

Identifying, partnering AND GROWING...

the next generation of South Africa's top investment talent

Zama Zulu's career in the asset management industry started in 2004 when she joined Coronation Fund Managers as a junior business development manager. After 10 years at Coronation, she left to join the debt capital markets team at RMB, assisting various corporates and state-owned enterprises (SOEs) looking to raise debt from the asset management market through auctions or private placements. She was approached by Rand Merchant Investments (RMI) Investment Managers to join the team in 2016, where she is now a Portfolio Executive.

For more than two decades, the Group has had high exposures to insurance businesses, namely Discovery, OUTsurance and Momentum but were underweight in the asset management sector. "Asset management has a high cash conversion rate and requires relatively low capital to start, which made the industry attractive for RMI Holdings to venture into as a means of diversifying its financial services income stream" says Zama Zulu.

After listing in 2011, the RMI Holdings board made the decision to reactivate the investment portfolio and so, in 2014, a new investment team was appointed to execute this plan. Asset management industry models operating globally were researched and the multi-affiliate investment management model piqued the interest of the investment team. In 2015, the RMI Investment Managers (RMI IM) affiliate model was launched.

The company has since acquired minority stakes in 12 boutique asset managers including Balondolozzi Investment Services*, CoreShares Asset Management, Ethos Private Equity*, Granate Asset Management, Northstar Asset Management, Perpetua Investment Managers, PolarStar Management, Sentio Capital Management, Sesfikile Capital*, Tantalum Capital, Truffle Asset Management and Visio Fund Management*.

RMI IM identifies and partners who they believe are South Africa's next generation of investment management talent and provides patient and permanent capital along with strategic guidance to ensure their long-term success. "We apply a long-term mindset to each affiliate's investment philosophy, and we monitor it over medium-term periods. Short-term outlooks disappoint. Rewards are met down the line," attests Zulu.

"As a supportive but non-interfering shareholder, we provide our boutique affiliates with strategic business and operational support, access to insightful research and thought leadership and well as asset-raising and marketing capabilities" adds Zulu. RMI IM believes it is the support and guidance in these key areas that affords the affiliates, which tend to be small- to mid-tier type entities, a better opportunity for success.

** Equity stakes are held via Royal Investment Managers, RMI IM's joint venture with Royal Bafokeng Holdings.*

Zulu's role focuses on asset-raising initiatives, which involves assisting the affiliate managers to achieve "retail-readiness". As part of their shareholder value map, RMI IM offers two areas of support within the asset-raising portfolio: strategic advisory and coverage support. "In terms of strategic advisory support, we ensure that the affiliate managers understand the various trends in the retail industry and how the industry works" says Zulu.

"We find that most of the affiliates are fairly new to retail due to a strong historical focus on the institutional market," she adds. "The institutional market operates very differently from the retail market, so we ensure that we provide our affiliates with useful insights on the various dynamics at play via our research generated in-house on market share and flows and any relevant client intel we may have. These insights are considered when developing an affiliate's retail distribution strategy."

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In terms of coverage support, Zulu helps the RMI IM affiliates navigate the various client segments within the retail market; the discretionary fund managers, the multi-managers, financial advisors and wealth managers as well as the LISP platforms. RMI IM's coverage support for these client segments is centred around a core fund range that includes capabilities across various asset classes and investment styles. In ensuring the company's non-interfering approach, Zulu's input and guidance is provided, as and when requested, into structuring fee policies, pricing for potential mandates as well as general preparation for new business pitches.

The RMI IM portfolio represents a world-class collection of businesses with the potential to become top-tier investment managers in South Africa. Retail investors are sorely lacking proper choice in managers, given the high concentration of assets in the hands of the larger managers and so RMI IM's ambition to challenge the status quo and create a more even playing field, will undoubtedly be highly beneficial for the industry as a whole. ■

Zama Zulu, Portfolio Executive, RMI IM

