

# Research Report

Ninety One

Ninety One Global Franchise





November 2025



## Strategy

Manager	<b>Ninety One</b>
Strategy	<b>Ninety One Global Franchise</b>
Category	<b>International Equity, Global Equity - Core All Countries</b>
Date	<b>November 2025</b>

## Mercer Assessment

Idea Generation	
Portfolio Construction	
Implementation	
Business Management	
Rating	<b>A (T)</b> <b>ESG2</b>

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## Mercer View

Lead portfolio manager, Clyde Rossouw, is an insightful investor with a clear, intuitively appealing philosophy and a structured investment process which he has followed for some time. He is supported by a large investment team which brings breadth and depth of research and we do believe the team share a cohesive culture that is suited to their investment approach. Rossouw, as head of the team, brings strong leadership. We have a high level of conviction in this strategy outperforming the benchmark over a full market cycle. However, we are mindful of the firm's capacity management approach, as well as evolving nature of the strategy that has seen increasing portfolio betas.

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## Idea Generation ■ ■ ■ ■ ■

**Key takeaway:** Rossouw comes across as a strong leader and capable investor who has developed an appealing franchise investment approach. He is supported by a large but cohesive team, despite their geographical spread. The process is highly structured and long-term in nature.

Pros	Cons
<ul style="list-style-type: none"><li>• Lead portfolio manager, Clyde Rossouw, comes across as a skilled investor who believes passionately in his approach to investing - that not all things revert to the mean and high return on invested capital, stable cash flow companies that are able to continue growing will produce superior returns.</li><li>• Rossouw is supported by a well-resourced team of portfolio managers and analysts with various global perspectives. The team is comprised of a number of reasonably experienced individuals who seem to buy into the approach.</li><li>• The team culture is cohesive and room is made for different views – we think the inclusivity and cognitive diversity on the team contribute to more robust investment decisions.</li><li>• The investment process outlined is well structured and the team has applied it in a disciplined manner for a number of years.</li><li>• We believe the strategy's long-term investment horizon should give it an advantage.</li></ul>	<ul style="list-style-type: none"><li>• This team is large and spread across multiple domiciles. While we think the culture is strong, the team has to work harder than others at communication.</li><li>• The team has seen some departures and a number of new joiners since the beginning of 2019. While we do not believe it materially impacts the strategy, we would prefer to see a period of stability.</li><li>• Furthermore, we would prefer to see greater thought given to how the growth and structure of the team. While there is nothing to suggest any issues at present, this could lead to turnover and/or problems in the future.</li><li>• Our positive view is predicated on Rossouw's ongoing involvement in the management of the strategy. Were he to leave or no longer be involved, we would revisit our rating.</li></ul>

## Portfolio Construction ■■■□

**Key takeaway:** Portfolios are built without regard for the benchmark and without any formal constraints. They are high conviction portfolios of the best ideas that do reflect the philosophy well. This approach to portfolio construction can result in high levels of sector concentration.

Pros	Cons
<ul style="list-style-type: none"><li>• The portfolio exhibits the style characteristics we would expect given the approach outlined – a positive bias to quality factors and negative bias to value factors.</li><li>• Rossouw is a capable portfolio manager who demonstrates a strong awareness of the portfolio's risk exposures and the need to ensure reasonable breadth.</li><li>• Ninety One's independent risk team provides oversight of the portfolio which should, at least, provide an additional layer to the risk management process.</li></ul>	<ul style="list-style-type: none"><li>• Although Rossouw seems to be aware of the need for diversification in such a focused approach, sectors can and have reached high percentages of the portfolio (Consumer Staples was as high as 70% at one point). While these concentrations are not out of line with peers, or our expectations for a franchise strategy, and the team have made efforts to diversify, the potential for such concentration is notable.</li></ul>

## Implementation ■■■□

**Key takeaway:** Assets under management in this strategy remains moderate and there is room to expand. Turnover is low and we have no concerns that the implementation is allowing alpha to leak from the portfolio. That said, we would prefer to see a more thoughtful approach to assessing capacity.

Pros	Cons
<ul style="list-style-type: none"><li>• Rossouw has given a clear indication of the levels he is comfortable for the team to manage from a single source of ideas. This is reassuring.</li><li>• Turnover is low and trading tends to be done in a considered manner.</li><li>• Ninety One has a centralised dealing team with traders based across major markets. This dealing function appears well resourced.</li><li>• The firm does monitor trading costs, both explicit and implicit. A part of the dealing team's remuneration is linked to the effectiveness of the dealing function which is welcome.</li><li>• Ninety One has the scale necessary to invest in trading capabilities and have a separate dealing team that appears well-resourced. We have no real concerns that meaningful alpha is being lost during trading.</li><li>• The portfolio tends to be primarily invested in extremely liquid large cap stocks lessening capacity constraints.</li></ul>	<ul style="list-style-type: none"><li>• Ninety One has historically been reluctant to communicate clear capacity levels for the strategies it manages, and in 2024 this team increased its capacity estimate by a meaningful amount. While we understand capacity estimates are just that, we do feel the business could take a more pragmatic stance on this issue. To date we do not believe there have been significant problems in this area for developed market strategies.</li><li>• Rossouw has suggested that the team would limit flows once they started seeing alpha eroded. We would prefer to see a more proactive approach to managing capacity.</li></ul>

## Business Management ■■■□

**Key takeaway:** We believe Ninety One is a well-managed business with a considered, long-term outlook. We have noted that employees have regular contact with senior management and from what we observe the teams are run with a flat reporting structure that is appreciated and has led to strong staff retention.

Pros	Cons
<ul style="list-style-type: none"> <li>In 2013, senior employees acquired a 15% equity stake in the firm; this has since increased to 23% following the demerger. We view the employee ownership positively because it should help with key staff retention, encourage succession planning and increase the alignment with both clients and the business.</li> <li>Hendrik du Toit has retained responsibility for Ninety One as CEO after the demerger which provides business continuity. In addition, he is held accountable to shareholders by a separate Chairman which we view positively.</li> <li>As an independent listed asset manager, senior management now have a larger degree of freedom to run and grow the business in accordance with what we perceive to be a measured and stable vision.</li> <li>We have noted a strong investment culture across the investment teams. Ninety One's equity, fixed income, and alternatives investment teams are in regular contact, and there is frequent interaction through meetings and global off-sites.</li> </ul>	<ul style="list-style-type: none"> <li>As a publicly listed entity, the firm is likely to receive external pressure to grow assets but management do appear cognizant of this risk. Additionally, we do not think that Ninety One will be under more pressure than other listed peers but this will be an area to revisit over time.</li> <li>Through the demerger, Ninety One has lost the financial support of a well-capitalised parent company. Ninety One's revenue stream is also far less diversified as a standalone asset management firm.</li> <li>Although we believe staff ownership to be a positive development, we note the need to grow assets to ensure this investment is profitable for those invested in the scheme.</li> <li>Ninety One has, at times, shown evidence of product proliferation.</li> </ul>

## ESG

Ninety One as a firm has dedicated resources to ESG and shows a significant level of commitment to responsible investing. The Quality team consider environmental, social and governance issues as a matter of course in the investment case for each stock. The Quality team has, over time, become increasingly active in engaging with companies, particularly in their smaller cap names where they account for a larger proportion of overall ownership. The investment case for a potential new holding will include areas for potential engagement

## Strategy Summary

**Summary:** The strategy follows a benchmark agnostic, high conviction approach to investing in listed global equities. The approach is bottom up in nature and focuses on companies with quality or “franchise” characteristics. Due to the unconstrained and concentrated portfolio, tracking error can at times become elevated. Portfolio turnover is expected to be relatively low.

**Investment Philosophy/Process:** The team believes that a focus on high return on invested capital, the sustainability of cash flow and the ability of a business to grow over time, provide superior returns over a full market cycle. The investment process utilises five quantitative screens that provide a universe of circa 250 stocks. ‘Investment Summaries’ are produced on stocks that screen attractively and build an initial understanding of the business and opportunity, helping the team to prioritise ideas. The process is well structured and the analysis is deep, with the resulting full research report discussed with the team. Final decisions sit with the Lead Portfolio Manager. Ideas that do not make the portfolio but could be attractive in the future are added to the ‘bench’.

**Key Decision Makers:** Rossouw is the lead portfolio manager and final decision maker, although the approach is collaborative. In 2024, co-portfolio managers were appointed across the strategies managed by the team to help enhance decision making and succession planning.

Strategy Characteristics	
Fundamental or systematic	Primarily fundamental
Bottom up (company driven) or top down (theme driven)	Primarily bottom up
Persistent factor exposure <sup>1</sup>	Profitability/Quality
Expected tracking error relative to peer group	Higher than median
Holdings range	25-40

<b>Maximum position size (%)</b>	10% absolute
<b>Maximum sector exposure (%)</b>	No limits
<b>Maximum country exposure (%)</b>	No limits
<b>Maximum allowable off-benchmark exposure (%)</b>	No limits
<b>Maximum cash weight (%)</b>	10%
<b>Use of risk tools</b>	Yes internal and external
<b>Use of currency hedging</b>	No
<b>Expected turnover (annualized)<sup>2</sup></b>	Circa 15%

<sup>1</sup>Persistent factor exposure is relative to an all-cap core benchmark.

<sup>2</sup>Calculated as the lesser of purchases and sales divided by average monthly net assets.

Key Product Details		
<b>Inception year</b>	2007	
<b>Strategy assets under management</b>	\$US22.4 billion	30 Sep 2024
<b>Benchmark</b>	MSCI ACWI ND	
<b>Peer group</b>	Global Equity - Core All Countries	
<b>Product capacity</b>	\$US35 billion across the desk	
<b>Open/closed</b>	Open to All Investors	
<b>Manager provided outperformance target (% pa)</b>	Outperform the performance comparison index (net) over a full market cycle	



<b>Manager provided tracking error (% pa)</b>	Not Provided
<b>Vehicle type</b>	SICAV
<b>Indicative fee (% pa)*</b>	0.69% on \$100m
<b>Universe median fee (% pa)*</b>	0.63% on \$100m
<b>Low carbon</b>	No
<b>Positioned for climate transition</b>	No
<b>Positioned for net zero</b>	No

\*In practice, fees may be negotiable.

## Firm Overview and Strategy Key Decision Makers

Organization		
<b>Year firm founded</b>	1991	
<b>Headquarters</b>	Cape Town, South Africa London, United Kingdom	
<b>Firm structure</b>	Independent investment firm	
<b>Number of employees</b>	1,190	
<b>Firm assets under management</b>	\$US159 billion	30 Jun 2024

**Key decision makers**

<b>Professional</b>	<b>Title</b>	<b>Location</b>	<b>Primary Role</b>	<b>Start Year Industry</b>	<b>Start Year Firm</b>	<b>Equity Owner</b>
Clyde Rossouw	Head of Quality	Cape Town	Portfolio Manager	1994	1999	Y
Abrie Pretorius	Portfolio Manager	Cape Town	Portfolio Manager	2006	2006	Y
Elias Erickson	Portfolio Manager	New York	Portfolio Manager	2006	2018	Y
Paul Vincent	Portfolio Manager	London	Portfolio Manager	2010	2009	Y

Key decision makers (KDMs) are defined as portfolio managers, dedicated analysts and investment committee members who are significantly involved in a specific investment strategy portfolio's / fund's decision making. These KDMs drive the investment decisions and implementation of the portfolio and are accountable for the outcomes of that strategy.

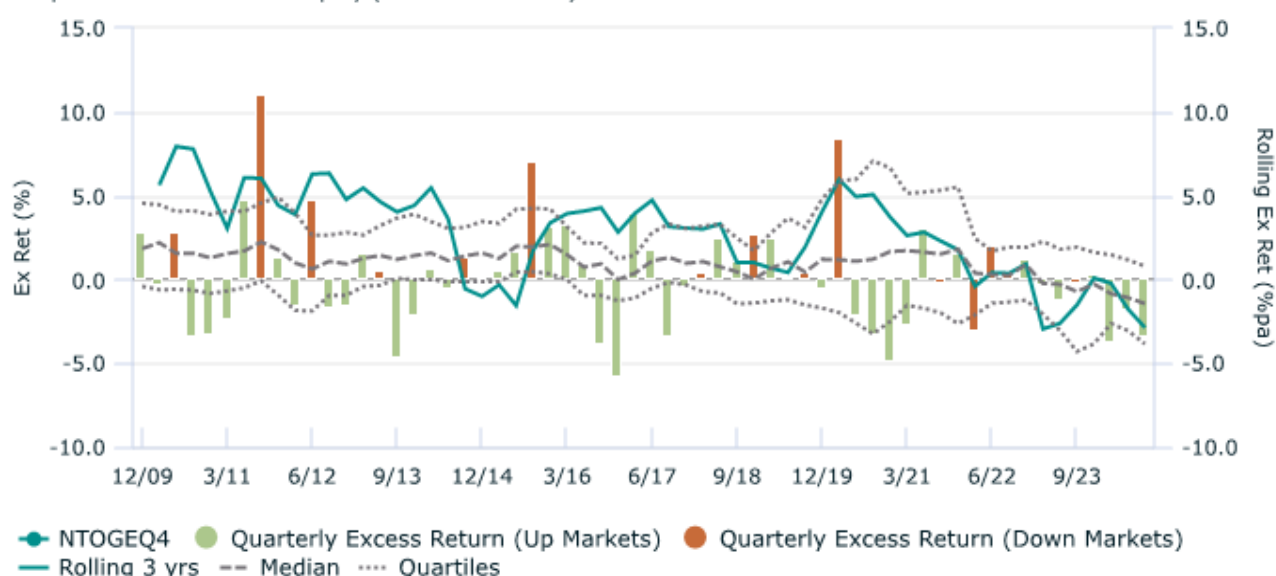
**Staff Numbers**

<b>Analyst</b>	12
<b>Portfolio manager</b>	4

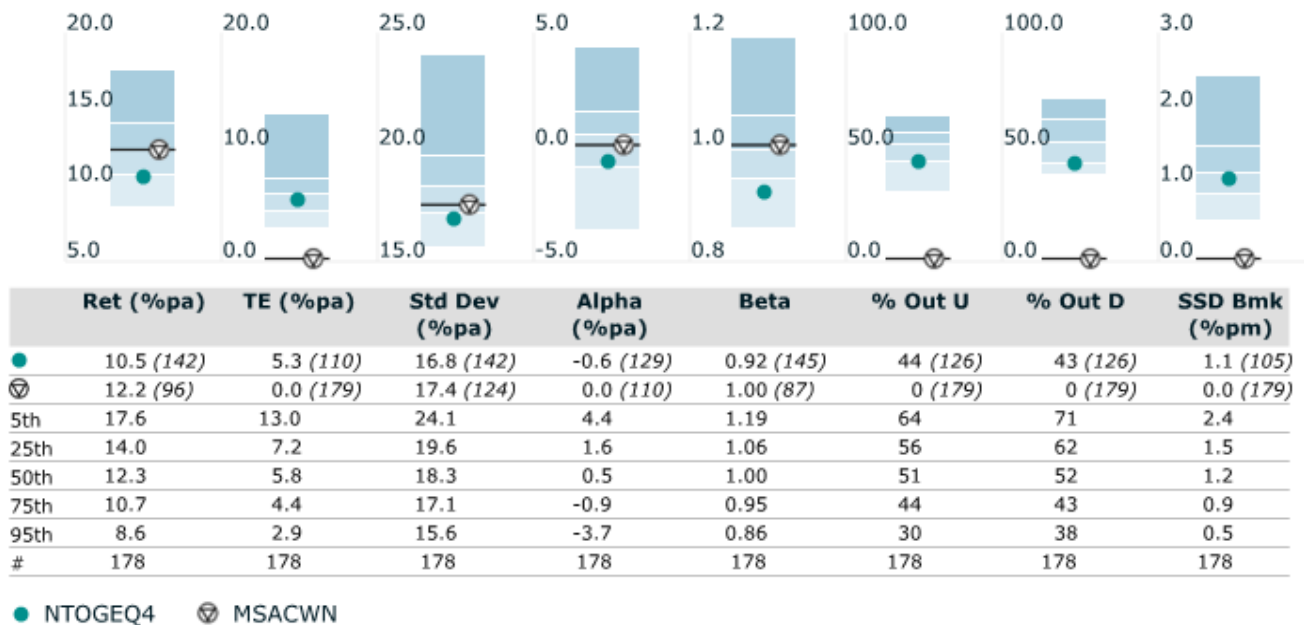
## Track Record

Track Record Details			
<b>Track record</b>	Global Franchise Equity (NTOGEQ4)	<b>Mercer universe</b>	Global Equity (Core All Countries)
<b>Base currency</b>	\$US	<b>Track record type</b>	Composite
<b>Gross/net of fees</b>	Gross	<b>GIPS compliant</b>	Yes
<b>Benchmark</b>	MSCI AC World (Net) (MSACWN)	<b>Track record assets</b>	US\$21 billion 30 Sep 24

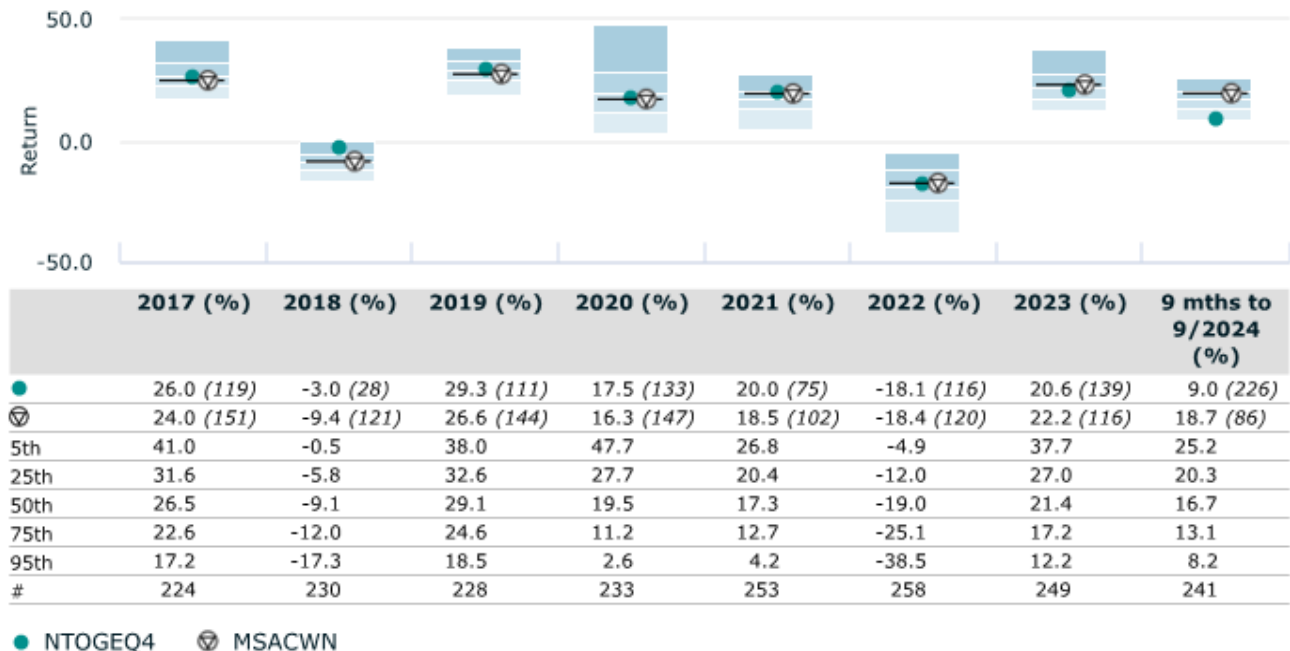
Quarterly Excess Return vs. MSCI AC World (Net) with rolling 3 yr line in \$US (before fees) over 15 yrs ending September-24  
Comparison with the Global Equity (Core All Countries) universe



Performance characteristics vs. MSCI AC World (Net) in \$US (before fees) over 5 yrs ending September-24  
Comparison with the Global Equity (Core All Countries) universe (Actual Ranking) (monthly calculations)



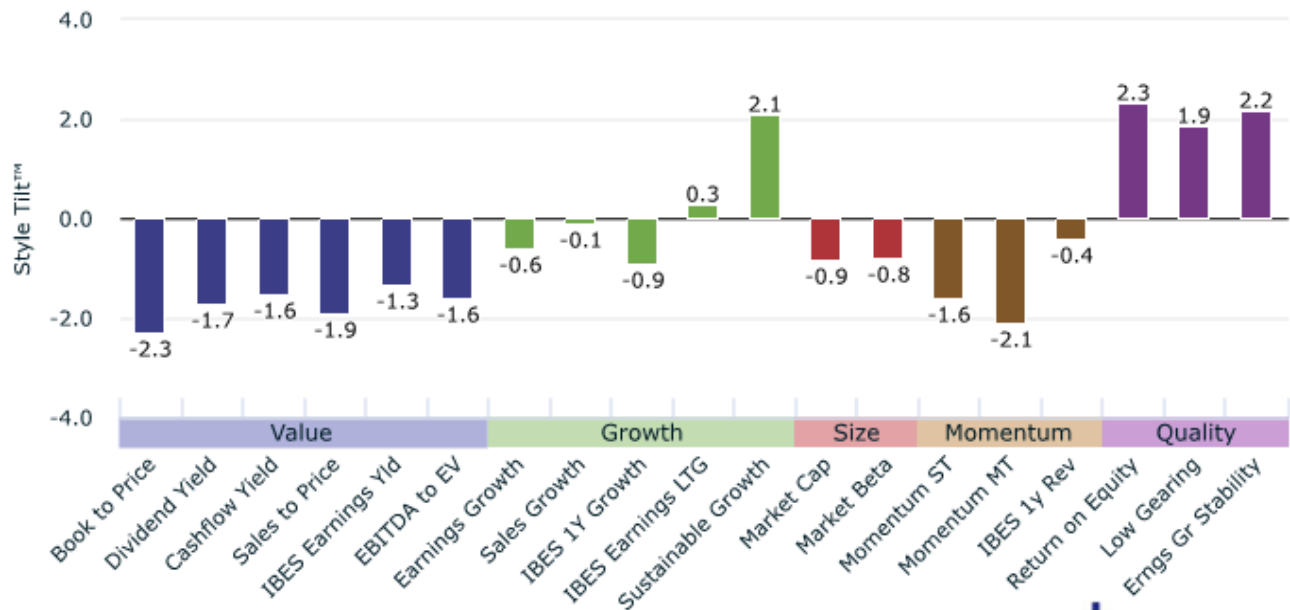
Return in \$US (before fees) over last 8 calendar years ending September-24  
Comparison with the Global Equity (Core All Countries) universe (Actual Ranking)



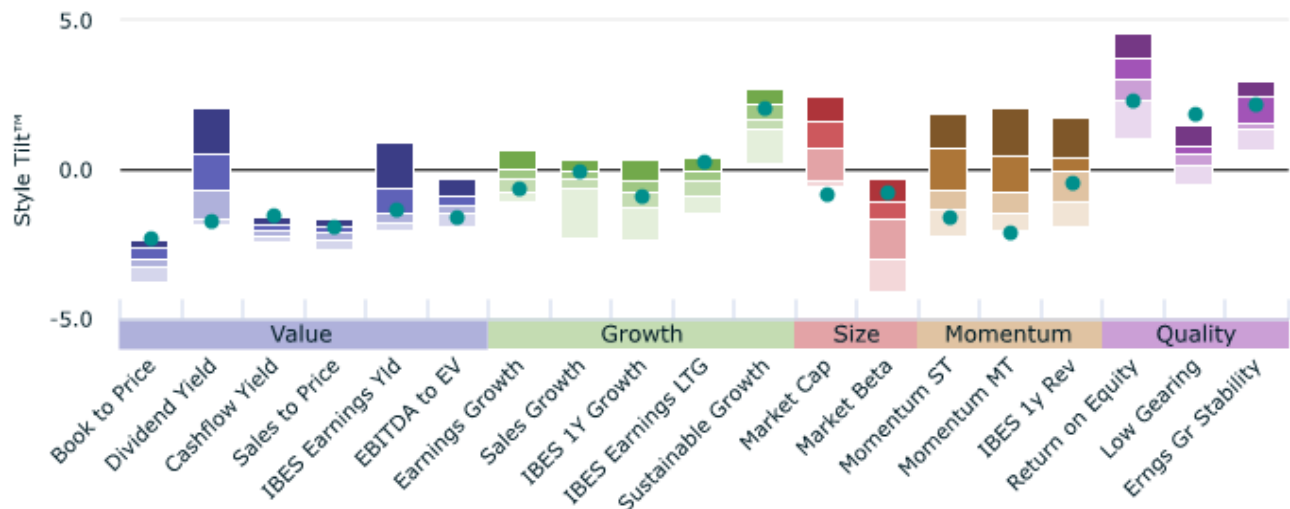
## Portfolio Holdings

Portfolio Characteristics			
Date of analysis	30 Sep 2024	Adjustment used for style tilts	Unadjusted
Benchmark used for analysis	MSCI ACWI	Cash	0.4%
Number of stocks	29	Selected portfolio fundamentals	Weighted Average (Benchmark)
Effective number of stocks	22	- Forward earnings yield	4.6% (5.6%)
Predicted tracking error	5.0%	- Market cap	\$427bn (\$620bn)
Predicted beta	0.94	- ROE	36.1% (24.4%)
Coverage ratio	8.9%	- Dividend yield	1.1% (1.8%)
Predicted vol (benchmark)	17.6% (18.0%)	- Debt/equity ratio	49.8% (97.5%)

Mercer Selected Style Skyline™ vs. MSCI ACWI as at September-24



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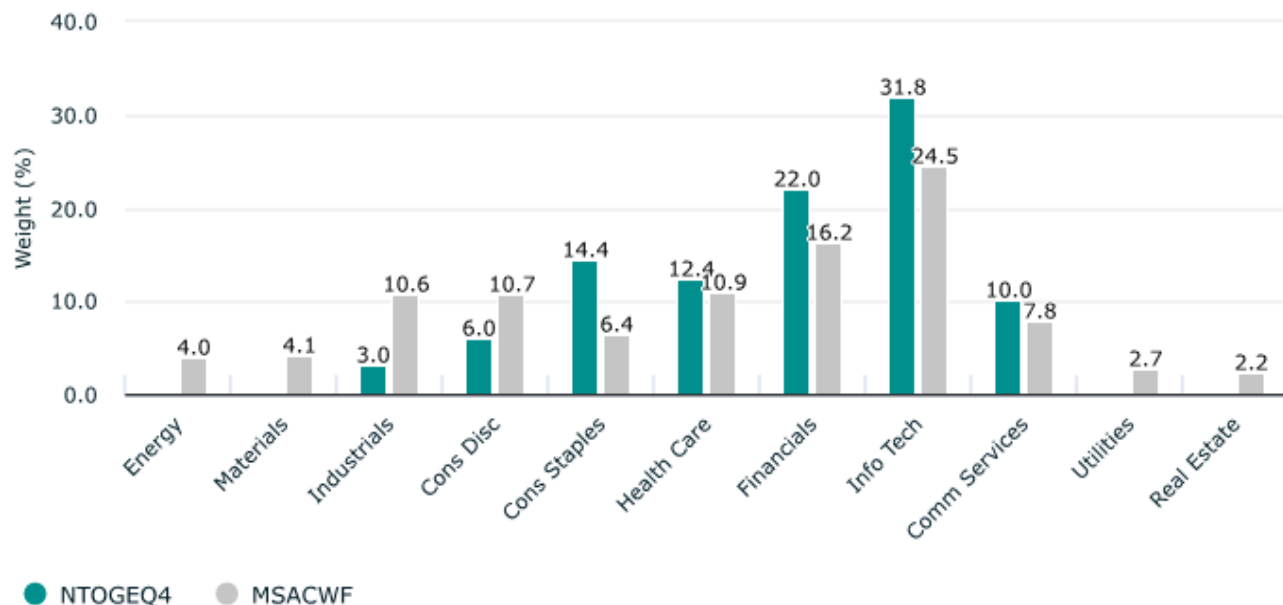
Mercer Selected Style Skyline™ vs. MSCI ACWI as at September-24  
Comparison with historical range (June-07 to September-24)

● NTOGEQ4

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Sector Allocation vs. MSCI ACWI as at September-24

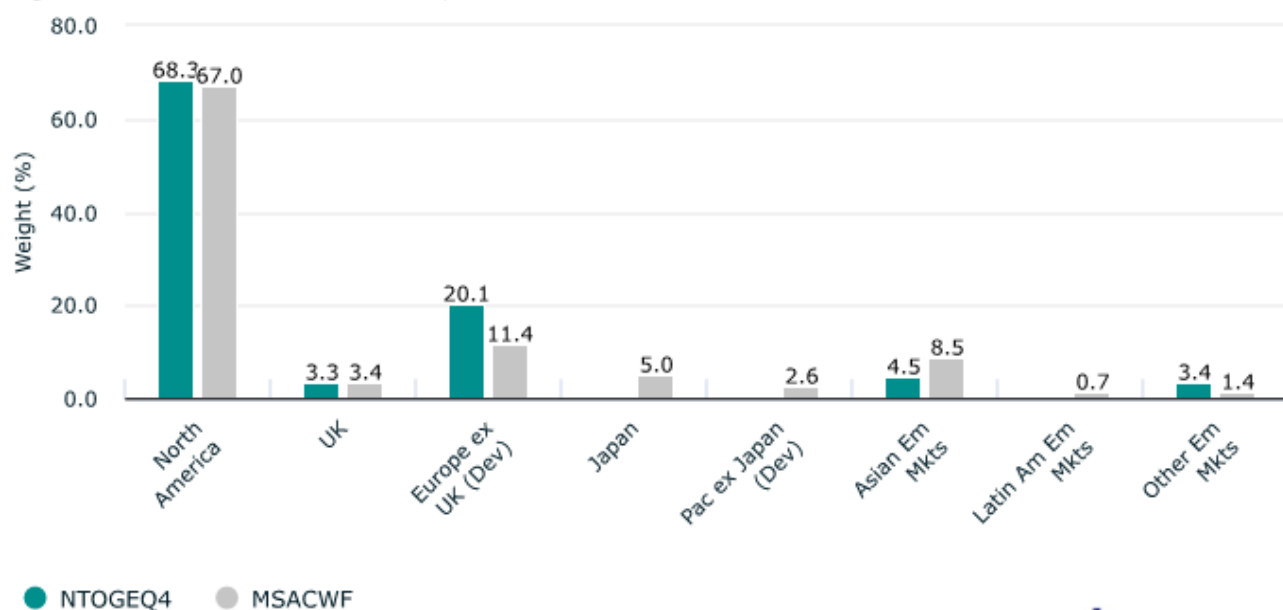


\* For sector allocation analysis prior to October 2018, the sector Communication Services was known as Telecommunication Services.

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Region Allocation vs. MSCI ACWI as at September-24



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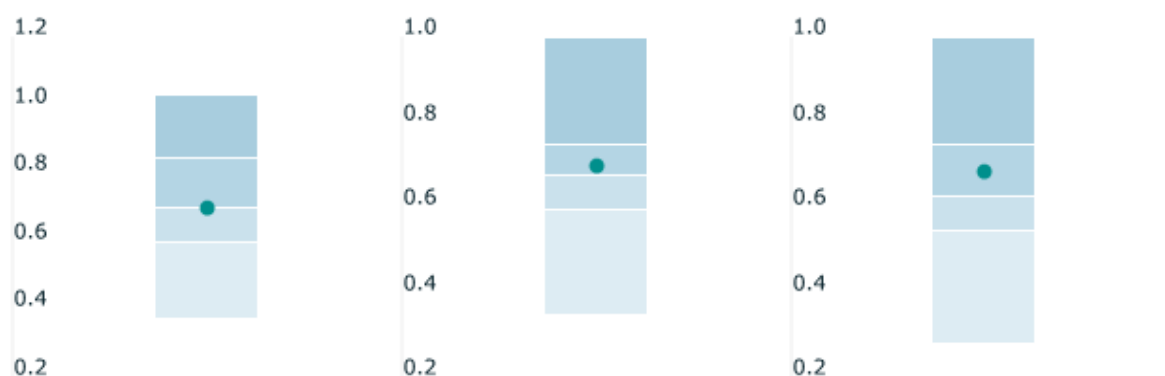


## Fee Schedule

The table below shows the fee scale applicable for a representative vehicle for this strategy. Note that this may only include the manager's remuneration and may not include other expenses that investors may incur. Fees may be negotiable, particularly for larger mandates, and a performance related fee scale may be offered.

Vehicle name	Vehicle type	Fee scale	Minimum account size
Global Franchise Fund	SICAV	0.7% on the first \$75 million 0.65% on the next \$75 million 0.6% on the next \$150 million 0.55% on the balance	\$1m

Fees 25m (%), Fees 50m (%), Fees 100m (%) in \$US  
Comparison with the Global Equity universe



	Fees 25m (%)	Fees 50m (%)	Fees 100m (%)
● NTOGEQ4	0.70	0.70	0.69
95th Percentile	1.03	1.00	1.00
Upper Quartile	0.85	0.75	0.75
Median	0.70	0.68	0.63
Lower Quartile	0.60	0.60	0.55
5th Percentile	0.37	0.35	0.28
Number	363	467	504



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- Certain investments, such as illiquid, leveraged or high-yield instruments or funds and securities issued by small capitalization and emerging market issuers, carry additional risks that should be considered before choosing an investment manager or making an investment decision.
- For higher volatility investments, losses on realization may be high because their value may fall suddenly and substantially.
- Where investments are not domiciled and regulated locally, the nature and extent of investor protection will be different to that available in respect of investments domiciled and regulated locally. In particular, the regulatory regimes in some domiciles are considerably lighter than others, and offer substantially less investor protection. Where an investor is considering whether to make a commitment in respect of an investment which is not domiciled and regulated locally, we recommend that legal advice is sought prior to the commitment being made.