



069621 performance



Presentation to the
Portfolio Committee on Finance

Presented by Morris Mthombeni

21 June 2006



advantage
asset managers



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Creation of Advantage



- **Established on 1 January 2005**
- **Registered as a Financial Services Provider
(number 19840)**
- **A registered 13B administrator of investments
(number 24401)**

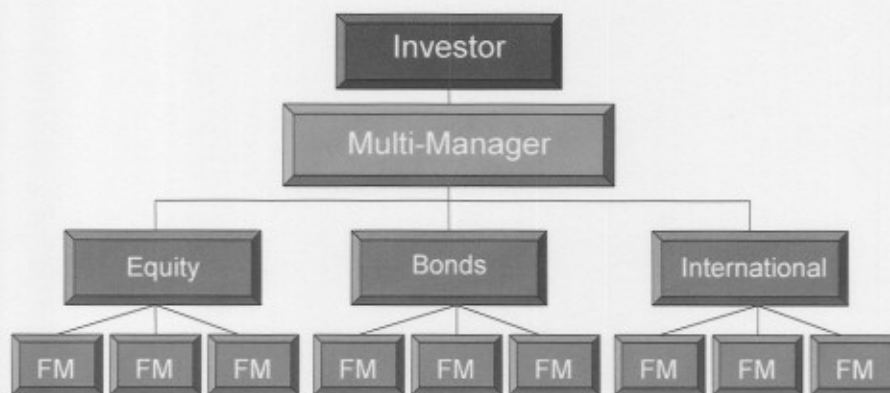
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Our services



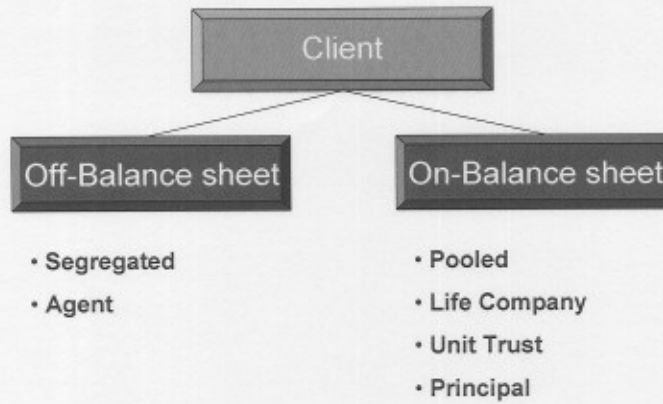
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What is multi-manager management?



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How do we contract with clients?



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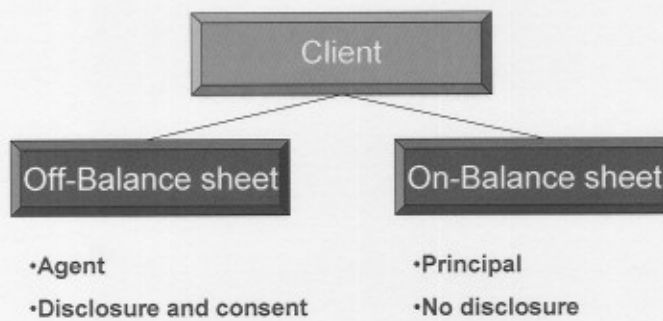
How does the General Circular impact on Advantage?



- | | |
|-------------------------------|------------|
| • Bulking of bank accounts | No |
| • Client contributions | No |
| • Pooling of fees | No |
| • Performance fees | No |
| • Scrip lending income | Yes |

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Disclosure of scrip lending service and fees



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Commercial rationale for scrip lending



- **Traditional source of return**
 - Capital growth
 - Dividends/Interest
- **Scrip lending service**
 - Additional sources of income
 - Opportunity cost: value add
 - Administrative complexity
 - Business risks

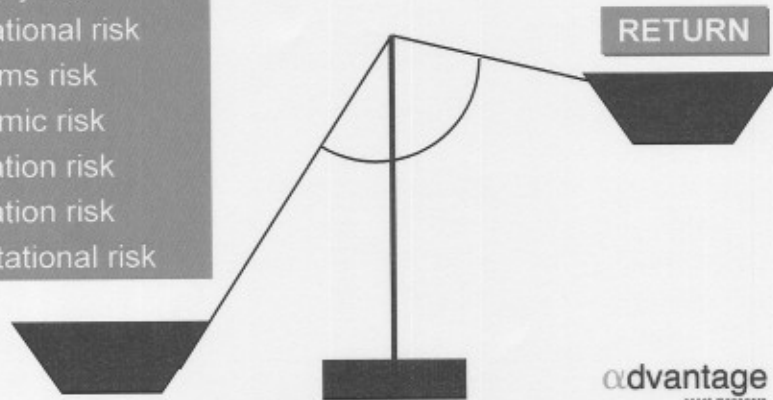
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Normal risk-return relationship

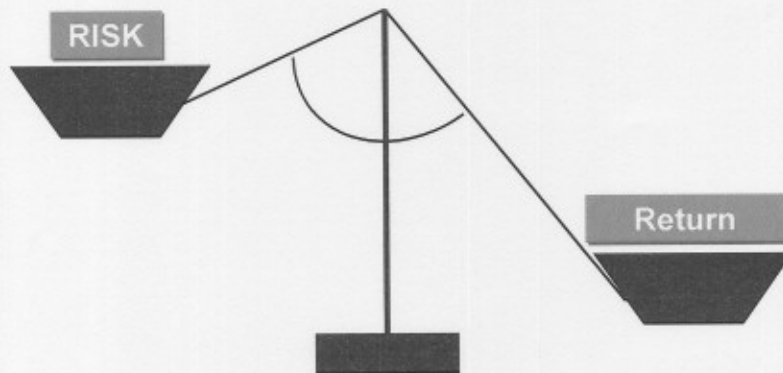


RISK

- Borrower default
- Liquidity risk
- Operational risk
- Systems risk
- Systemic risk
- Allocation risk
- Utilisation risk
- Reputational risk



Risk-return in Advantage service

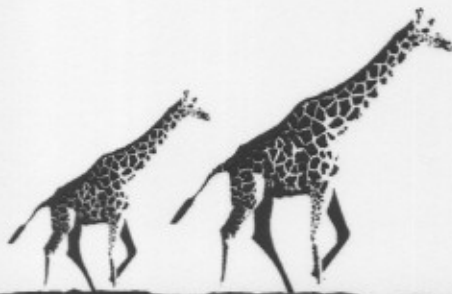


Conclusion



- Way forward
- Constructive participants

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Questions?

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