

June 2014

The Quest for Alpha



**An Analysis of the Performances of Collective Investments:
Actively-managed Equity Funds versus Benchmarks**

Quarter ended June 2014

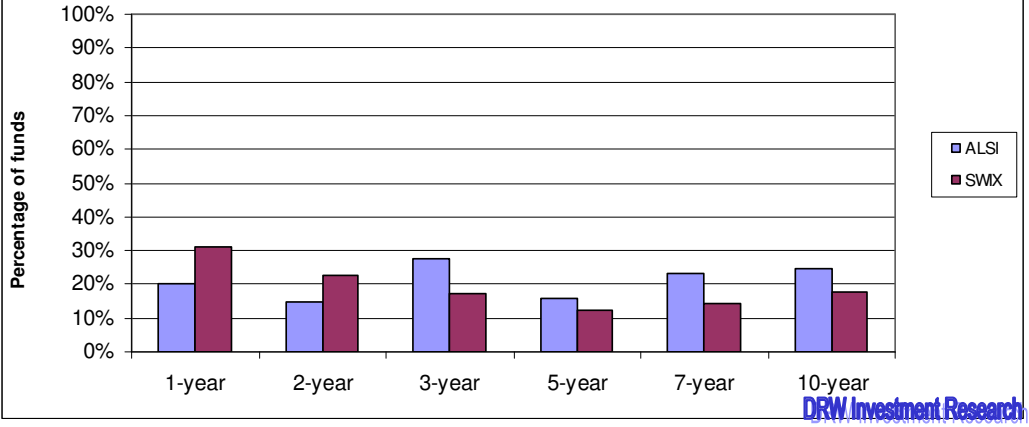
DRW Investment Research

1. Outperformance

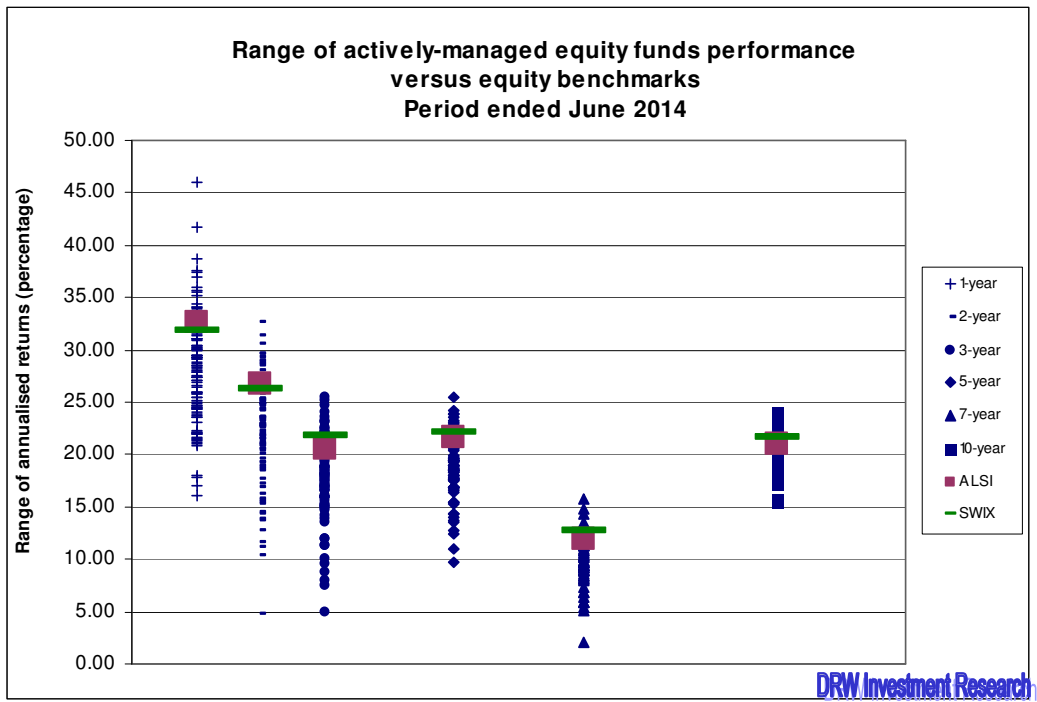
- 1) Only actively-managed equity funds are evaluated, thus index tracker or passively-managed funds are excluded from the analysis.
- 2) The analysis does not account for *survivorship bias*, i.e. the performances of funds that ceased to exist in its original format or name are not part of the current performance database. Typically, such an exclusion of terminated funds inflates the averages of fund performances over time.
- 3) The performance data were collected from the *Morningstar* fund performance database for the quarter ended **30 June 2014** and were gratefully supplied by Nedgroup Investments.
- 4) The annualised returns for 2-year, 3-year, 5-year, 7-year and 10-year holding periods are shown.
- 5) The Total Return Indices (dividends re-invested) of the FTSE JSE All Share Index (ALSI) and Shareholder Weighted Index (SWIX) are used as equity performance benchmarks.

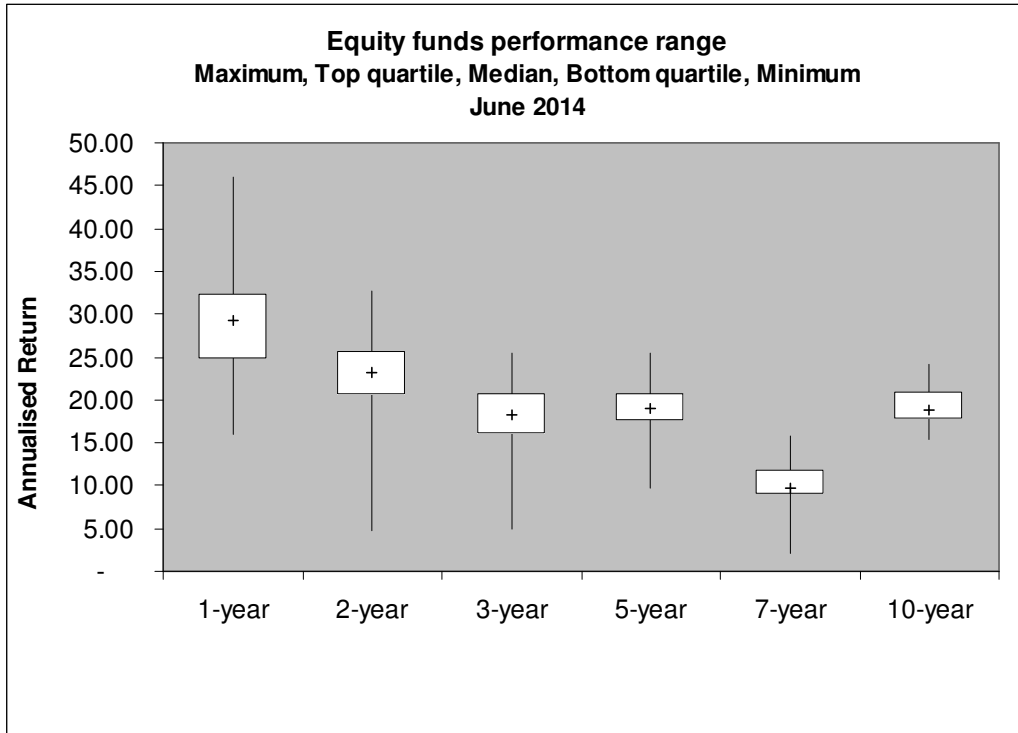
Equity Funds	1-year	2-year	3-year	5-year	7-year	10-year
Number of funds	119	107	94	82	69	45
Best performing fund	46.0%	32.7%	25.5%	25.5%	15.8%	24.1%
Worst performing fund	16.0%	4.8%	4.9%	9.8%	2.1%	15.4%
Top quartile	32.3%	25.6%	20.8%	20.8%	11.9%	21.0%
Median	29.2%	23.2%	18.2%	19.0%	9.7%	18.7%
Bottom quartile	24.8%	20.5%	15.9%	17.6%	8.9%	17.8%
Average fund performance	28.7%	22.6%	17.9%	18.8%	10.0%	19.2%
Benchmark: ALSI	32.7%	26.7%	20.6%	21.6%	12.0%	21.0%
% Funds outperforming ALSI	20%	15%	28%	16%	23%	24%
Benchmark: SWIX	31.9%	26.2%	21.8%	22.2%	12.8%	21.6%
% Funds outperforming SWIX	31%	22%	17%	12%	14%	18%

Percentage of actively-managed equity funds outperforming equity benchmarks
Period ended June 2014



2. Fund Performance Range





Top of vertical line stretching above box:

Top-performing fund

Upper boundary of box:

Top-quartile range

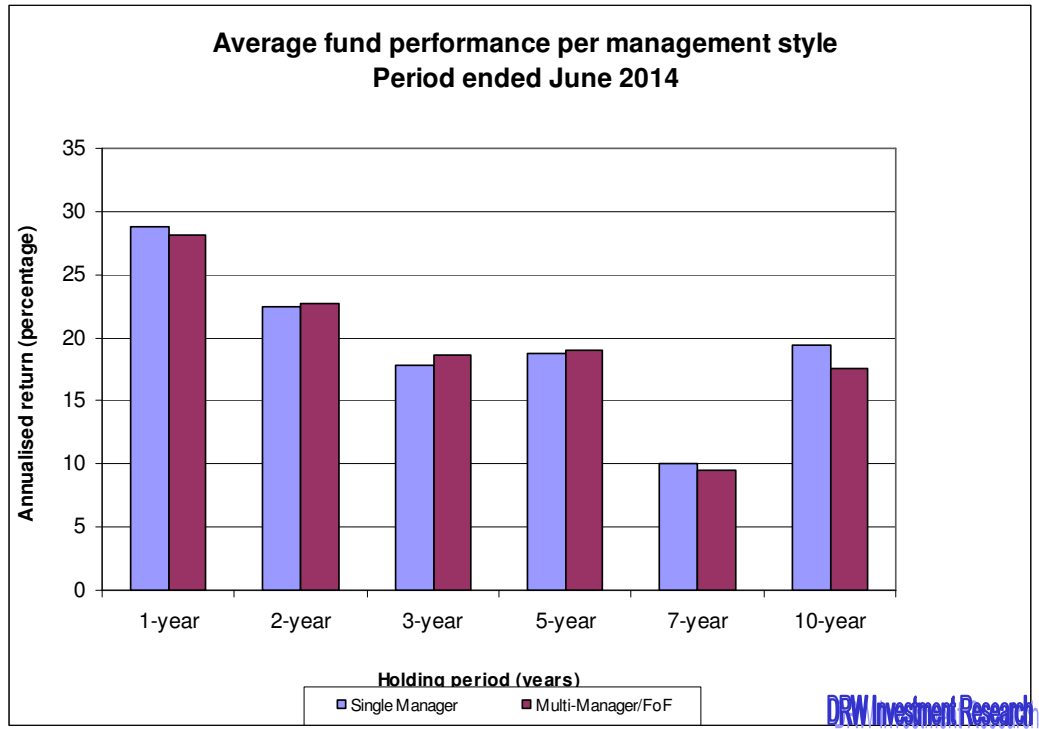
Bottom boundary of box:

Bottom-quartile range

Bottom of vertical line below box:

Worst-performing fund

3. Fund Management Style



4. Index Investing: ETF and Index Tracker Unit Trust Performances

ETF performance sample	One-year	Two-year	Three-year	Five-year
RMB Top 40 Portfolio	35.5%	28.3%	20.7%	21.4%
Satrix 40 Portfolio	33.5%	27.2%	19.9%	21.0%
Satrix SWIX Top 40 Portfolio	33.2%	26.9%	21.1%	21.3%
Stanlib Top 40	31.7%	25.8%	19.4%	
Stanlib Swix Top 40	32.1%	25.5%	20.5%	

Source: ETFSA, Performance survey, June 2014

Average actively-managed equity funds	28.7%	22.6%	17.9%	18.8%
Top quartile actively-managed equity funds	32.3%	25.6%	20.8%	20.8%
Median actively-managed equity fund	29.2%	23.2%	18.2%	19.0%
Bottom quartile actively-managed equity funds	24.8%	20.5%	15.9%	17.6%

Index Unit Trust Investments sample	One-year	Three-year	Five-year
Kagiso Top 40 Tracker Fund	33.9%	19.9%	20.6%
Old Mutual Top 40 Fund	33.1%	19.5%	20.3%
Momentum Top 40 Index Fund	34.3%	19.7%	20.2%
Gryphon All Share Tracker Fund	31.2%	20.6%	21.4%
Satrix ALSI Index Fund	30.7%	19.6%	20.7%
Stanlib Index Fund	32.2%	19.9%	20.5%

Source: ETFSA, Performance survey, June 2014

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Bottom quartile actively-managed equity funds	24.8%	15.9%	17.6%

5. Top Performing Equity Funds (Top Quartile Performers)

One-year period

Investec Value R	45.99
SIM Top Choice Equity A1	41.67
Momentum Top 25 R	38.76
Truffle General Equity A	37.51
PSG Equity A	37.45
Anchor MET Equity A	36.96
NFB ACi Equity B1	35.96
Old Mutual Investors R	35.60
Fairtree Equity Prescient A1	35.47
Discovery Dynamic Equity	35.22
SIM General Equity R	34.45
NeFG MET Equity	34.10
Allan Gray Equity A	34.01
Old Mutual Growth R	33.88
Old Mutual Top Companies R	33.81
Inv Solutions Equity FoF A	33.79
Investec Equity R	33.47
Coronation Top 20 A	33.27
PSG MM Equity FoF A	33.11
Seed Equity	33.03
Nedgroup Inv Rainmaker A	32.96
Investec Active Quants A	32.90
PSG Wealth Creator FoF D	32.81
Grindrod RAFI® Enhanced SA Strategy A	32.81
Coronation Equity R	32.68
Mergence Equity Prescient A1	32.53
Afena Equity Prescient A1	32.39
Community Growth Equity	32.38
SIM Value R	32.35
Momentum Best Blend Multifocus FoF A	32.33

Two-year period (annualised)

PSG Equity A	32.69
SIM Top Choice Equity A1	31.36
Coronation Equity R	30.53
36ONE MET Equity	29.62
Momentum Top 25 R	29.59
Fairtree Equity Prescient A1	29.26
SIM General Equity R	29.01
Foord Equity R	28.81
Coronation Top 20 A	28.71
Harvard House MET Equity	28.57
NeFG MET Equity	28.07
Mergence Equity Prescient A1	27.60
Old Mutual Investors R	27.50
Prudential Equity A	27.05
Old Mutual Active Quant Equity A	26.87
Ashburton SA Equity B1	26.84
PSG MM Equity FoF A	26.50
STANLIB Equity R	26.47
Melville Douglas High Alpha	26.35
Investec Active Quants A	26.30
Prudential Dividend Maximiser A	26.27
Momentum Best Blend Specialist Eq A	26.24
27four Shari'ah Active Eq. Prescient A1	26.23
Aeon Enhanced Equity Prescient A	26.21
Mazi Capital MET Equity A1	26.17
PSG Wealth Creator FoF D	26.16
STANLIB MM All Stars Eq FoF A	25.86

Three-year period (annualised)

Foord Equity R	25.48
Harvard House MET Equity	25.18
Mazi Capital MET Equity A1	24.76
PSG Equity A	24.09
Sasfin MET Equity A	23.55
Coronation Equity R	23.18
Imara MET Equity	23.15
Momentum Best Blend Specialist Eq A	23.11
STANLIB Equity R	22.54
SIM Top Choice Equity A1	22.47
Melville Douglas High Alpha	22.46
Truffle General Equity A	22.21
Old Mutual Active Quant Equity A	22.18
Coronation Top 20 A	22.07
Investec Active Quants A	21.99
Stewart Macro Equity FoF A	21.89
SIM General Equity R	21.79
Mergence Equity Prescient A1	21.56
Prudential Equity A	21.27
Ashburton Multi Manager Equity B1	21.25
Old Mutual Investors R	21.15
Allan Gray Equity A	20.92
STANLIB SA Equity R	20.84
Aeon Enhanced Equity Prescient A	20.77

Five-year period (annualised)

Foord Equity R	25.50
PSG Equity A	24.20
Coronation Equity R	23.92
Momentum Best Blend Specialist Eq A	23.87
Sasfin MET Equity A	23.61
Harvard House MET Equity	23.29
Imara MET Equity	23.08
Coronation Top 20 A	22.86
SIM General Equity R	22.33
Old Mutual Active Quant Equity A	22.24
Investec Active Quants A	22.14
STANLIB Equity R	22.05
SIM Top Choice Equity A1	21.64
Marriott Dividend Growth R	21.58
Prudential Equity A	21.46
Old Mutual Investors R	21.37
Prudential Dividend Maximiser A	21.14
STANLIB SA Equity R	21.07
PSG Wealth Creator FoF D	20.85
Stewart Macro Equity FoF A	20.84
SIM Value R	20.80

Seven-year period (annualised)

Coronation Top 20 A	15.79
Coronation Equity R	14.76
Foord Equity R	14.41
Aylett Equity Prescient A3	13.47
ABSA Select Equity	13.45
Marriott Dividend Growth R	13.24
Prudential Equity A	13.22
Prudential Dividend Maximiser A	13.16
SIM Top Choice Equity A1	13.12
SIM General Equity R	12.94
Kagiso Equity Alpha	12.49
Harvard House MET Equity	12.49
Nedgroup Inv Value R	12.49
Allan Gray Equity A	12.42
Investec Active Quants A	12.31
Old Mutual Active Quant Equity A	12.15
SIM Value R	11.98
Old Mutual Investors R	11.86

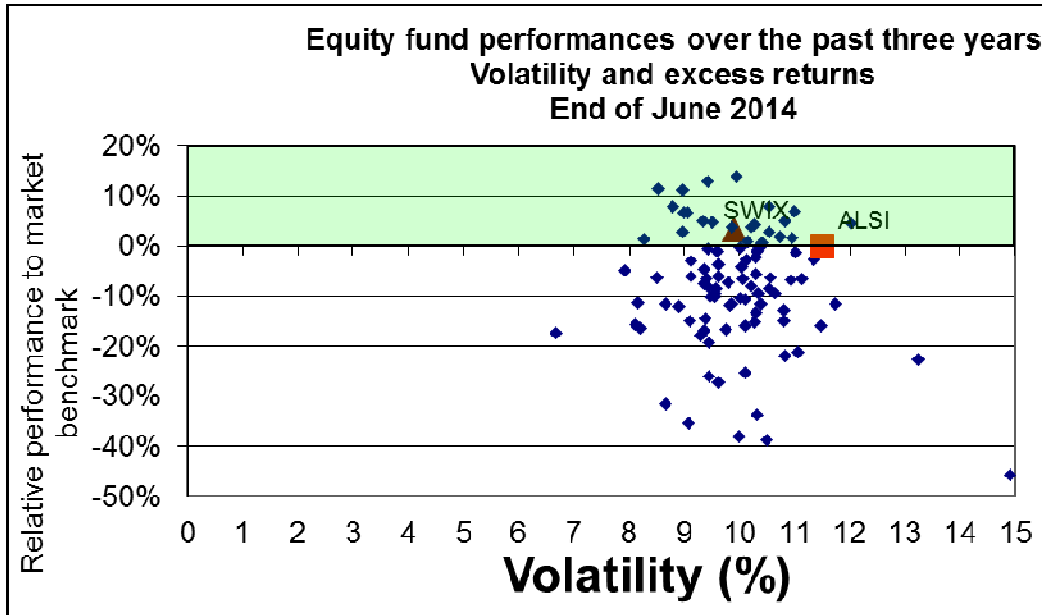
Ten-year period (annualised)

Coronation Top 20 A	24.12
Foord Equity R	23.00
Kagiso Equity Alpha	22.96
Prudential Equity A	22.78
Coronation Equity R	22.72
Prudential Dividend Maximiser A	22.60
SIM Value R	22.03
ABSA Select Equity	21.96
SIM General Equity R	21.56
Allan Gray Equity A	21.43
PSG Equity A	21.16
Nedgroup Inv Value R	20.98

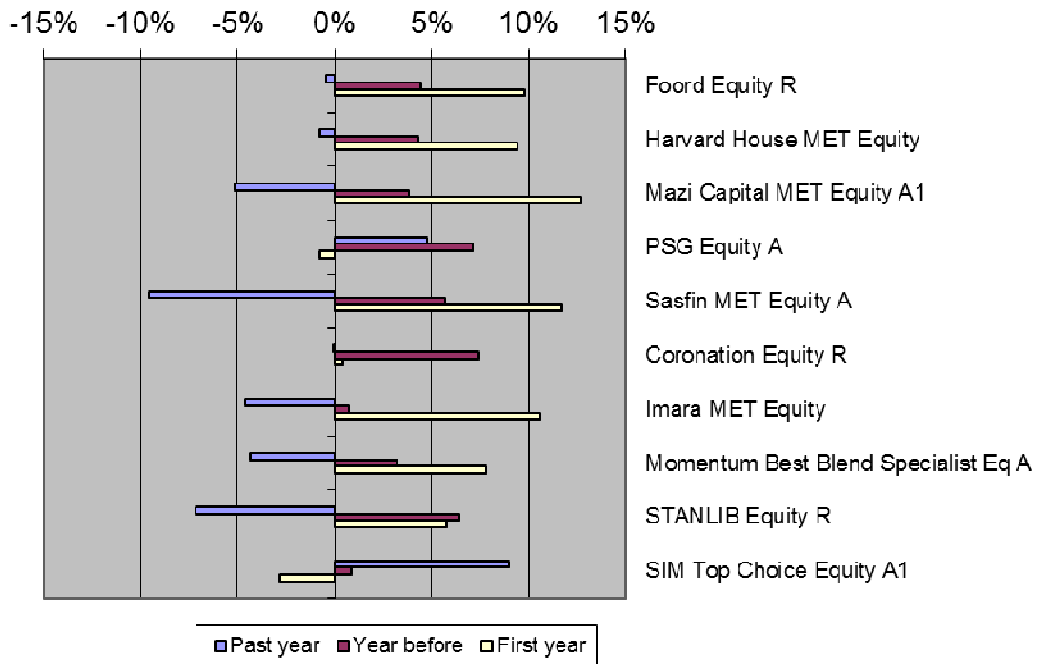
6. Persistence of Fund Performance (annualised returns)

Fund	10-year	7-year	5-year	3-year	2-year	1-year
Coronation Top 20 A	24.1	15.8	22.9	22.1	28.7	33.3
Foord Equity R	23.0	14.4	25.5	25.5	28.8	32.3
Kagiso Equity Alpha	23.0	12.5	20.7	18.1	23.3	32.2
Prudential Equity A	22.8	13.2	21.5	21.3	27.0	29.2
Coronation Equity R	22.7	14.8	23.9	23.2	30.5	32.7
Prudential Dividend Maximiser A	22.6	13.2	21.1	20.4	26.3	28.9
SIM Value R	22.0	12.0	20.8	19.0	25.3	32.3
ABSA Select Equity	22.0	13.5	19.5	17.4	20.5	25.9
SIM General Equity R	21.6	12.9	22.3	21.8	29.0	34.5
Allan Gray Equity A	21.4	12.4	20.5	20.9	25.4	34.0
PSG Equity A	21.2	11.8	24.2	24.1	32.7	37.5
Nedgroup Inv Value R	21.0	12.5	20.6	16.8	19.3	27.5
Nedgroup Inv Growth R	20.0	9.6	19.4	16.8	22.8	28.1
Old Mutual Active Quant Equity A	20.0	12.1	22.2	22.2	26.9	30.2
Nedgroup Inv Rainmaker A	20.0	10.9	19.0	17.3	22.8	33.0
Old Mutual Investors R	19.8	11.9	21.4	21.2	27.5	35.6
Marriott Dividend Growth R	19.7	13.2	21.6	20.2	21.2	21.4
Investec Equity R	19.3	10.2	19.4	19.7	25.1	33.5
Oasis General Equity D	19.3	10.6	19.0	18.5	23.3	30.3
Old Mutual Growth R	19.2	10.5	17.9	16.1	21.8	33.9
Analytics ACi Managed Equity A	19.1	10.4	19.5	17.5	23.6	29.3
Nedgroup Inv Core Eq A	18.8	10.3	18.6	16.0	21.0	32.3
Investec Value R	18.7	9.0	15.5	11.3	17.1	46.0
STANLIB Value A	18.7	9.2	17.8	15.9	18.9	23.8
Old Mutual Top Companies R	18.5	10.8	18.5	16.9	22.7	33.8
Momentum Equity R	18.4	9.7	19.5	18.6	22.9	31.5
MET General Equity	18.2	10.2	19.5	19.9	24.7	25.0
Community Growth Equity	18.1	9.3	16.6	16.5	23.5	32.4
Investec Growth R	18.0	8.5	18.0	15.9	18.5	16.0
FNB Momentum Growth	18.0	9.5	19.4	17.2	22.1	31.0
STANLIB Equity R	18.0	9.9	22.1	22.5	26.5	25.5
STANLIB Growth R	17.9	6.0	17.7	18.0	21.1	26.4
PSG MM Equity FoF A	17.8	9.1	19.7	20.2	26.5	33.1
Inv Solutions Equity FoF A	17.8	9.3	17.9	17.0	21.9	33.8
Momentum Best Blend Multifocus FoF A	17.6	9.5	18.8	18.7	24.3	32.3
STANLIB MM Equity A1	17.5	9.3	18.7	17.8	22.9	30.4
SMMI Equity FoF A	17.5	9.0	17.7	16.6	22.6	30.9
STANLIB SA Equity R	17.4	8.0	21.1	20.8	23.5	24.6
Old Mutual High Yield Opp A	17.3	8.7	18.6	14.9	20.1	29.5
Oasis Crescent Equity D	17.2	8.2	16.8	16.7	21.9	25.5
Old Mutual SYmmETRY Equity FoF A	17.2	8.4	16.3	14.7	19.6	28.4
Momentum Value A	15.8	5.9	12.8	4.9	4.8	21.9
Old Mutual Albaraka Equity	15.8	6.8	18.1	18.7	21.5	25.8
Personal Trust High Yield Growth	15.5	8.2	16.9	15.0	15.8	23.5
Element Earth Equity A	15.4	6.4	10.9	7.9	10.4	21.5
ALSI	21.0	12.0	21.6	20.6	26.7	32.7
SWIX	21.6	12.8	22.2	21.8	26.2	31.9

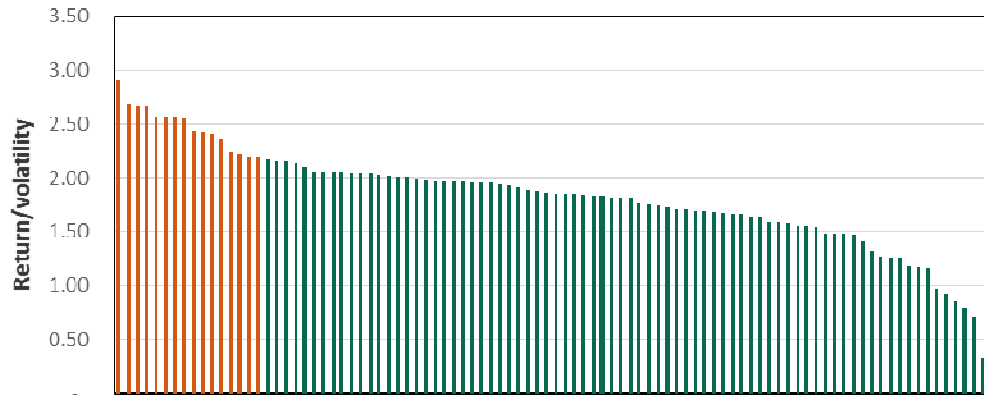
7. Volatility and Fund Performance (annualised returns)



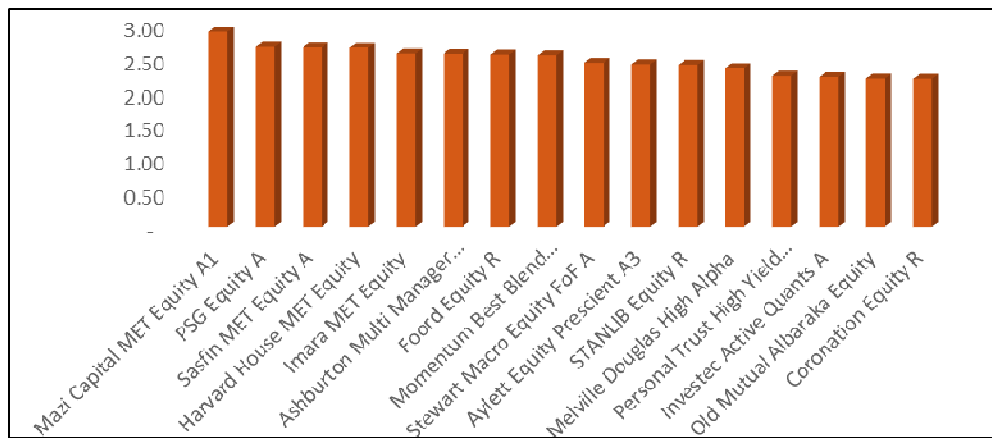
Top-performing equity funds over the past three years
Performance relative to ALSI benchmark



Three-year return relative to price volatility
June 2014



Top-performing equity funds
Three-year return relative to price volatility
June 2014





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