



## Letter to investors

Nic Andrew

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Dear Investor

I was fortunate to recently attend a fintech conference in San Jose, the epicentre of innovation and the entrepreneurial spirit. The area which is headquarters to global technology giants like Google, Microsoft and Apple is awash with ideas of the next big thing.

The conference saw 70 different companies pitch their ideas for 7 minutes to an audience of a couple of thousand. This was mildly overwhelming (and easy to get swept up in the hype and energy) but I managed to sort the ideas into three broad categories:

- Hot topics – these are topics where there were lots of people pitching similar ideas. The two ideas that stood out for me were security (biometrics in particular) and technology which made the on-boarding process simple and fast.
- Out there topics – these were ideas that really stood out as novel, non-mainstream and quite far from being commercially viable yet interesting as to what might be possible in the future (an example of this was virtual reality statements which actually made me feel light-headed!).
- Applicable topics – these were ideas that seem to have immediate/short-term relevance in the South African asset management or wealth management arena and were fairly varied (from robo-advice, to video statements, to machine-learning to assist advisors analyse their clients, to chatbots that could assist with client servicing and so on).

Whilst even the “applicable topics” category are at the cutting edge and some may never become a reality, it is useful to be aware of these and other trends as there is no doubt our industry is ripe for disruption and change.

In this edition, we look at the wealth management industry and what we believe are three big structural trends that are driving change, and will have a big impact on advisors, asset managers and investors – namely demographics, technology and consumerism.

In last quarter’s newsletter, we introduced the concept of advisor’s alpha and mentioned that this was the most appropriate way for the advisor to respond to these changes and flourish in a new era. The essence was to make sure that one was truly adding value and then to ensure that one’s client recognised and appreciated that value.

We have taken one of the key sources of this value-add and investigated it in more detail in the South African context in a piece which details the critical role of being a trusted behavioural coach who helps clients manage their emotions and avoid some of the common pitfalls.

Our primary role is to help you achieve your goals. One of the ways we try to do this is by making sure that we have appropriate funds and that we research, select and monitor “best of breed” managers who we believe have a sustainable edge in their area of expertise.

The latest addition to our Best of Breed™ range is the launch of the Nedgroup Investments Global Property Fund. The fund will be managed by Resolution Capital who are based in Sydney, Australia. They are a boutique manager who specialise in global property, have an excellent long-term track record and a disciplined valuation-based philosophy. Investors may access this capability either as a Rand Feeder (where as an investor you invest in Rands and we utilise our offshore exchange allowance) or using your own offshore allowance and investing directly in the foreign currency funds.

Happy investing,

*Nic Andrew*