



MULTI-MANAGERS

Hollard Investments: The under-the-radar firm delivering top performance

Half of the asset manager's unit trust range has been in the top quartile since inception in 2013.

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Hollard Investments has kept a low profile despite being one of the leading managers in South African equity.

The firm – part of South Africa's largest privately-owned insurance group Hollard, which has more than six million clients under its belt – has R5.7bn of assets under management and R17bn of assets under administration through its investment platform.

It manages eight unit trusts, which were launched in 2013, said its senior investment manager [Conlias Mancuveni](#) (pictured). Four of them were in the first quartile since inception.

Citywire + rated Mancuveni reports to CIO Ashveena Teeluckdharry-Khusial.

'We outsource security selection, but we have contributed positively to performance – particularly over the last 12 months through our manager selection and tactical asset allocation,' he said.

He added that Hollard replaces managers on the basis of their alignment with its strategy rather than ranking them solely according to performance. For example, Prescient took over the [Hollard Prime Yield-Plus fund](#) from Coronation in May 2017. Prescient had also taken over a mandate on the [Hollard Prime Dynamic Income fund](#) from Cadiz in August 2015.

In the [Hollard Prime Equity fund](#), Vunani took over from Melville Douglas in November 2019, but Mancuveni says that the mandate was changed from traditional active to a more quantitative-based 'quasi-active' approach.

A passive mandate run by Satrix and global equity assets (in both developed and emerging markets) run by BlackRock are also included in the SA Equity fund.

Hollard hopes to launch a global equity fund early in 2023.

Fund range

Hollard's largest funds are all at the conservative end of the risk spectrum. The Hollard Prime Dynamic Income fund – managed by Granate and Prescient – is the largest, with R1.5bn under management. This is in the Asisa South Africa multi-asset income sector.

Next is the Hollard Prime Money Market fund, managed by Prescient, with R1.3bn under management.

The third largest is Hollard Prime Yield Plus – in the Asisa short-term interest bearing sector – run by Prescient and Vunani – with R1.1bn under management.

Mancuveni said that in its multi-asset funds, Hollard prefers to give separate asset class mandates rather than a single balanced mandate.

'This enhances the benefit of diversification as asset managers have different views and will outperform, or underperform, at different times in the cycle.'

Mancuveni uses a similar argument to DFMs when it comes to the value proposition that Hollard offers to financial advisers.

'On average, IFAs devote 11% of their time to investment management, which clearly isn't enough time to do proper macro-economic research or manager due diligence.

'IFAs should devote this time to setting objectives, performance monitoring, reporting to clients and changes at the strategic level.'

Mancuveni added that Hollard had added value by incremental outperformance over time at a lower risk than the market, which has reduced exposure to unnecessary volatility.

After establishing the fund objectives, Hollard carries out five tasks in-house: asset allocation, market analysis, manager research and selection, portfolio construction and implementation, monitoring, and reporting.

'Our funds have a dual objective: to outperform the median of the sector consistently and also to meet a CPI-linked target over longer time periods.'

Tactical asset allocation takes account of four Rs:

- Regime, which focuses on the macroeconomic environment;
- Returns, which looks at expected returns of 12 months for each asset class;
- Risks, which looks at the expected shortfall probability, particularly in the growth asset classes, equity and property.
- Relative positioning – or whether to go over- or underweight in different asset classes. For example, right now it has a tactical overweight of 2.5% in South African equities, offset by a 2.5% underweight in developed markets. It is neutral in other emerging markets. It is 2.5% underweight in South African fixed income, but 1.5% overweight developed market fixed income. It is neutral South African property but 1% overweight developed market property.

Sesfikile has managed the [Hollard Prime Property fund](#) since inception. Developed market property assets are run by BlackRock on an index basis.