

# Driving better solutions



## Transformation at Alexforbes continues to be integral to our strategy and success

Our commitment to transformation is deep rooted, as we have integrated sustainable transformation approaches into our way of work for many years now. Given our size and position in the financial services industry, we believe that transformation is one national imperative where we can make a real difference for our beloved South Africa, its citizens and economy. We have embraced this responsibility, steadily improving our Alexforbes transformation rating over the last 15 years, from being a Level 5 contributor in 2007 to a Level 1 contributor in 2021.

## We will always keep your goals and objectives in mind

Our transformation principles will continuously operate with the best interests of your goals and objectives in mind. The transformation policy works alongside our asset manager research function, which is an integral part of our investment process and philosophy, to ensure that it all aligns with our clients' requirements.

Consideration of transformation has long been an important part of our research and appraisal process, supplementing our research framework for assessing asset managers. Transformation will now be formally interwoven into this framework, which is core to the investment decision-making process that is considered when our portfolio managers appoint asset managers in our multi-managed solutions.

## There are no immediate changes to our asset manager line-ups

Effective transformation requires a prudent and considered approach. Given the three-year time horizon for implementation, we have not and do not intend to apply any immediate exclusions or negative screenings for asset managers whose transformation credentials do not currently meet the requirements of our policy.

We prefer to work with all asset managers in our value chain to improve their transformation frameworks over time, such that it gives us confidence that they are sufficiently transformed by 2025. Over the years, we have already seen some of our largest asset manager partners, who make up the top 10 asset managers ranked by assets under management<sup>1</sup>, make significant strides towards improving their transformation performance, as tabled below.

Asset manager	B-BBEE performance level (2017)	B-BBEE performance level (2022)
Allan Gray	Level 2	Level 1
Ninety One*	Level 2	Level 1
M&G**	Level 2	Level 1
Coronation	Level 3	Level 1

<sup>1</sup> Alexander Forbes Manager Watch™ Annual Survey, as at 30 June 2021

\* Previously Investec

\*\* Previously Prudential

More so, it is encouraging to note that the top 45 asset manager allocations across our multi-managed portfolios constitute approximately 99% of total assets under management. Over 90% of these asset managers are already compliant in terms of their B-BBEE ratings. This gives us confidence that we can collectively, and successfully, shape a more inclusive and competitive asset management industry.

## Driving better solutions: benefits of transformation and diversity

We believe that transformed and diverse teams offer many benefits, but fundamental among these is the ability to create better solutions. This is true across all industries and service sectors, including the asset management industry. There is a large body of evidence-based research demonstrating that diverse investment teams with shared values often have a better, and broader, understanding of the marketplace, and combining different cognitive styles is more likely to produce innovative ideas and investment portfolios with improved financial performance.

## The biggest opportunity to be a force for good and sustainable growth

The launch of this policy is the next step in our company's journey to make the biggest and most significant impact in advancing a more inclusive and competitive asset management industry. Very few asset allocators have made a deliberate commitment towards this imperative as we have, for the benefit of our multi-managed solutions and your future investment outcomes. We are proud of this.

At the same time, our mandate remains unchanged – ensuring that we prioritise your investment goals and that no decision will ever be taken at the expense of a compelling investment case.

➤ **Transformation library**

Transformation  
Policy  
Summary

Transformation  
Survey

Our  
transformation  
journey

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