

10X Investments green-lights purchase of CoreShares

10X Investments has agreed to a 100% cash purchase of CoreShares, creating a full-service indexing investment specialist that will give South Africans access to a wide selection of best-in-class products at the fairest fees possible.



Source: 123RF.

The combined business will have assets under management of more than R31bn.

The deal is subject to regulatory approvals, but no delays are expected.

10X Investments chief executive officer, Tobie van Heerden said: "The deal brings together two great South African businesses with a shared investment philosophy and clear alignment around purpose."

CoreShares has a wide product set covering discretionary saving products as well as exchange-traded funds (ETFs), an important growth area for a rules-based investment business. CoreShares also has a significant, established intermediated offering that will complement 10X's strong direct-to-client business.

10X has recently embarked on a step-change in growth. A largely new senior management team, under the leadership of

Van Heerden, has set a new course as a full-service asset manager for what was essentially a boutique retirement savings business.

This transaction effectively fast-tracks 10X's growth plans.

Working with proven global trends

"We're very excited about the range of funds and experience the CoreShares team brings to 10X," said Anton Eser, 10X's chief investment officer. "With this expanded capability, we aim to become the leading index provider in the South African market by tapping into proven global trends in the growing use of index funds as a core allocation in portfolios, as well as Environmental, Social, and Governance (ESG) investing and a greater use of technology-based solutions.

"Van Heerden added: "10X is not trying to change what CoreShares is doing, but rather to build on it. The teams at the two businesses are complementary with little-to-no crossover. The CoreShares team will be joining 10X, adding breadth and depth to the team, and ensuring continuity for CoreShares' clients."

Benefiting from scale

Van Heerden said the team at CoreShares correlates well with the people and the skill-sets 10X had been planning to bring in over the following few years. He added that the deal was good news for staff at both businesses since it "combines two great, fast-growing companies and will significantly increase opportunities all round".

Gareth Stobie, managing director at CoreShares, said the company's clients would benefit from the additional scale, expertise and capacity offered by the combined entity. He added: "10X has historically not serviced advice channels, but the new management team has wide experience working with advisers.

"The enlarged company will cater for both advisers and for clients who want to invest directly. All stakeholders, including South African investors in general, stand to benefit from this deal since scale is what unlocks the real benefits of rules-based investing.

"Scale is critical to being competitive in rules-based investing," said Van Heerden: "In the next couple of years, a small number of players in South Africa will have sufficient scale to participate in the market and bring down costs for South African investors."

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