

Schroders scoops 2021 Morningstar Awards for offshore equity fund

Global asset manager Schroders has been named winner of the best global large-cap blend equity fund in South Africa at the 2021 Morningstar Awards, for their Schroder ISF Global Equity fund by independent investment research and ratings agency Morningstar. This latest win recognises the fund's ability to deliver the best value for investors throughout 2020, in spite of the massive market challenges of the past year.

The Morningstar Awards are designed to help investors around the world identify the year's most exceptional funds and fund managers. Morningstar selected this year's finalists using a quantitative methodology with a qualitative overlay that considers the one-, three-, and five-year performance history of all eligible funds, announcing the winners via an online event earlier this month.



Kondi Nkosi, South Africa Country Head for global asset manager Schroders

“The last year has been one of the most challenging times for investors in recent memory. Yet wins like this demonstrate that there were offshore equity opportunities for growth. We’re extremely proud that Schroder ISF Global Equity fund has been recognised for its ability to unlock returns for South African investors,” said Kondi Nkosi, South Africa Country Head for global asset manager Schroders. Pointing to the performance of South Africa’s local equity market, Nkosi noted that many of the challenges in the investment sphere, are still ongoing.

“With the JSE having reached an all-time high in February of this year, there are already fears being expressed that this the growing gap between the stock market and the real economy may collapse in the near-future. While there are indeed pockets of value to be found on the JSE, South African investors would do well to include an offshore equity component to their portfolios to increase the opportunity set and offset concentration risk.”

Fund manager Alex Tedder explained that the fund has benefited from holdings in what the team calls its core compounders. “Our core compounders were behind much of the fund’s gains in 2020. These are companies that we have high conviction will be able to sustain growth over a multi-year time horizon due to their durable competitive advantage.”

Tedder added that during a year of significant volatility, these holdings proved resilient to economic

uncertainty and in a number of instances actually benefited as Covid provided further momentum to established themes that were already driving growth. “We’re very pleased to have our strong, risk-adjusted and consistent performance recognised by Morningstar in this way,” he said.

Tal Nieburg, MD at Morningstar South Africa added to this by saying that Schroders’ award was well-deserved. “The past year has been incredibly unpredictable with difficult markets, unique pandemic challenges and economic uncertainty, all of which have posed serious challenges to even the most sophisticated of investors. Against this backdrop, our winners were still able to deliver solid performance relative to their peers in tough market conditions.”

Nieburg adds that the awards methodology emphasises the one-year return period, but funds must also have delivered strong three-and five-year returns after adjusting for risk within the awards peer groups in order to obtain an award. Further, they must have been at least in the top half of their respective peer group in at least three of the past five calendar years. “We believe this combination ensures that the awards are given to funds which have earned strong one-year results and have also shown they have the ability to earn strong long-term returns without undue risk.”

Nkosi says that Schroders is extremely honoured to receive such prestigious recognition. “To be singled out among so many incredibly capable firms is high praise, and we are indeed thankful for this recognition.

“Apart from the sterling expertise of our global equity fund managers, the award is also testament to the hard work our local Schroders team has put into growing its presence in the South African market and its long term commitment here. We will continue to find the very best value for our investors and do our utmost to ensure that the trust they put in us is rewarded,” he concluded.

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