

SA's Discovery partners with BlackRock for new asset management entity

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South African insurer Discovery has announced it is partnering with global asset manager BlackRock to launch a fund-management entity, to tap in to the fast-growing multibillion-rand local discretionary fund management industry.



Source: Supplied.

A discretionary fund manager (DFM) is a company whose clients are primarily financial advisers but which also has the freedom to buy and sell investments at its own discretion.

In this model of investing, the DFM takes care of the arduous legislations and regulations that come with buying and selling investments, especially offshore, freeing up advisers to take care of their clients.

The Discovery's DFM entity, Cogence, will combine asset-allocation strategies from BlackRock and use client data from Discovery-owned behavioral change platform Vitality to create a raft of custom products for customers, the insurer said in a statement.

"What we're bringing here is a totally different view to global fund management, where instead of just a view of a single asset manager, you're getting global research coming in from BlackRock," Adrian Gore, Discovery group chief executive said.

Cogence seeks to plug offshore-market gap

There are several DFMs in South Africa but most of them do not have substantial expertise in offshore markets, which is a gap that Cogence would look to plug, Gore said.

He said Cogence, with its portfolio of products, will be available on platforms of other fund managers as well.

South Africa's asset-management industry has shifted towards equity-led products since the pandemic as stock-market returns skyrocketed after the crash in March 2020.

This has increased clients' interest in the stock market and detracted from cash and bonds, forcing asset managers to launch more equity products.

Gore said Cogence would have products based on risk-profile data of clients and could be a combination of cash, equity and bonds.

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