equilibrium

Discretionary Fund Manager

Helping your clients achieve their personal investment goals.

eqinvest.co.za

Equilibrium is an independent discretionary fund manager (DFM).

We enable you to do what really matters

Spending more time with your clients and building your business.

Our unique advice-led portfolios are designed to be efficient and optimised through market cycles, so your clients stay invested and achieve their investment goals.

Because partnering with you to enable your advice outcomes, is our business.

In 2021, it was estimated that between 15% and 20% of retail investments in South Africa were either being managed, or advised, by a discretionary fund manager.

Equilibrium was established in 2008 and is part of Momentum Metropolitan Holdings Limited. Our assets under management grew by 176% between 2017 and 2022 with 149% of this growth happening in the last 3-years.

The **rise of the discretionary fund manager** in South Africa and globally was driven by **two key factors.**

Firstly, many advice practices **have a shortage of in-house investment expertise** that an asset manager can offer. The increasingly complex investment landscape and the strict regulatory controls on client portfolios are exacerbating the imbalance.

- By outsourcing these skills to a DFM and using the efficiencies that a Category II FSP licence brings, advisers remove these complexities and the investment compliance risk from their practice.

Secondly, in this rapidly evolving world, what worked for advice practices yesterday will not necessarily work in the future.

Financial adviser practices need the following efficiencies:

- An easier way to report to their clients
- To manage their investment books efficiently
- To reduce their investment compliance risk
- To streamline their administration to save time and money

Our offering

Equilibrium offers discretionary fund management and investment consulting services and solutions to help your clients achieve their investment goals.

Discretionary fund management

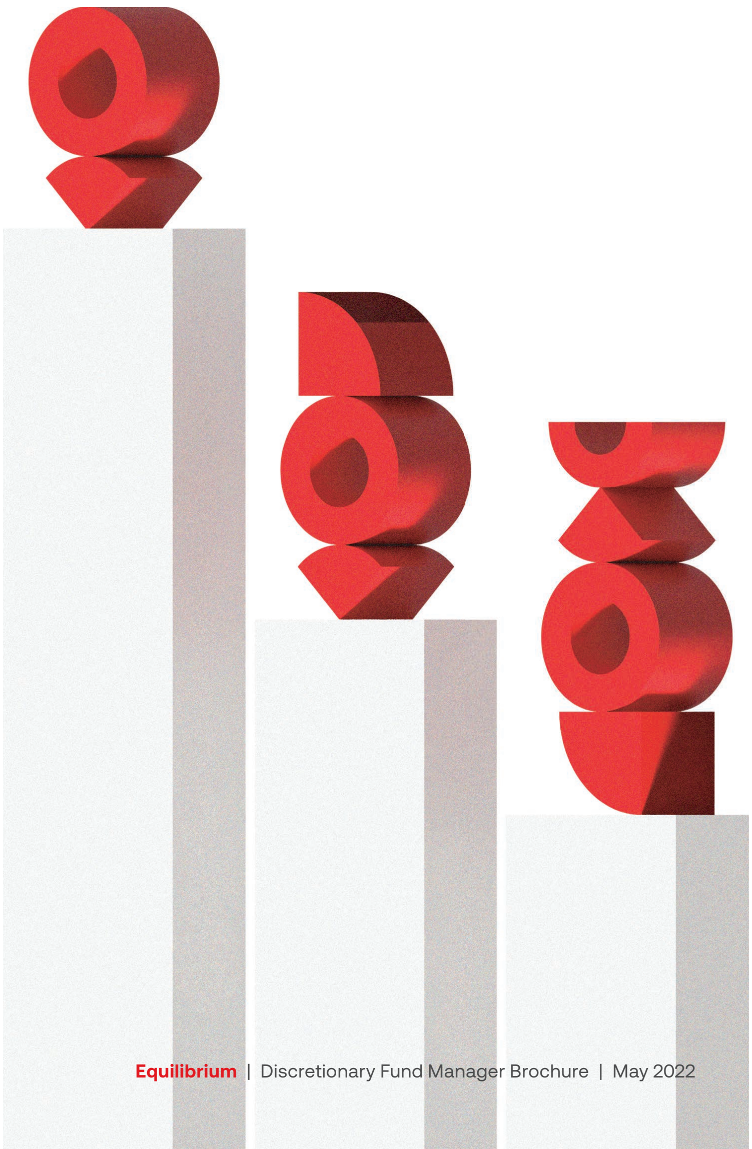
We can implement solutions either through a model portfolio or a fund-of-funds structure, depending on your FSP licence (Category I or II).

Our model portfolio range of solutions consists of our standard portfolios (reflecting our best investment view) and highly customised (bespoke) solutions, allowing you to select solutions best suited to your advice process. In our customised solutions, we work closely with you to ensure that portfolio outcomes are aligned to your clients' objectives.

Our portfolios are available on most of the leading linked investment services provider (LISP) platforms in South Africa.

Investment consulting

We also offer our investment consulting capability if you have your own Category II FSP licence. In these instances, we are appointed in an advisory role, where we offer a range of services, from investment manager research, portfolio construction and attribution, to monitoring of returns, portfolio optimisation, asset allocation as well as reporting and execution.



What Equilibrium can mean for you?

Equilibrium is about improved balance in your financial advice practice.

Human collaboration

Equilibrium has a different, human approach to collaboration and establishing long-term reciprocal relationships.

Efficiencies

We align various administrative processes that lead to operational efficiencies, thereby saving you time and money.

Investment management

We are an extension of your financial advice practice. Our team of experts is focused on knowing you, understanding your needs and delivering solutions that help you build your business.

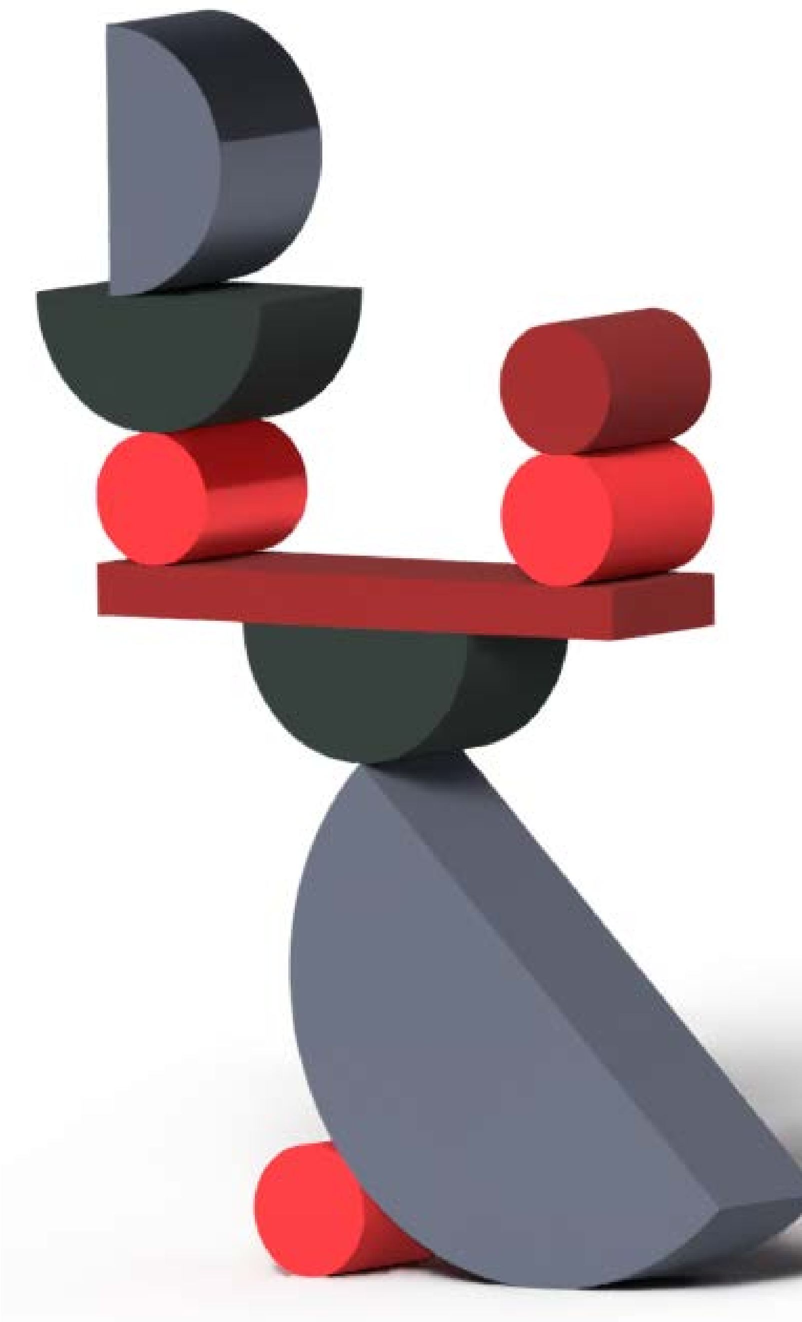
When you partner with Equilibrium, we give you the balance you need. You do not have to worry about where to invest, about timing the markets, or about the latest regulatory requirements. You can focus on your practice, and giving the best advice to your clients.

The power of balance

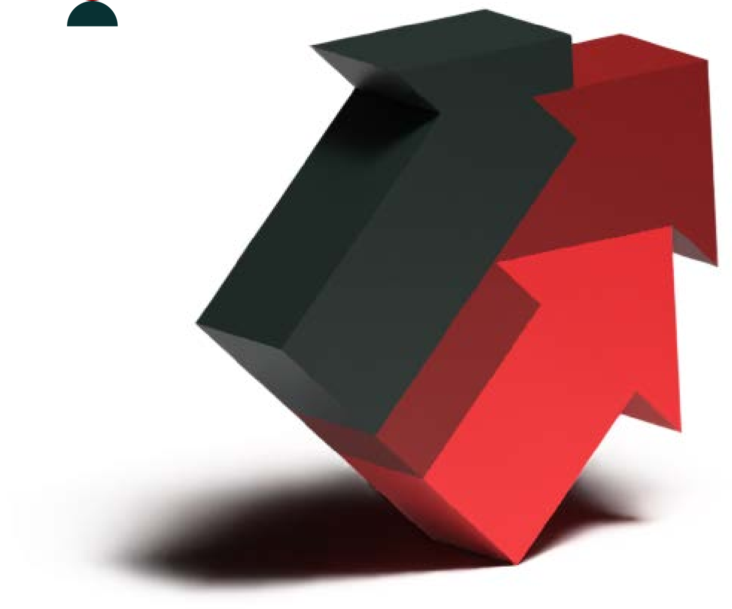
Equilibrium is all about balance; two sides of the equation. It is about understanding the client's objective and constructing portfolios to match those objectives.

It is about the equilibrium we bring into your client's investments.

One of our key strengths is our understanding of the financial advice process. We are a client-centric business and the flexibility with which we execute our investment skill is one of our most valued traits.



But it is not only about **what** we do, it is about **how** we do it.



Investment management

We achieve equilibrium by using our three-step portfolio construction process

Strategic Asset Allocation

We blend the right asset classes for optimum risk management. This step is the cornerstone of our investment philosophy as it informs a large part of variation in the returns we expect clients to experience over time.

Style Optimisation

In this step we choose the most appropriate investment strategies within each asset class to enable consistent returns in dynamic market conditions.

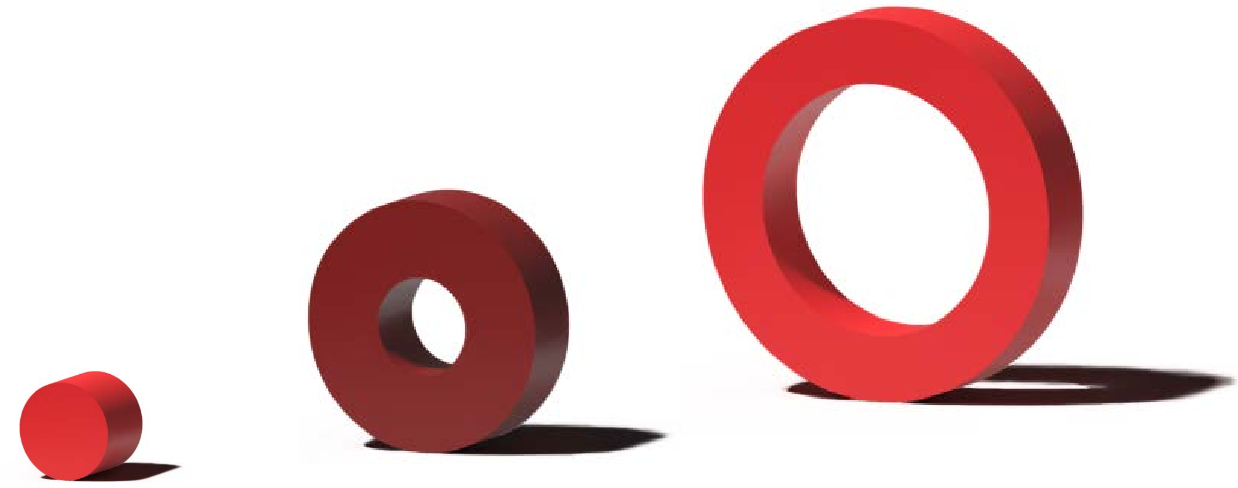
Mandate Selection

Lastly, we select the best-of-class investment managers or have an optimal mandate designed.

We use a variety of subscription and proprietary tools and systems in the modelling as well as portfolio construction process. Our solutions can incorporate passive, active and smart-beta strategies across multiple investment strategies. These can be combinations of local and global asset classes and, depending on the solution, can incorporate local and global currencies. The result is the delivery of a holistic value proposition.

Investment philosophy

We tailor investment solutions that are closely aligned with your clients' financial needs and not arbitrary benchmarks.



1. Time Horizon

2. Risk Budget

3. Return Objective

Our outcome-based investing philosophy means our portfolios are constructed and managed based on a three-tiered approach:

- We define a **time horizon**,
- We determine an acceptable **level of risk**, and
- We deduce a reasonable **return target.**

This forms the **client objective** and is key to our outcome-based investing philosophy.

At Equilibrium, we set acceptable levels of risk or acceptable negative returns, with financial advisers to reduce the impact of any behaviour tax on client's investments.

We also engage regularly with the advisers that use our portfolios in their advice process so that everyone is up to date with the drivers of historic returns and that their expectations for forward-looking returns are reasonable.

Investment Management

1. Strategic Asset Allocation
2. Style Optimisation
3. Mandate Selection

Client Objective

1. Time Horizon
2. Risk Budget
3. Return Objective

Our team of investment professionals will ensure all the investment elements have an optimal distribution and are in the correct proportions to remain in a state of balance.

Equilibrium becomes your investment team, enhancing your professionalism and credibility.

Efficiency

From an operational efficiency perspective, Equilibrium brings a host of benefits to your practice.

Our clients get flexible execution of investment management, regular communication and transparent and detailed reporting.

Our clients **receive customised reporting**, including monthly co-branded factsheets, quarterly portfolio review reports, as well as regular and ad hoc market and economic communications.

You get **all your information in one place** and no longer have to read all the fund facts sheets of various companies to get an overview of the overall portfolio.

Equilibrium offers the **ability to switch in bulk.**

We can apply asset allocation or fund changes simultaneously across all clients. This improves efficiency and eliminates the need to meet with each client to get their signed consent for these changes. The simultaneous implementation of switches also aligns with principles of treating customers fairly.

The outsourcing of investment management skills to an expert and using the efficiencies of a Category II FSP licence means advisers can remove the investment compliance risk from their practice.

Six reasons to partner with Equilibrium

1

Tailor-made solutions that increase the likelihood of achieving your clients' investment goals.

2

Portfolios designed to cater for your clients' specific needs, whether this is capital protection, liquidity, or capital growth over their specified time horizon.

3

Access to local only, global only or a combination of local and global markets.

4

We are platform agnostic. We create solutions on a variety of LISP platforms.

5

Active, passive, or smart-beta solutions, or a combination of all three.

6

We offer flexible portfolio selection that includes:

- Cost-effective solutions by accessing preferential fees
- Specialist building blocks and single asset class mandates
- An optimal blend of investment strategies
- Access to best-of-class and boutique investment managers per asset class
- Diversification across asset classes
- Overall portfolios that are competitively priced compared to most traditional multi-asset-class portfolios

Let Equilibrium bring the power of balance to your financial advice practice.

With the power of our in-depth investment expertise you can focus your energy where it belongs and reclaim your precious time.

That's the power of balance.

For more information

Visit our website at eqinvest.co.za or
contact one of our Business Development Managers

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