

INSTITUTIONAL MEMORY STANDS INVESTORS IN GOOD STEAD

David Crosoer Chief Investment Officer at PPS Investments

The events unfolding in financial markets and economies across the globe has left many bewildered with uncertainty around how to navigate the situation. Wouldn't it be reassuring if you could invest with a manager that has successfully managed money through previous market crashes?

Capital Group is one of a handful of investment management firms with a track record that spans the 1930s Depression, the 1940s World War, the 1970s stagflation, the 1987 stock market crash, the 1998 emerging market crisis, and more recently the trio of market crashes in the 2000s (the tech bubble, the Global Financial Crisis, and the COVID-19 crash).

Through its fourth partnership strategy launched in the past 18 months, PPS Investments has appointed Capital Group to manage its offshore solution, the PPS Global Equity Fund. For South African investors the PPS Global Equity Feeder Fund, which invests directly into the PPS Global Equity Fund, is available via the PPS Investments platform. By accessing the fund, investors can gain exposure to the formidable stock-picking capabilities and institutional memory of this investment manager with a proven track record through various market cycles.

As a multi-manager, PPS Investments spend a substantial amount of time finding exceptional asset managers through our extensive quantitative and qualitative research screening and selection process. "Our partnership range gives investors increased choice in

how they can construct their portfolios", explains Crosoer.

The Capital Group has been positioned well through this market volatility, and is participating strongly through the recent market rally, says Crosoer. The Capital Group openly refer to the "Fullerton letter" which was the speech made by their Chairman in November 1974 in the midst of a multi-year bear market where many had seemingly resorted to despair. Similarly, many investors today are understandably nervous about the current market volatility, the spread of the COVID-19 disease, and widespread global shutdowns.

But just as Fullerton reminded his audience back in 1974 where he drew their attention to the state of the world in 1942 when it looked like the Allies would lose the War, or even in 1931 when the Capital Group was founded in the midst of the Great Depression, so too will the COVID-19 crisis eventually pass.

Then, as in today, market volatility and despair created considerable opportunities for an asset manager brave enough to back their fundamental analysis, and invest with conviction. Crosoer says that while it would be a mistake to understate the extent of the current crisis, it's also important to remain calm and seek opportunities that may present themselves. "While many companies will not survive as a result of COVID-19, others will thrive and in an environment characterised by less competition, some of these may even

emerge as dominant players," he says.

Given the current market volatility, he says it's reassuring to have exposure to a manager like Capital Group given their level of experience. "Capital Group is one of the few investment management firms which is particularly well-positioned to navigate the current market volatility. Not only do they have the resources to weather the storm but they also have the necessary experience to manage through this type of environment which means they won't panic but instead look out for opportunities."

"We believe that the Capital Group has formidable barriers to entry that are difficult for other asset management firms to replicate, he adds, noting that not only does the Capital Group spend years tracking the performance of its analysts' portfolios before allocating money to them, but it has this incredible institutional memory that spans close to 90 years of investment history".

The Capital Group has been able to replicate its investment success across generations of portfolio managers, and follows a multi-councillor approach that is the envy of many asset manager firms, says David Crosoer Chief Investment Officer at PPS Investments.

As the wealth management industry faces unprecedented challenges as a result of the economic fallout from the COVID-19 pandemic, now more than ever clients are demanding that the company tasked with looking after their money is sufficiently robust to survive the current environment. ■

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The PPS Global Equity Fund is registered and approved for marketing in South Africa under section 65 of the Collective Investment Schemes Control Act 45 of 2002.

For any additional information such as fund prices, brochures and application forms please go to www.prescient.ie.