

CoreShares Index Tracker Managers (RF) Proprietary Limited
CoreShares Global Prop
Share code: GLPROP
ISIN: ZAE000268660

CoreShares S&P 500 ETF
Share code: CSP500
ISIN: ZAE000268694

CoreShares S&P SA Top 50 ETF
Share code: CTOP50
ISIN: ZAE000204327

CoreShares SA Property Income ETF
Share Code: CSPROP
ISIN: ZAE000273165

CoreShares S&P SA Dividend Aristocrats ETF
Share code: DIVTRAX
ISIN: ZAE000190104

CoreShares Total World Stock Feeder ETF
Share Code: GLOBAL
ISIN: ZAE000297776

CoreShares Global Dividend Aristocrats ETF
Share Code: GLODIV
ISIN: ZAE000254249

CoreShares PrefTrax
Share code: PREFTX
ISIN: ZAE000185658

CoreShares Scientific Beta Multi Factor ETF
Share code: SMART
ISIN: ZAE000269502

Portfolios in the CoreShares Index Tracker Collective Investment Scheme registered as such in terms of the Collective Investment Schemes Control Act, 45 of 2002, managed by CoreShares Index Tracker Managers (RF) Proprietary Limited (“CoreShares”)

Acquisition of CoreShares by 10X

10X Investments has agreed to a 100% cash purchase of CoreShares, creating a full-service South African indexing investment specialist with more than R31 billion in assets under management.

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

10X Investments CEO Tobie van Heerden said: “This deal brings together two great South African businesses with a shared investment philosophy and clear alignment around purpose.”

10X is known for providing high performing investment products and superior customer service at very fair prices. CoreShares has a wide product set covering discretionary saving products as well as ETFs, an important growth area for a rules-based investment business.

This deal would allow 10X and CoreShares clients, as well as other South African savers and investors, access to a wide selection of best-in-class products at the fairest fees possible. It is expected that existing clients at both companies will benefit from the additional scale, expertise and capacity offered by the combined entity.

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 their team and ensuring continuity for CoreShares clients.

“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 ESG investing and a greater use of technology-based solutions.”

“Scale is critical to being competitive in rules-based investing,” Van Heerden added. “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.”

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

The purchase advances 10X’s evolution into a leading, full-service rules-based investment manager providing a full suite of investment products across the various distribution channels. The deal acknowledges the value-adding role of quality financial advice in various contexts. CoreShares’ significant established intermediated offering will complement 10X’s strong direct-to-client business.

Gareth Stobie, Managing Director at CoreShares, said: “10X has historically not serviced advice channels, but the new management team have wide experience working with advisers. The enlarged company will cater for both advisers and for clients who want to invest directly.”

10X Investments 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. Van Heerden said this transaction fast-tracks 10X’s growth plans.

“As challenger brands, CoreShares and 10X have grown up alongside each other, both advocating for a similar, yet different, approach to achieving good investment outcomes through using low-cost index funds,” Stobie said. “The shared energy, client-centricity and investment ethos makes for a solid foundation of how the teams will come together.”

“10X is not trying to change what CoreShares is doing, but rather to build on it,” Van Heerden said.

“The two businesses are a very good fit, being complementary without having that much cross-over or duplication. There is a clear synergy between CoreShares and 10X’s desired growth path.”

In a joint statement welcoming the deal, the exiting corporate shareholders of CoreShares said they were “proud of the journey and the strong investment franchise built over a relatively short time frame, but also acknowledge the increasing role that scale plays when building a successful passive business”.

The statement added: “Accordingly, this transaction is in the best interests of the company and its clients, whilst allowing the exiting parties the ability to focus more on their other primary assets and activities.”

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12 May 2022

Corporate advisor and sponsor
Grindrod Bank Limited