

SANLAM'S SMOOTH COMMITMENT TO TRANSFORMATION

As part of its ongoing commitment to prioritising empowerment as a business goal and national economic necessity, Sanlam's Employee Benefits (SEB) has partnered with 27four Investment Managers to launch South Africa's first, black managed, smoothed bonus product. The Progressive Smooth Bonus Fund is managed by 27four Investment Managers and guaranteed by Sanlam.

As South Africa's only smoothed bonus fund managed by black asset managers, the product was created for progressive clients that value the economic empowerment of black asset management firms and seek smoothing and guarantees in investment products.

Temba Mvusi, Chief Executive Officer: Sanlam Corporate says the product has been developed in response to, "a lack of investment flows to black managed portfolios and the complete absence of any black managed smoothed bonus portfolios."

He says that as a good corporate citizen and as a leading financial services group, Sanlam is responsible for implementing products that will positively shape an inclusive future for the sector that is in line with the principles outlined in the Financial Sector Charter.

Managing Director of multi-manager 27four Investment Managers, Fatima Vawda says that currently black asset managers preside over less than 10% of private sector assets under management in South Africa. "The introduction of the Progressive Smooth Bonus Fund offers a financial vehicle for investors to play a tangible role in contributing to transformation of the financial services sector and the South African economy as a whole."

Mvusi says the Progressive Smooth Bonus Fund is the latest in multiple initiatives that have championed empowerment and transformation over the years, including the R2 billion Sanlam Development Fund that's funded more than 100 BEE deals since 1996; the Ubuntu-Botho B-BBEE partnership launched in 2003 which by 2013 created R17bn in value for black shareholders; the contribution of R278 million to the Umsobomvu Youth Fund to develop young, black female-owned enterprises; and the investment of R860 million in properties in developing areas, R400 million in black chip companies and R135 million in black financial service firms.

Although many retirement funds have a mandate to allocate assets to black asset managers, the difficulty trustees face in fulfilling their mandate is that their members' fear investment volatility.

“The Progressive Smooth Bonus Fund presents an opportunity to empower black asset managers whilst delivering market related performance and smooth returns - regardless of movements in the market,” notes Danie van Zyl, Head of Guaranteed Investments of Sanlam Employee Benefits. “In uncertain financial times, it’s imperative to develop responsive products that adapt to the shifting requirements of the market while still fostering long-term goals. Retirement funds have a key role to play in transforming South Africa’s asset management industry. Now, funds can be invested across multiple black asset managers with the confidence provided by smoothing and investment guarantees. This is progressive empowerment made real,” concluded Mvusi.