

CLASS ACT

Malizole Mdlekeza (29), a successful and dynamic young actuary, is harnessing his sought-after skills set to grow a career in the alternative investments niche



EXECUTIVE SUMMARY

Mdlekeza specialises in pensions and investments. He is qualified as an actuary and registered with the Institute and Faculty of Actuaries in the UK. He's a double graduate of the University of Cape Town with a BSc in statistics and a Post-graduate Diploma (PGDip) in actuarial science.

Mdlekeza is also qualified as a chartered alternative investment analyst and a chartered enterprise risk actuary, and is a soon-to-be Fellow of the Actuarial Society of South Africa (FASSA). He is Chairman of the Actuarial Society of South Africa's Alternative Investments Board and National Head of Mentorship for the Association of South African Black

Actuarial Professionals (Asaba).

THE JOURNEY

Armed with five qualifications to date, highflying actuary Mdlekeza is set to add a sixth accolade to the list when he applies for the FASSA qualification this year. As one of only 66 black African actuaries in South Africa, he is already a pioneer, but having delved into the less traditional realm of alternative investments, he's changing the game even further.

Mdlekeza's foray into actuarial science happened organically. He explains: "I first heard about it in Grade 11 when I was thinking about what to study in university and my uncle suggested it. I like a challenge and at the time, I believed I could handle anything. I read up on it and decided to give it a shot."

He admits that he initially didn't realise the scale of the challenge. Known for a high volume of demanding work, significant high failure and dropout rates at university level and the fact that it takes 15 exams to qualify, actuarial science is a notoriously difficult career choice. It's also a lucrative profession, as actuaries are a critical force in the finance industry and in business. Once they qualify, their skills set is malleable enough to tackle many aspects of a variety of fields. And Mdlekeza has gone on to do just that.

While many people consider mathematical aptitude to be the cornerstone of the profession, it's actually a multi-faceted and ever-evolving profession. Some of its key components are managing, identifying and avoiding

risk, evaluating and planning for the future, financial forecasting and problem-solving using a variety of financial models and statistics. Mdlekeza says that the origins of actuarial science are rooted in life insurance and pension funds, but it has expanded over time. "Part of the reason the profession is so misunderstood is simply that there are so few actuaries in the world," he explains. "An international research paper that was released a few years ago stated: 'For each actuary [globally] there are over 100 accountants and about 200 doctors.'"

PRIME POSITION

Mdlekeza has always been passionate about investments, but he believes that his actuarial background serves him well in the industry as a whole. "You understand not only the investments and the assets themselves in depth – including economic and general business issues – but you also have a detailed understanding of liabilities like pension funds, where money flowing into global investments generally comes from. Once you have an understanding of the two and you can tie them together, you're in quite a unique position," he explains.

While most actuaries tend to stick to more conventional actuarial jobs based on life insurance and pension funds, he opted to pursue a career in the alternative investments niche. It explores more efficient ways of investing compared to traditional investments like stock or bond funds. Some of these alternatives include private equity, government projects, hedge funds and infrastructure.

"I have a separate qualification as a Chartered Alternative Investment Analyst, which considers broader alternative investments, including infrastructure, securitisations, commodity-linked products and structured products," he says. Hedge funds and private equity are some of his key focus areas. Hedge funds are investments into traditional instruments like shares and bonds, but with fewer restrictions. Mdlekeza says traditional funds normally only allow you to buy and hold instruments, whereas hedge funds offer more flexibility. "Hedge funds can sell instruments like shares to make money when prices fall," he says. "They can use derivative instruments and they can invest more money than they have, if necessary. Private equity refers to private funds that are invested into

smaller unlisted companies with high growth rates across a variety of sectors."

As Chairman of the Actuarial Society of South Africa's Alternative Investments Board, Mdlekeza is determined to promote and grow the industry. He feels that the committee is perfectly positioned to meld its liabilities and assets expertise and better institutional portfolios through increased allocation to alternatives.

MDLEKEZA'S TOP TIP FOR ASPIRING ACTUARIES

"Be smart, have a vision, persevere and think bigger than other people."

"Regulation 28 of the Pensions Act increased the allocation of money that pension funds can allocate to alternative investments," he says. "The limit is roughly 10%, but there's a lot of room for growth in the actual allocation."

From recent valuations, it is clear that the alternative investments sphere is sizeable. According to research from the 2016 Novare Hedge Fund Survey, the assets under management in South Africa's hedge fund industry have soared to R68,6 billion. Findings from the Southern African Venture Capital and Private Equity Association (Savca) 2016 Private Equity Industry Survey reveal that as of 31 December 2015, the private equity sector – excluding the Public Investment Corporation – managed a whopping R165,3 billion in funds. Mdlekeza says the infrastructure figures would be even higher.

He says the board aims to create closer ties with the Financial Services Board and prominent institutions like Savca. It is also

encouraging education and research in alternative investments. "We have rolled out research topics to Masters and Honours students in top universities to get insight into the benefit of alternative investments in the business space. We've also created notes on alternative investments to go into the core actuarial science syllabus from this year onwards," he says.

TRANSFORMATION AND MENTORSHIP

The industry is still considerably under-transformed. According to the Actuarial Society of South Africa, of the 1 248 actuaries in the country who are associates and fellows, African black people accounted for 72 of them (see sidebar). However, it seems that transformation is set to gain momentum as diversity among students has increased considerably.

Mdlekeza admits that being a minority in the workplace presented a few challenges. "As a black South African actuary, there was no-one [who looked like me] to mentor me on the way up. You have to have the conviction, self-belief and commitment to follow through. You really have to push yourself mentally. I feel as if I have broken my limits multiple times to get to where I am," he says.

He doesn't want those who follow in his footsteps to encounter the same struggles. Accordingly, he heads up mentorship for Asaba. Black qualified actuaries formed Asaba in 2005 to empower and support existing and aspiring black actuaries. He volunteers his time to talk to students and uplift them. He says: "It's about development. We motivate students at different universities around the country and offer direct mentorship. We've also partnered with the South African Actuaries Development Programme, a group founded by Deputy-President Cyril Ramaphosa that aims to give bursaries to black actuarial science students." **DM**

SUCCESS STRATEGIES

- Find strength and drive from within, motivate yourself and use your own vision and instincts to take you forward.
- As with many things in life, there is no blueprint – you have to learn to trust yourself and take calculated risks.
- Many people only see the end product and underestimate or overlook the amount of thought, work and effort that has gone into achieving certain goals. If you are determined and focused enough in life, you can achieve virtually anything you set out to do, regardless of your initial circumstances.

PHOTOGRAPHER: ZUBI SEOKA, GROOMING: ZENZI MASUKU

BY THE NUMBERS: ACTUARIES IN SOUTH AFRICA

	ASSOCIATES	FELLOWS	STUDENTS
Asian	1	2	16
Black	6	66	576
Coloured	3	20	52
Indian	6	121	322
Oriental	0	9	31
Unknown	0	8	11
White	47	959	756