

Global model portfolios for your advice practice

There is significant interest in investing offshore, whether to address a specific investment need, hedge currency risk associated with the rand or provide exposure to bigger, deeper capital markets and unique industries and companies. However, the investment opportunity set available offshore is vast.

So how do advisors decide which fund managers and asset classes to choose?

Partnering with a discretionary fund manager (DFM) can help with this



Florbela Yates, Head of Equilibrium

conundrum. The new Equilibrium global model portfolios, sub-managed by our London-based investment business, Momentum Global Investment Management (MGIM), give South African investors access to a diversified range of global opportunities across a broad range of asset classes, countries, companies, currencies and market sectors.

The model portfolios are designed to take the guesswork out of navigating the global landscape by removing the burden of selecting the optimal asset allocation and fund manager mix – our team in the UK does it for you. At the same time, we do not just invest in one country, in one stock market or use the expertise of one fund management house, but instead, look everywhere for the best investment opportunities globally.

The global model portfolios are constructed using the same outcome-based investing philosophy as our local portfolios. This process starts with the portfolios' long-term strategic asset allocations (SAA), which is the optimal blend of asset classes required to achieve the desired return outcomes in US dollar terms with as little risk as possible, while also minimising the probability of shortfall versus those objectives.

To complement the SAA, shorter-term tactical tilts are overlaid depending on valuations and the outlook for a particular asset class at that point in time. Then finally, further value is added at the implementation stage by selecting specialist fund managers per asset class and per investment style and investment strategy – having a global presence enables the team to search far and wide for the best investment talent.

The Equilibrium global model portfolio range consists of three risk-profiled portfolios, allowing advisors to select the

most appropriate investment option based on their client's individual risk profile and investment time horizon.

The best way to get investors to their objectives is for them to stay invested through the cycle.

The Equilibrium Global Cautious portfolio is designed for more conservative investors given its higher allocation to fixed-income instruments; the Equilibrium Global Managed Portfolio is for investors looking for a more balanced blend of asset classes; and the Equilibrium Global Growth portfolio is for investors with a higher risk appetite given its approximate 90% allocation to global equities.

Through consistent application of the outcome-based investment process, the global model portfolios have an excellent track record of delivering on their return objectives in US Dollar terms over time, as represented by a similar strategy managed by the same MGIM investment team going back to 1 January 2016.

The purpose of partnering with a DFM like Equilibrium is to ensure that there is alignment between your advice process and the investment portfolios that your clients invest in, whether that be local or global. Why is this important? We know that the best way to get investors to their objectives is for them to stay invested through the cycle. That means not only when markets are performing, but more importantly, even when they're not. Let Equilibrium help you so that you can do what you do best: giving your clients the best financial advice for their unique circumstances. ■