

FirstRand introduces Ashburton Investments

On 11 June 2013, FirstRand Limited (FirstRand) added a fourth financial services franchise, Ashburton Investments, to its portfolio, which includes FNB, RMB and WesBank. Ashburton Investments is set to offer new-generation investment management services.



Since Momentum was unbundled from the group in 2009, asset management has been an identified gap in the group's portfolio.

Innovative offerings

"FirstRand's stated strategy is to participate in all the profit pools in financial services," said FirstRand CEO Sizwe Nxasana. "We believe we have the appropriate platforms and skills to now enter the investment management space with innovative investment products.

"The Group has a track record in creating new businesses that challenge conventional thinking and bring new propositions to customers. To this end we use the track records, skills and operational platforms of our existing businesses as the building blocks for new and disruptive franchises such as Discovery and OUTsurance and now Ashburton Investments.

"By accessing the origination capabilities of our existing franchises - particularly RMB - we can bring new investment and asset classes to retail and institutional investors. This will be in the form of both alternative and traditional products, which will provide investors with a far wider investment choice than currently exists, offering more sources of return and making it easier for South Africans to save," said Nxasana.

New-generation investment management

The new business takes its name from Ashburton, FirstRand's existing offshore asset management business, with a long-established track record of providing traditional products in developed and emerging markets, and which will now form part of Ashburton Investments.

Boshoff Grobler, head of Ashburton Investments said that the objective was to become the leading new-generation investment manager in Africa offering South African, African, Asian and Chinese investment opportunities.

"We are a new player but come to market with the backing of FirstRand which brings a strong balance sheet and a track record of meeting peoples' needs with innovative offerings," he commented.

Ashburton Investments already has over R110bn assets under management. The assets come from BJM Funds, Ashburton International, RMB Private Bank portfolios and RMB Global Market Funds Solutions, all part of the wider FirstRand group.

In addition to providing traditional, long-term investments in single-manager, multi-manager and offshore funds, Ashburton Investments will differentiate itself by offering sources of return that are not available elsewhere to individual and institutional investors.

For example, it will shortly offer investors the chance to invest in debt financing, private equity and credit investments alongside Ashburton Investments, on the same terms. Product providers to Ashburton Investments will be RMB and Ashburton. RMB has already introduced investments such as the RMB Government Inflation Linked Bond ETF (Inflation-X), which won an award for the best performing diversified bond fund in the Morningstar South Africa Fund Awards 2013, and the new RMB MidCap ETF. More products are expected to be launched by Ashburton Investments both directly and through their product providers in the coming months.

Tailored investment solutions

Grobler noted that it was an auspicious time to introduce a new asset manager in South Africa: "The financial crisis has shown the fault lines in a very traditional, single-minded approach," he said. "Investors are increasingly reluctant to take on only traditional investments because of the volatility, and in many cases losses, of the recent past.

"Our approach will be to look at the investment universe with a risk-management mindset and combine traditional investments with non-traditional but at the same time aim to provide returns with an acceptable measure of risk.

"We also design products to suit investors' needs," concluded Grobler. "No longer will people have to accept an off-the-shelf product that isn't quite right for them."

Ashburton Investments will be managed completely separately from the banking businesses, namely FNB, RMB and WesBank, which will avoid potential conflicts of interest. Systems will be ring-fenced to ensure client information confidentiality.

For further information, go to ashburtoninvestments.com.

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