



Prudential Investment Managers
JUNE 2020

Choosing the right fund manager to partner with

Investing should be a partnership between you and someone you know and trust: your fund manager. However, some investors choose their fund managers based on their latest performance; others go for a name that they've seen before (from media coverage). Many new investors simply pick a fund based on their financial adviser's recommendations, without giving much thought to the manager – or management team – behind the fund.

But as with any partnership, it's important to know who you're working with. Who have you chosen to manage your money, and how do they navigate different **market cycles**?

About Prudential

We don't claim to have superior insights or a greater ability to forecast the future than other fund managers (although being part of the successful and century-old global investment group M&G plc does give us access to some of the best investment resources in the world). Instead we offer a strong long-term track record, a proven, valuation-based investment philosophy and prudent, risk-conscious custodianship of our clients' hard-earned money.

What is a valuation-based approach?

It's important to understand our valuation-based approach. To put it simply, our fund managers buy stocks and bonds that we believe are undervalued by the market, and we sell them once they've risen to reach their fair value. We focus on the long term, rather than being distracted by short-term news headlines and the latest "expert" commentary. That's how we produce long-term, market-beating returns for our clients.

Our fund managers also look at investment assets through a "quality" lens, carefully building portfolios with a balanced mix of those undervalued stocks, alongside high-quality businesses for which we pay fair value. We avoid stocks that we think are overpriced or carry elevated risk.

Another main focus is risk. We build our portfolios with strict exposure limits and avoid taking only a few large bets that could go wrong and potentially lead to big downside. Instead, we take appropriate-size positions on a larger number of assets in a portfolio, thereby limiting potential losses. When we identify a good investment opportunity, the size of our holding will reflect the conviction that we have in its prospective returns.

What does this mean for you, the investor?

Our clients benefit from the performance of our funds like the **Prudential Equity Fund**, which has performed strongly over the past 15 years. Our multi-asset funds like the **Prudential Balanced Fund**, **Inflation Plus Fund** and **Enhanced Income Fund** offer carefully diversified portfolios of well-priced assets. As market conditions change, our fund managers adjust the weightings between different asset classes to generate extra returns. The idea is not to "time the market"; it's to take active advantage of price movements and value opportunities.

Over the past 26 years in South Africa, we have built up a reputation for strong investment performance over time, through what has been – and continues to be – rapidly changing financial markets. While past performance shouldn't be taken as an indication of future returns, it does provide some kind of indication of a fund manager's capabilities. Our investment team has over 400 years' collective experience of actively managing clients' funds.

So when you're choosing a fund manager, look to a manager you know, that has been around for more than 10 or 15 years. Instead of basing your decision on recent fund performance, which offers only a fixed snapshot of

a manager's capability at a single point in time, rather consider one who has given their clients consistent, above-market, long-term performance. After all, that's what is key to becoming a successful investor.

If you'd like us to partner with you along your investment journey, you can do so now by completing our [online application form](#). For more information or help with completing your online application, please feel free to contact our Client Services Team on 0860 105 775 or email us query@prudential.co.za.