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Balanced funds: Pillars of investment portfolios

Balanced funds are an essential tool for investors aiming to navigate the complexities of modern markets.

Combining equities, fixed income and property, these multi-asset funds provide a diversified approach that appeals to those seeking both capital growth and income.

Investors globally use these multi-asset funds as core portfolio holdings because they can take advantage of opportunities across asset classes within a single fund or product. An example is the Curate Momentum Balanced Fund from Curate Investments, South Africa's newest global asset manager, designed to generate returns well above inflation over time.

Trends shaping balanced funds

Recent regulatory changes in South Africa have given balanced funds greater flexibility to tap into global markets. In February 2022, the South African Reserve Bank raised the offshore investment limits, allowing managers to further diversify internationally and access a wider range of growth opportunities. Visio Fund Management, Curate's handpicked manager for the Curate Momentum Balanced Fund, has a holistic approach to portfolio management, which ensures that they use the opportunity to maximise the increased global allowances when optimal.

By considering both local and offshore investments as part of a unified strategy, Visio can make more informed decisions, optimising overall performance for clients.

As regulation evolves, it is believed that hedge funds will play a larger role in multi-asset portfolio construction, giving investors access to their downside protection and low correlation diversification benefits. Visio's hedge fund background gives them an edge in positioning the Curate Momentum Balanced Fund for future success.

Laying the foundation for the future

Visio's established background in hedge fund management and their level of risk management expertise sets them apart because they are fundamentally trained to identify risks and avoid or hedge them. One of their primary goals is to protect against permanent capital loss.

A cornerstone of Visio's investment philosophy is rigorous, fundamental research. They often identify opportunities that are undervalued or overlooked by the broader market. This approach allows Visio to purchase assets at attractive prices, positioning the Curate Momentum Balanced Fund to outperform in different market scenarios.

While a conservative, value-driven fundamental investment approach may lead to neutrality during market rallies, the focus remains on long-term capital preservation and risk-adjusted returns, ensuring that the Curate Momentum Balanced Fund remains

well-positioned for sustained growth over time to achieve its CPI + 5% return target.

Grounded in disciplined processes

Visio adopts a predominantly bottom-up approach to portfolio construction, focusing on sectors and themes that they believe will drive long-term value. Visio targets companies with strong management teams, good governance, robust balance sheets, and sustainable cashflows, investing in them only when their valuations are favourable.

Visio also integrates a top-down macroeconomic overlay, allowing them to adjust their positioning based on broader macro and market conditions and trends. This combined strategy gives Visio the flexibility to navigate changing market environments while remaining anchored in sound fundamental research.

Visio Fund Management offers a tailored investment strategy for the Curate Momentum Balanced Fund. The approach positions us to support our clients in achieving their financial objectives, even as market conditions evolve.

About Curate Investments

Curate launched on 1 August with a unique range of unit trust funds. All of Curate's funds are managed by different teams of highly skilled people who are handpicked as the best managers for each strategy. Learn more about Curate at curate.co.za

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