

MMI implements client-centric outcomes-based investment model

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MMI Holdings Limited (MMI) announced today that it has entered into an agreement with a group of key individuals from Momentum Asset Management, for a management buy-out of a portion of the asset management business. This marks a first step in the implementation of MMI's client-centric outcomes-based investment model.

MMI CEO Nicolaas Kruger says "This agreement is in line with both our client-centric strategy which has set financial wellness as our core value proposition to clients, as well as the recent restructuring of MMI's operating model into segment-driven businesses, supported by world-class product capabilities from its Product Centres of Excellence".

"The MMI Investment and Savings Centre of Excellence has consolidated all MMI's investment capabilities under a single business and adopted a business model that will be guided by our innovative outcomes-based investment approach. This approach is aimed at delivering a consistent and predictable return profile for investors by diversifying their investments between various asset strategies and asset managers. It represents a fundamental shift in

strategic direction for some of our investment businesses, most notably, Momentum Asset Management," says Kruger.

Under the outcomes-based investment strategy, MMI will be looking to partner with independent asset managers for the more active, equity-based asset strategies, whilst continuing to manage a number of strategies in-house.

As a first step in what MMI expects to be further partnerships with independent asset managers, the CEO of MMI's Investments and Savings Centre of Excellence, Sibusiso Mabuza, also formerly CEO of Momentum Asset Management, together with several key individuals of his management team, are acquiring a portion of the Momentum Asset Management business from MMI. This acquisition will enable the key individuals to establish a new majority black-owned and controlled asset management business, in which MMI will be a shareholder. The transaction will be financed by both MMI and the key individuals.

Kruger highlights that "In addition to this partnership, MMI will also support the initiative of Rand Merchant Insurance (RMI) to partner with independent asset managers, through the newly formed RMI Affiliated Managers Group".

Mabuza, CEO designate of the new black-owned asset management company, says: "We are pleased and excited about this opportunity and look forward to a meaningful and constructive strategic partnership with MMI. The new entity will be an independently managed and branded asset management business

with fixed income, equity, multi-asset class and frontier investment capabilities."

"We anticipate that the new asset management company will begin operating in October 2015 with assets under management of R62bn, making it one of the largest empowered asset management companies in South Africa," says Mabuza.

"MMI expects significant growth in the market share of black-owned asset management businesses and we believe that a strategic partnership of this nature will create significant transformational and economic value for all stakeholders," concludes Kruger.