

## Yield Capital takes over EPI endowment fund

Plans to achieve greater scale with innovative strategy

**H**anno van Aarde at EPI Trading in Cape Town has sold his Smooth Plus Fund to Mike Randall at Yield Capital, which runs a similar fund and plans to scale up assets in the strategy.

The fund, an innovative strategy investing in traded endowment policies before maturity, launched in July 2009 and gained a net 8.45% last year.

The strategy entails buying secondhand policies sourced either from the secondary market or from big insurance companies, many of which have inherent guarantees. It

offered a consistent return over cash, looking to return more than its benchmark of the short-term fixed interest rate (Stefi), before costs with additional tax benefits.

The fund had R25 million under management at the end of December and was seeded by Blue Ink Investments. Van Aarde, an engineer by training, has many years' experience in structured finance investing and is exploring other opportunities in the space.

Under new ownership, the fund will achieve greater scale and potentially feed into other institutional fund structures.

The combined fund now sits at R62

million and Randall and his team aim to ramp up the assets to more than R400 million over the next two years to allow for institutional investing in a fund structure.

Randall says the privately held fund is currently managed in a similar fashion to the way the EPI fund was run and aims to remain focused in obtaining scale but not at the expense of return.

Also based in Cape Town, Yield Capital has expertise in many related assets, acting as a market maker in investments that do not traditionally offer immediate liquidity.

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