

Diversify, grow, impact - the fractional ownership investment trend

 By Kagiso Tloubatla

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With South Africa's poor savings culture, we need alternative solutions to encourage saving and investing. One trend that continues to gain momentum is fractional ownership.



Source: Supplied. Kagiso Tloubatla, the co-founder of SV Capital.

This innovative approach, which allows investors to own a fraction of physical assets, has evolved from traditional shares to encompass diverse assets such as cattle and delivery bikes. At SV Capital, we have embraced the fractional ownership trend, offering unique investment opportunities that not only democratise the investment space but also contribute to the socio-economic development of South Africa.

In South Africa, fractional ownership was initially popularised by unit trusts, which allowed individuals to invest in a fraction of a share. SV Capital has expanded on this concept by easing the barriers to entry by enabling people to invest in portions of tangible assets like cattle and delivery bikes.

Fractionalised ownership will continue to grow in South Africa as it is often more appealing to investors and offers an attractive opportunity to start investing. It changes the investment landscape by lowering minimums, encouraging participation, and opening the sector to everyone.

Fractional investment trend 2024

In 2024, alternative investments (such as fractional investments in physical assets) will continue to gain momentum in South Africa as a macrotrend that works hand-in-hand with emerging technologies that offer innovative ways to invest and manage wealth.

Fractional investment also ticks a number of boxes that align with other trends:

A growing interest in regional investments, focusing on African markets and industries, as investors look to tap into emerging opportunities within the continent, such as fractional ownership in cattle and delivery bikes.

A rise in conscious investing, where investors are increasingly seeking out opportunities that align with their values. This ties into a global megatrend of sustainability and ESG (Environmental, Social, and Governance) investments, showcasing a growing interest in companies focused on sustainable practices and positive societal impacts.



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With fractional-ownership products from SV Capital, an investor has a unique asset class in their investment portfolio and an investment that has a positive social impact through jobs created.

On a microtrend level, we're seeing South Africans looking to save and invest with smaller amounts to get started by using existing platforms to access suitable products. Fractionalisation allows for increased accessibility to investments, enabling small investors to participate in the market at a lower cost.

2024 fractional investment tips

Looking forward investors should:

- Adopt a holistic, long-term approach, considering the sustainability and resilience of their investments and focusing on the fundamental strengths and growth potential of the underlying assets.
- Be diligent in their research, understanding the market dynamics of each sector and the expected growth trajectory.
- Embrace fractionalised investment portfolios and focus on diversifying their fractionalised investment portfolio across different asset classes, sectors, and geographical regions to reduce overall risk exposure.

Wondering where to start in 2024?

Here are three crucial questions you should be asking:

- What is my long-term investment strategy, and how does fractional ownership fit into it?
- How sustainable and resilient are my investments, considering potential market fluctuations?
- Does my investment portfolio integrate different types of investments for diversification, and how well does it align with future market trends?

Fractional ownership: beyond a trend

Fractional ownership is shaping the future of investments in South Africa. As we navigate the complexities of the financial world, embracing innovation and conscious investing will be the cornerstone of success for investors in 2024 and beyond.

SV Capital remains at the forefront, providing South African investors with opportunities that align with these imperatives. Our goal is to set investors up for success in a rapidly evolving market through alternative investments and technology-driven platforms.

We look forward to continuing to offer accessible, affordable investments with tangible socio-economic benefits, contributing to job creation and sustainable development.

ABOUT KAGISO TLOUBATLA

Kagiso Tloubatla is the co-founder of South African investment company, SV Capital.
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