach. They are typically looking for opportunities to generate income or capital appreciation to support their financial goals, such as retirement, education or purchasing a home.

Institutional investors, in contrast, are entities such as pension funds, asset managers, insurance companies, mutual funds, and hedge funds, which pool money from various sources to invest in the financial markets on behalf of their clients or stakeholders.

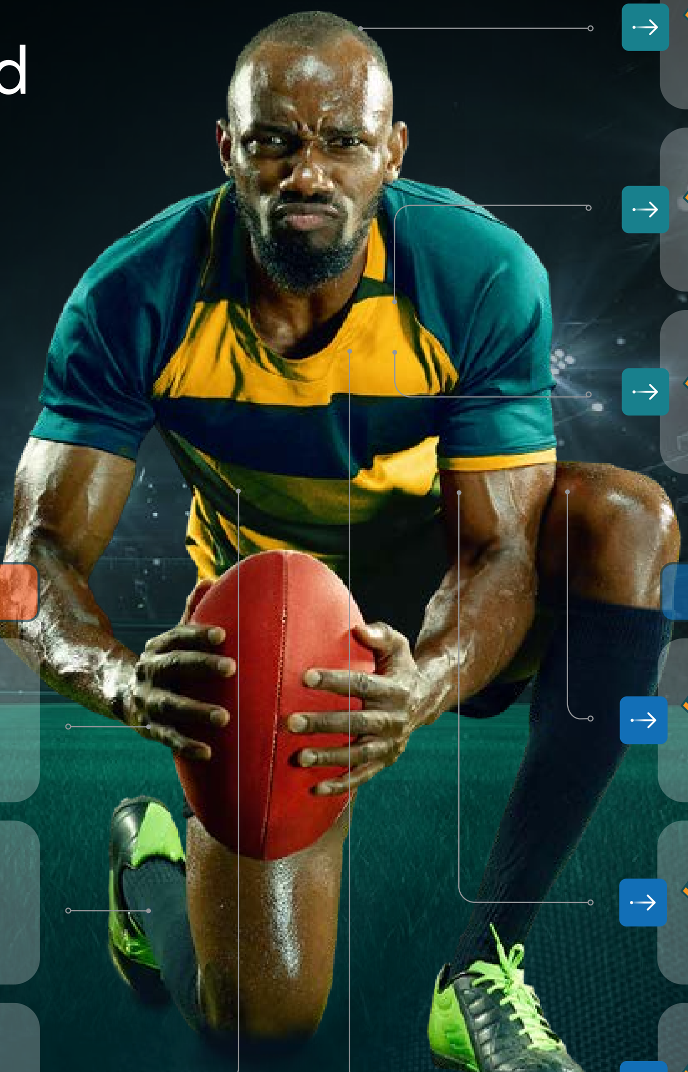
They typically deal with much larger sums of money. Their vast resources and client base allow them to participate in major investment opportunities that may be inaccessible to retail investors.

From the above, it is clear to see that institutional investors have a competitive edge over retail investors when it comes to the goal of growing their wealth. This is mainly because they operate on a larger scale (as a result of higher capital or asset reserves), with access to greater resources and professional insight. However, retail investors can also access these advantages by consulting with institutions that provide financial advice and a competitive bridge into the world of investments, such as Alexforbes.

*For more details on how you can access resources provided by Alexforbes for retail investors, please visit the following website link: **https://www.alexforbes.com/za/en/individual/investing-for-a-goal.html**

25596 • Getty Images

How the Boks won the Rugby World Cup, again!



BY BEING SUPERIOR

Rassie (COACH)
Maintained a growth mindset

Kolisi (6)
Displayed unwavering leadership

Nienaber (COACH)
Blended the best of the best into one superior team

BY BEING CONSISTENT

Etzebeth (4)
Sustained a string of excellent performances

Pollard (10)
Seized the opportunities when it counted

Kwagga (BOMB)
Provided a flexible and dynamic style of play

BY BEING COMPETITIVE

Kolbe (11)
Made the strides that counted

Ox Nche (BOMB)
Proved to be a class apart in thrust from the Bomb Squad ranks

Faf (9)
Played with his heart on his (bok) sleeve

It is much the same at Alexforbes.

As a leading multi-manager, we understand that success means achieving repeatable results, maintaining benchmark-beating returns and, overall, delivering on our clients' desired investment objectives.

To us, scaling the performance tables means producing consistent, competitive return streams that compound to superior long-term performance over time.

WELL DONE **BOKKE!**

Credit: Edward Semenya

Financial food for thought - **Weakness or strength?**

A father and his 6-year old son were walking in the mountains.

Suddenly, his son slips, hurts himself and screams: "Aaahhhhhhhhhhh!" To his surprise, he heard the voice repeating, somewhere in the mountain: "Aaahhhhhhhhhhh!" Curious, he yelled: "Who are you?" He received the answer: "Who are you?" And then he screamed to the mountain: "I admire you!" The voice answered: "I admire you!" Angered at the response, he screamed: "Coward!" He received the answer: "Coward!"

He looked to his father and asked: "What's going on?" The father smiled and said: "My son, pay attention." Again the man screamed: "You are a champion!" The voice answered: "You are a champion!" The boy was surprised, but did not understand.

Then the father explained: "People call this an echo but really this is life." It gives you back everything you say or do. Our life is simply a reflection of our actions. If you want more love in the world, create more love in your heart. If you want more competence in your team, improve your competence. This relationship applies to everything, in all aspects of life. Life will give you back everything you have given to it."

The moral of the story ...

While this story may not directly relate to finance, it does have a valuable lesson that can be applied to financial success. Just like in life, what you put into your finances is what you will get out of it. If you want financial security and success, you need to put in the effort and make smart decisions. You cannot expect to reap the benefits of good financial habits if you are not willing to put in the work. So take the time to learn about managing your money, create a plan for your financial future, and make consistent efforts to improve your financial situation. The more you put into it, the more you will get out of it.

* To find out more about your options and to get help when you need it, contact our My Money Matters centre on 0860 000 381 or **mymoneymatters@alexforbes.com**.

Conclusion

In this newsletter, we covered a diverse range of topics related to investments and finance. We shared some interesting survey results related to investments, followed by industry news and quarterly economic highlights.

In addition, we provided statistics on asset class performance and discussed our approach to responsible investing.

We included an insightful interview with an expert in the field, discussed the difference between retail and institutional investors, and shared a short story for financial food for thought.

Lastly, we wrapped up with a 'word on the street' section. We hope you found this newsletter informative and insightful, and we look forward to hearing your thoughts and feedback. Please feel free to share any comments, questions or suggestions by sending an email to **managerwatch@alexforbes.com**.

Glossary

Asset allocation: Dividing an investment portfolio among different types of assets (like equities, bonds, and cash) to achieve the desired risk and return, based on goals, risk tolerance, and time horizon.

Best Investment View (BIV): The portfolio/composites included in this survey represent the asset managers' best unconstrained investment view, appropriate to Regulation 28 compliant retirement funds.

Code for Responsible Investing in South Africa (CRISA): Guidelines in South Africa that promote responsible investing practices. It encourages considering ESG factors in investment decisions.

Principles for Responsible Investment (PRI): A global initiative promoting sustainable investing. It encourages investors to incorporate ESG factors for long-term sustainable returns.

Regulation 28: South African regulation for retirement funds, setting investment limits and guidelines. It ensures diversification and risk management by specifying exposure to different asset classes, sectors and regions.

Shari'ah: Islamic principles and guidelines for financial activities, including investments. It prohibits interest-bearing transactions and investments in businesses involved in prohibited activities like alcohol, gambling, and pork products.

Targeted Development Investment (TDI): These investment portfolios aim to maximise investor returns while paying attention to socially responsible investing and issues relating to the development and upliftment of previously disadvantaged communities.