

Alexforbes puts in place transformation policy

South Africa's largest investments multi-manager has launched a transformation policy to make an impactful contribution to the sustainability and relevance of the asset management industry in South Africa.



Source: Supplied.

The policy has set transformative criteria for supporting and selecting asset managers and stockbrokers with an emphasis on gender diversity to ensure more black females are included in critical strategic and investment decision roles.

Investments chief executive officer, Ann Leepile says that progress in transformation has been evidenced by the *Alexforbes Manager Watch* report given that seven of the 10 largest managers are now rated as Level 1 B-BBEE providers.

However, more needs to be done about gender diversity and female representation across investment specialist-, management- and ownership positions.

Larger asset management companies are yet to significantly transform their investment teams while emerging black-owned companies have in the past 10 years struggled to accumulate assets in an industry dominated by 10 companies accounting for up to 79% of total assets under management.

Leepile says while Alexforbes has been supporting fledgling black businesses, particularly from a gender, race and diversity perspective, the time has come to accelerate the transformation process through its transformation policy.

"This policy is an extension of our overall commitment to the transformation of the South African economy through broad-

based black economic empowerment. We are convinced that this is the right way to go because it has been proven that diverse teams lead to better results and all we are doing is encouraging improving the diversity of investment teams in the interests of our clients and broader society," says Leepile.



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Lebo Thubisi, head of manager research, says Alexforbes has always supported transformation in the asset management sector. "This was a journey started more than a decade ago which focused on transformation through diversity and inclusion from both race and gender perspectives. However, the pace needs to be accelerated and Alexforbes has a leadership role to influence impactful progress.

"Our policy clearly stipulates minimum representation of females required in investment teams because we believe that in any investment decision, diversity is important. If we want to make the transformation policy impactful, we need a strategic emphasis made by the larger asset-management firms to have a truly broad-based transformation focus and make a strategic decision, such as for example, to have black females involved in decision making relating to investments," Thubisi says.

Supporting black women in business

The policy states that Alexforbes will support and identify startup and emerging black asset managers. This will allow them to build appropriate track records and give them access to investment opportunities that may otherwise be inaccessible.

Startup and emerging black asset managers have a strong ability to produce outperformance. Therefore, supporting these black asset managers should provide compelling outcomes for clients.

Alexforbes will focus on startups that:

- have assets under management of less than R2bn at appointment;
- meet an acceptable manager rating, as determined by the company's manager research team; and
- are capable of meeting mandate requirements based on either a track record as a portfolio manager, or as key members of an investment team who have evidenced successful and verifiable track records with previous asset management firms.

Alexforbes says the following factors will guide the selection criteria for asset managers within a three-year phased improvement of FSC scorecard points:

- attain a minimum B-BBEE level 3 contributor status;
- achieve a minimum 40% representation of black investment professionals of whom 40% of their total investment professionals (16% of total) must be black women; and
- achieve a minimum 40% representation by black individuals in senior management.

On stockbrokers, the policy says that Alexforbes will require asset managers who have existing contractual agreements in

its portfolios to allocate an increasing portion of their brokerage services to black-owned stockbroking businesses, considering the principles of best execution, value-added services and data to benefit the client.

"We will allocate and direct our own brokerage to black-owned stockbrokers by allocating 15% to black-owned stockbroking businesses within the first year, increasing the allocation to 30% within three years and at least 40% within five years.

"Alexforbes has the opportunity to make a meaningful impact on the lives of the stakeholders that we serve with our new transformation policy serving as a tangible demonstration of both our intent and ability to do so," concluded Leepile.

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