

**June 2015**

## **The Quest for Alpha**



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

**Quarter ended June 2015**

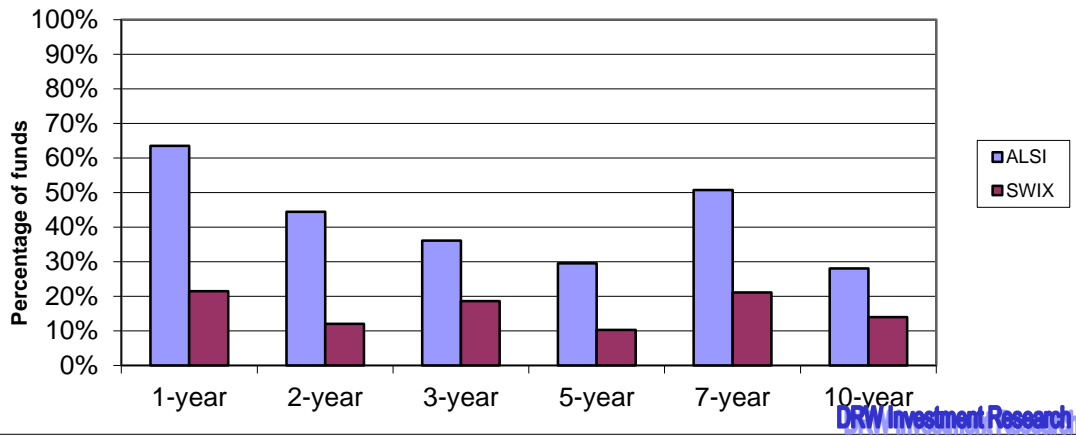
**DRW Investment Research**

## 1. Outperformance

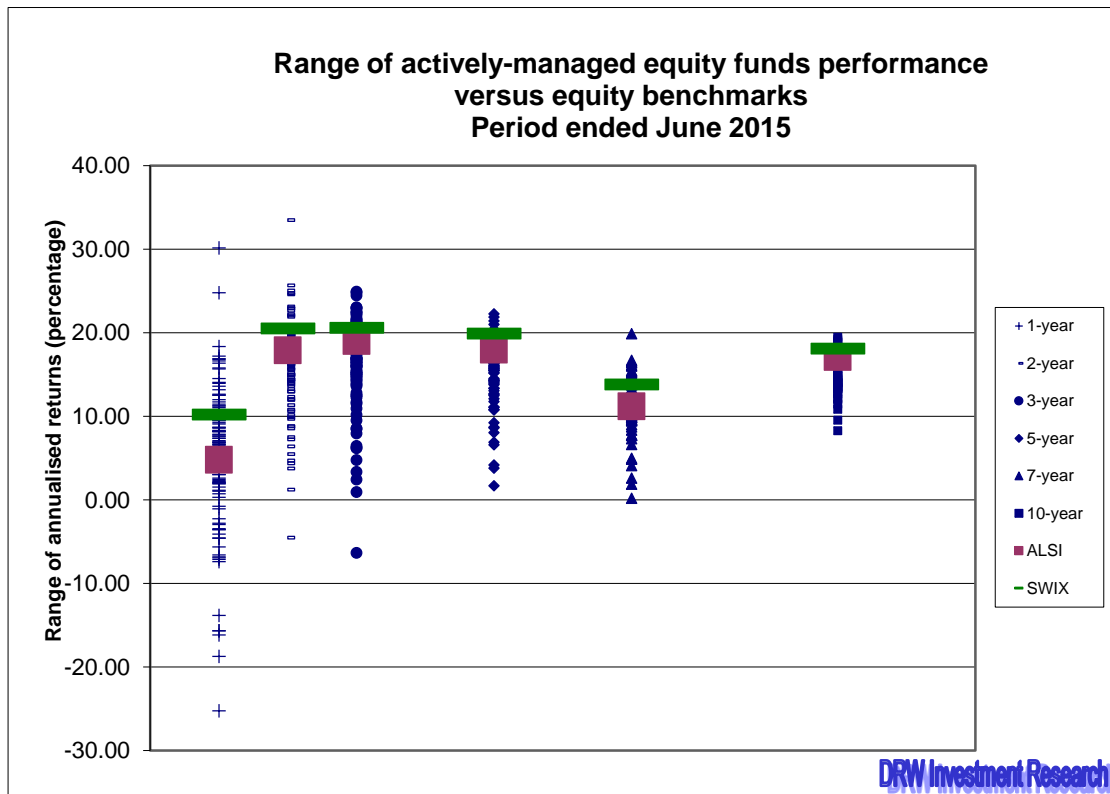
- 1) Only actively-managed equity funds are evaluated, thus index-tracker or passively-managed equity funds are excluded from the analysis.
- 2) The analysis does not account for *survivorship bias*, i.e. the performances of funds that ceased to exist in its original format or name are not part of the 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 2015** 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	126	108	97	78	71	50
Best performing fund	30.2%	33.5%	24.9%	22.3%	19.9%	19.5%
Worst performing fund	-25.2%	-4.5%	-6.4%	1.7%	0.2%	8.3%
Top quartile	9.9%	19.1%	19.3%	18.1%	13.3%	17.2%
Median	6.1%	17.1%	17.7%	16.1%	11.2%	14.7%
Bottom quartile	2.1%	14.3%	14.8%	13.5%	9.6%	13.5%
Average fund performance	5.2%	16.2%	16.4%	15.4%	11.2%	15.0%
Benchmark: ALSI	4.8%	17.9%	19.0%	18.0%	11.2%	17.1%
<b>% Funds outperforming ALSI</b>	<b>63%</b>	<b>44%</b>	<b>36%</b>	<b>29%</b>	<b>51%</b>	<b>28%</b>
Benchmark: SWIX	10.2%	20.5%	20.6%	19.9%	13.8%	18.1%
<b>% Funds outperforming SWIX</b>	<b>21%</b>	<b>12%</b>	<b>19%</b>	<b>10%</b>	<b>21%</b>	<b>14%</b>

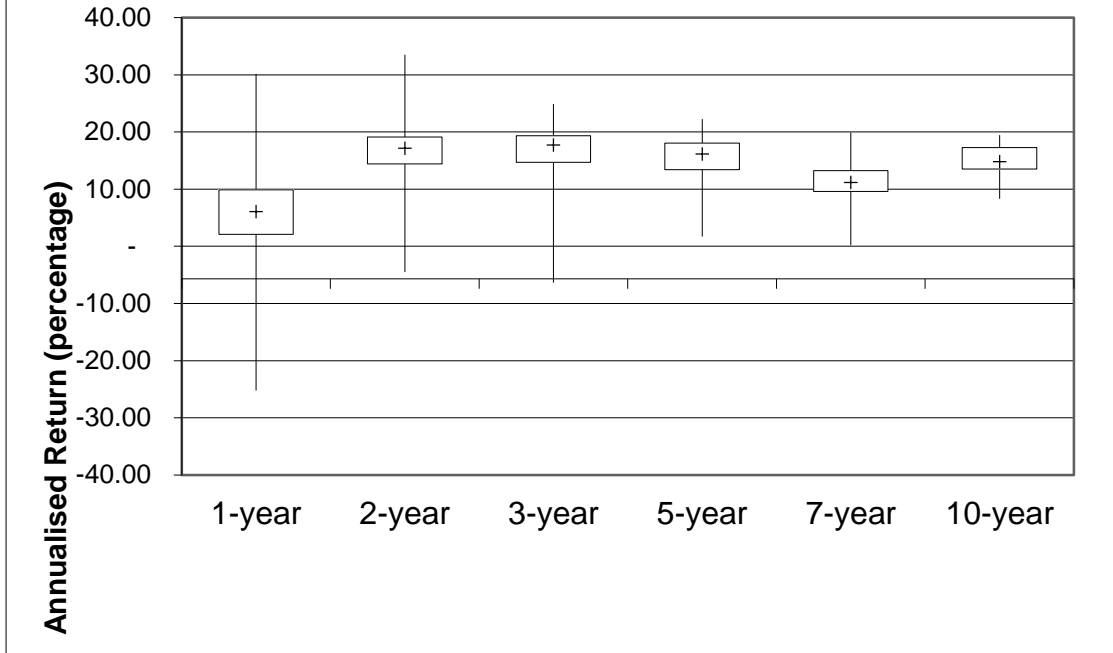
**Percentage of actively-managed equity funds outperforming equity benchmarks  
Period ended June 2015**



## 2. Fund Performance Range



**Equity funds performance range**  
**Maximum, Top quartile, Median, Bottom quartile, Minimum**  
**June 2015**



Top of vertical line above box:

Top-performing fund

Upper horizontal boundary of box:

Top-quartile range

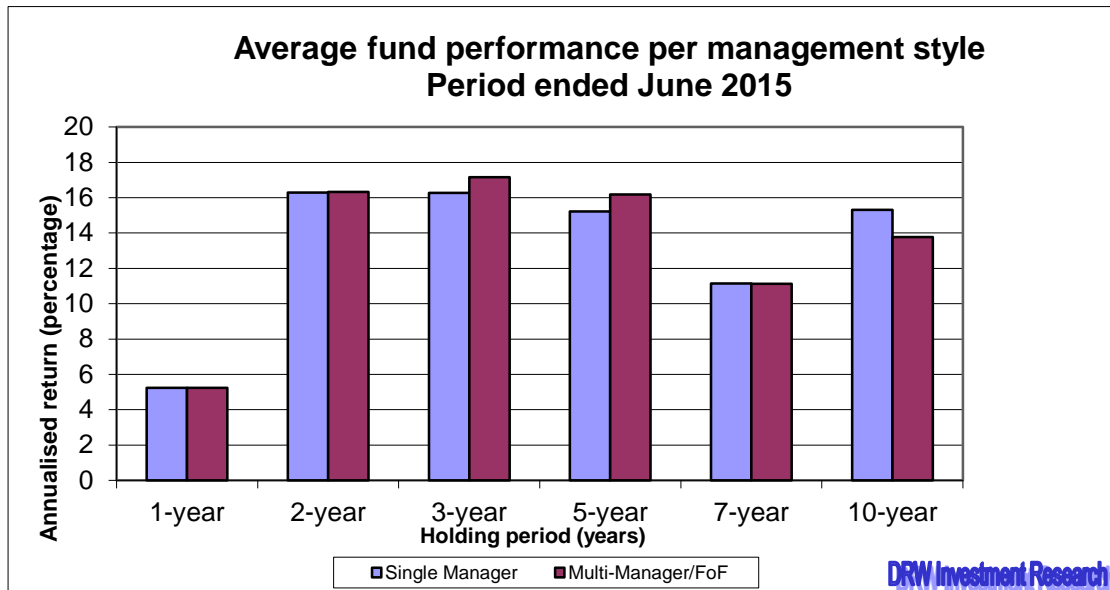
Bottom horizontal boundary of box:

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	Seven-year	Ten-year
RMB Top 40 Portfolio	3.2%	17.9%	19.1%	17.7%		
Satrix 40 Portfolio	2.2%	17.2%	18.5%	17.3%	9.5%	16.2%
Satrix SWIX Top 40 Portfolio	7.9%	20.4%	20.5%	19.3%	11.9%	
Stanlib Top 40	4.1%	18.7%	19.2%			
Stanlib Swix Top 40	9.7%	22.2%	21.1%			

Source: ETFSA,  
Performance survey,  
June 2015

Average actively-managed equity funds	5.2%	16.2%	16.4%	15.4%	11.2%	15.0%
Top quartile actively-managed equity funds	9.9%	19.1%	19.3%	18.1%	13.3%	17.2%
Median actively-managed equity fund	6.1%	17.1%	17.7%	16.1%	11.2%	14.7%
Bottom quartile actively-managed equity funds	2.1%	14.3%	14.8%	13.5%	9.6%	13.5%

Index Unit Trust Investments sample	One-year	Three-year	Five-year	Ten-year
Kagiso Top 40 Tracker Fund	2.5%	18.4%	17.1%	16.0%
Momentum Top 40 Index Fund	3.5%	18.9%	17.1%	15.6%
Gryphon All Share Tracker Fund	5.3%	19.1%	18.2%	16.6%
Satrix ALSI Index Fund	3.7%	18.0%	17.3%	
Stanlib Index Fund				

Source: ETFSA, Performance survey,  
June 2015

Average actively-managed equity funds	5.2%	16.4%	15.4%	15.0%
Top quartile actively-managed equity funds	9.9%	19.3%	18.1%	17.2%
Median actively-managed equity fund	6.1%	17.7%	16.1%	14.7%
Bottom quartile actively-managed equity funds	2.1%	14.8%	13.5%	13.5%

## 5. Top Performing Equity Funds (Top Quartile Performers)

One-year period

Fund	Ann Return
Anchor BCI Equity A	30.15
Clarus MET Value A	24.81
Grindrod Equity Income Growth	18.35
Investec Equity R	17.20
Laurium Equity Prescient A1	16.92
Mazi Capital MET Equity A1	16.84
Fairtree Equity Prescient A1	16.64
Marriott Dividend Growth R	16.36
Prime General Equity B	15.78
36ONE MET Equity	15.68
Tower Capital Equity Prescient A1	14.52
Mergence Equity Prescient A1	14.06
Melville Douglas High Alpha	13.95
IP Equity	13.61
Truffle General Equity A	13.18
Harvard House BCI Equity	12.67
Vunani IP Accelerated Growth A	12.55
Indequity Technical	12.54
Rezco Equity A	12.01
Maestro Equity Prescient A	11.75
Momentum Best Blend Specialist Eq A	11.49
Sygnia Equity A	11.26
Trillian IP FCF Equity	11.25
Old Mutual Managed Alpha Equity A	11.04
BCI Best Blend Specialist Equity C	10.80
Nedgroup Inv Growth R	10.53
Contego MET B6 Growth Plus	10.31
Old Mutual Investors R	10.18
Lynx SCI Opportunities FoF A1	10.18
Imara MET Equity	10.13
MitonOptimal IP High Conviction Equity A	10.01
Prescient Equity Income A1	9.95



Two-year period (annualised)

Fund	Ann Return
Anchor BCI Equity A	33.51
Fairtree Equity Prescient A1	25.70
Investec Equity R	25.07
Truffle General Equity A	24.76
Clarus MET Value A	24.60
Momentum Top 25 A	23.16
Mergence Equity Prescient A1	22.95
SIM Top Choice Equity A1	22.92
PSG Equity A	22.67
Old Mutual Investors R	22.23
Mazi Capital MET Equity A1	22.07
Harvard House BCI Equity	21.92
36ONE MET Equity	20.70
Melville Douglas High Alpha	20.48
Old Mutual Managed Alpha Equity A	20.23
ABSA Large Cap	20.17
Nedgroup Inv Rainmaker A	20.01
SIM General Equity R	19.90
Sygnia Equity A	19.89
Foord Equity R	19.86
Prescient Equity A1	19.77
Community Growth Equity	19.66
Momentum Best Blend Specialist Eq A	19.62
Grindrod Equity Income Growth	19.58
Aeon Enhanced Equity Prescient A	19.50
MitonOptimal IP High Conviction Equity A	19.34
27four Shari'ah Active Eq. Prescient A1	19.29
Contego MET B6 Growth Plus	19.14
Discovery Dynamic Equity	19.09

Three-year period (annualised)

Fund	Ann Return
Fairtree Equity Prescient A1	24.91
36ONE MET Equity	24.79
PSG Equity A	24.45
Harvard House BCI Equity	23.04
Mazi Capital MET Equity A1	22.98
Mergence Equity Prescient A1	22.92
SIM Top Choice Equity A1	22.54
Investec Equity R	22.42
Momentum Top 25 A	22.33
Melville Douglas High Alpha	22.08
Foord Equity R	21.69
Coronation Equity R	21.60
Old Mutual Investors R	21.45
Old Mutual Managed Alpha Equity A	21.36
SIM General Equity R	21.19
Truffle General Equity A	21.14
Momentum Best Blend Specialist Eq A	21.11
ABSA Large Cap	20.72
Aeon Enhanced Equity Prescient A	20.40
Indequity Technical	20.15
Clarus MET Value A	19.98
Prudential Equity A	19.96
Imara MET Equity	19.73
27four Shari'ah Active Eq. Prescient A1	19.70
Marriott Dividend Growth R	19.56
Stewart MET Macro Equity FoF A	19.36

Five-year period (annualised)

Fund	Ann Return
Harvard House BCI Equity	22.28
Foord Equity R	21.90
PSG Equity A	21.42
Momentum Best Blend Specialist Eq A	21.00
Imara MET Equity	20.45
Sasfin MET Equity A	20.35
Old Mutual Managed Alpha Equity A	20.01
Coronation Equity R	19.92
Investec Equity R	19.67
Old Mutual Investors R	19.56
STANLIB Equity R	19.43
SIM Top Choice Equity A1	19.33
Marriott Dividend Growth R	19.28
Prudential Equity A	19.24
SIM General Equity R	19.07
Coronation Top 20 A	18.78
Clarus MET Value A	18.59
ABSA Large Cap	18.54
Investec Active Quants A	18.46
Stewart MET Macro Equity FoF A	18.28
Prudential Dividend Maximiser A	18.07

### Seven-year period (annualised)

Fund	Ann Return
Marriott Dividend Growth R	19.91
Foord Equity R	16.73
Imara MET Equity	16.53
Coronation Top 20 A	16.42
PSG Equity A	16.15
Coronation Equity R	16.01
Momentum Best Blend Specialist Eq A	15.51
Aylett Equity Prescient A3	15.37
SIM Top Choice Equity A1	15.27
Nedgroup Inv Value R	15.06
SIM General Equity R	14.95
Prudential Equity A	14.78
Harvard House BCI Equity	14.60
Prudential Dividend Maximiser A	14.24
SIM Value R	14.23
Old Mutual Managed Alpha Equity A	13.77
ABSA Select Equity	13.35
Old Mutual Investors R	13.30
Old Mutual High Yield Opp A	13.23

### Ten-year period (annualised)

Fund	Ann Return
Foord Equity R	19.47
Coronation Top 20 A	19.20
ABSA Large Cap	18.97
Prudential Equity A	18.87
Prudential Dividend Maximiser A	18.37
Coronation Equity R	18.25
SIM General Equity R	18.24
Nedgroup Inv Value R	17.79
Investec Active Quants A	17.70
ABSA Select Equity	17.58
PSG Equity A	17.52
Kagiso Equity Alpha	17.37
Allan Gray Equity A	17.33

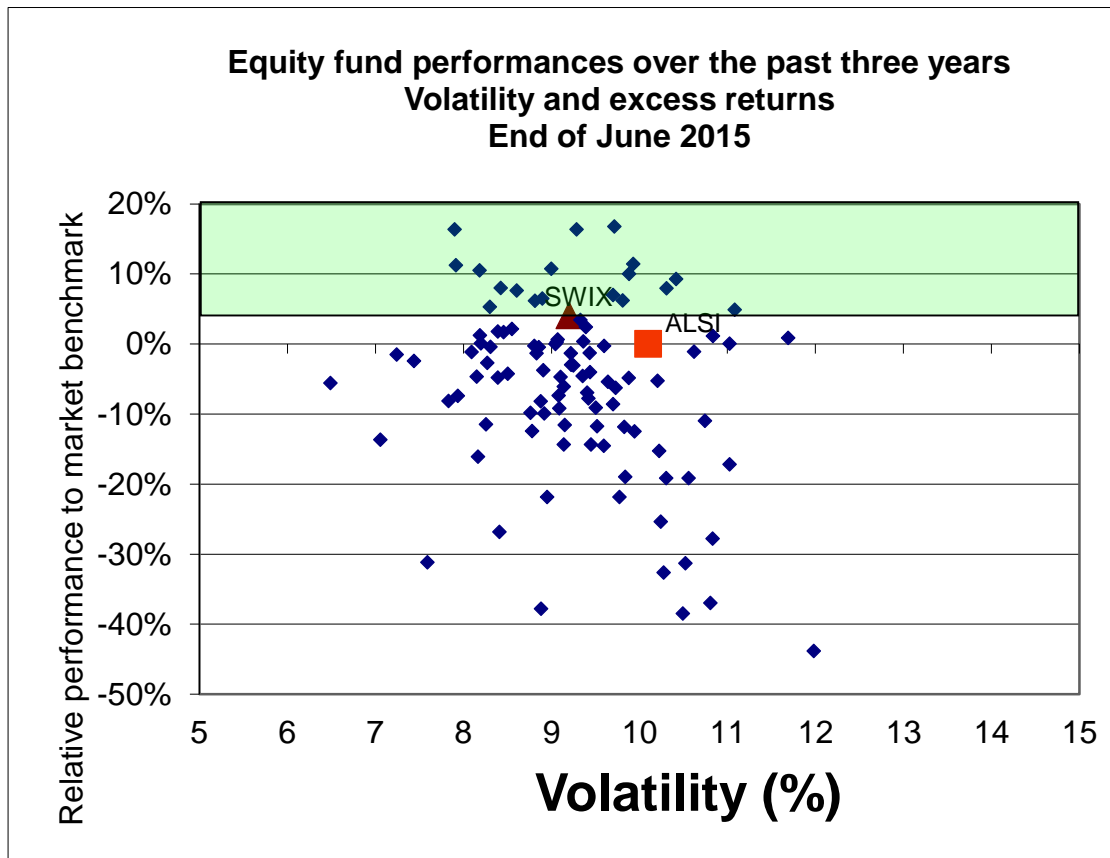
## 6. Persistence of Fund Performance (annualised returns)

Fund	10-year	7-year	5-year	3-year	2-year	1-year
Foord Equity R	19.5	16.7	21.9	21.7	19.9	8.6
Coronation Top 20 A	19.2	16.4	18.8	19.1	16.6	2.0
ABSA Large Cap	19.0	11.9	18.5	20.7	20.2	7.9
Prudential Equity A	18.9	14.8	19.2	20.0	17.6	7.0
Prudential Dividend Maximiser A	18.4	14.2	18.1	19.1	16.9	6.1
Coronation Equity R	18.2	16.0	19.9	21.6	18.3	5.5
SIM General Equity R	18.2	15.0	19.1	21.2	19.9	6.9
Nedgroup Inv Value R	17.8	15.1	15.7	15.1	16.8	7.1
Investec Active Quants A	17.7	11.1	18.5	18.9	18.4	5.5
ABSA Select Equity	17.6	13.4	15.5	14.4	13.9	3.0
PSG Equity A	17.5	16.1	21.4	24.5	22.7	9.5
Kagiso Equity Alpha	17.4	12.5	14.5	14.6	14.4	-1.1
Allan Gray Equity A	17.3	12.9	16.3	17.1	17.0	2.1
Marriott Dividend Growth R	17.3	19.9	19.3	19.6	18.9	16.4
Old Mutual Managed Alpha Equity A	17.1	13.8	20.0	21.4	20.2	11.0
SIM Value R	17.0	14.2	15.7	17.7	17.3	4.0
Prescient Equity Quant A1	16.6	9.9	17.6	19.3	18.4	4.0
Old Mutual Investors R	16.5	13.3	19.6	21.4	22.2	10.2
Investec Equity R	16.4	11.8	19.7	22.4	25.1	17.2
Efficient BCI Equity	16.4	8.8	17.3	17.7	14.2	6.8
Nedgroup Inv Rainmaker A	16.1	12.0	16.8	17.8	20.0	8.3
Nedgroup Inv Growth R	15.7	12.1	16.1	18.5	19.0	10.5
Indequity Technical	15.6	10.1	18.0	20.1	18.4	12.5
MET General Equity	15.2	12.0	17.6	19.2	16.8	9.1
Old Mutual Growth R	14.9	10.6	14.1	14.9	16.9	2.1
Oasis General Equity D	14.9	9.9	13.9	13.6	12.1	-3.6
Old Mutual Top Companies R	14.7	11.2	15.2	16.5	18.6	5.0
Community Growth Equity	14.6	9.6	15.2	18.1	19.7	8.2
STANLIB Equity R	14.5	9.5	19.4	19.0	15.0	5.3
Capstone BCI Equity	14.3	11.5	13.8	15.1	11.4	-2.2
Nedgroup Inv Core Eq A	14.2	10.4	13.1	12.2	13.0	-3.5
FNB Momentum Growth	14.1	10.7	15.8	16.5	17.9	6.1
Momentum Equity A	14.1	10.6	16.0	16.8	18.0	6.2
PSG MM Equity FoF A	14.0	11.6	16.6	19.2	18.6	5.7
Old Mutual SYmmETRY Equity FoF A	14.0	10.7	14.2	15.4	17.4	7.4
STANLIB MM Equity A1	14.0	10.8	15.5	16.3	16.6	4.2
Momentum Best Blend Multifocus FoF A	13.9	11.1	15.5	17.4	17.8	4.8
Maestro Equity Prescient A	13.6	10.0	16.7	19.0	18.9	11.8
SMMI Equity FoF A	13.5	10.5	14.3	15.7	16.1	3.0
STANLIB Value A	13.5	7.7	10.8	9.5	7.2	-7.1
STANLIB SA Equity R	13.4	7.7	17.8	16.0	13.0	2.5
Oasis Crescent Equity D	13.3	6.7	12.1	12.5	9.7	-4.1
Old Mutual High Yield Opp A	13.3	13.2	13.3	14.3	15.7	3.4
Inv Solutions Equity FoF A	13.2	9.6	13.4	12.8	13.7	-3.4
STANLIB Capital Growth R	13.0	7.3	14.3	12.5	10.8	-2.8
Old Mutual Albaraka Equity	12.7	8.4	16.8	15.4	14.4	4.1
Flagship IP Equity A1	12.1	5.0	6.9	3.3	4.4	-15.7

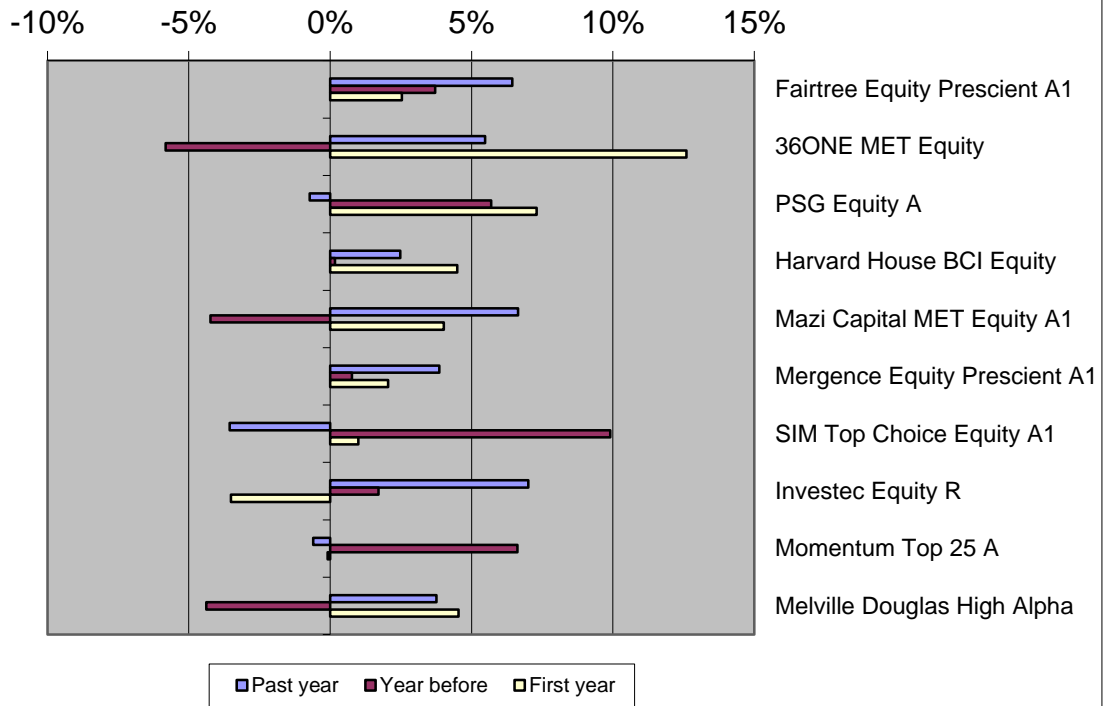
Fund	10-year	7-year	5-year	3-year	2-year	1-year
Investec Value R	12.0	9.8	6.6	4.8	10.6	-16.2
Cannon MET Equity R	11.5	4.9	8.1	6.4	4.7	-6.9
Personal Trust High Yield Growth	10.9	10.6	11.1	8.6	8.6	-4.6
Element Earth Equity A	9.6	4.1	3.8	0.9	1.2	-15.7
Momentum Value A	8.3	0.2	1.7	-6.4	-4.5	-25.2

ALSI INDEX BENCHMARK	17.1	11.2	18.0	19.0	17.9	4.8
SWIX INDEX BENCHMARK	18.1	13.8	19.9	20.6	20.5	10.2
Top quartile	17.29	13.23	18.07	19.32	19.09	9.87
Median	14.79	11.18	16.12	17.70	17.17	6.08
Bottom quartile	13.54	9.62	13.38	14.71	14.39	2.11

7. Volatility and Fund Performance (annualised returns)

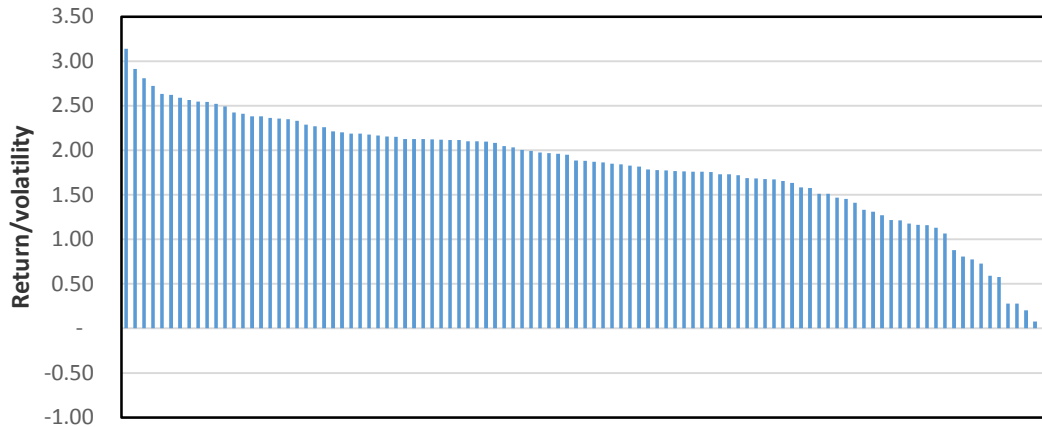


**Top-performing equity funds over the past three years**  
**Performance relative to SWIX benchmark**  
**June 2015**

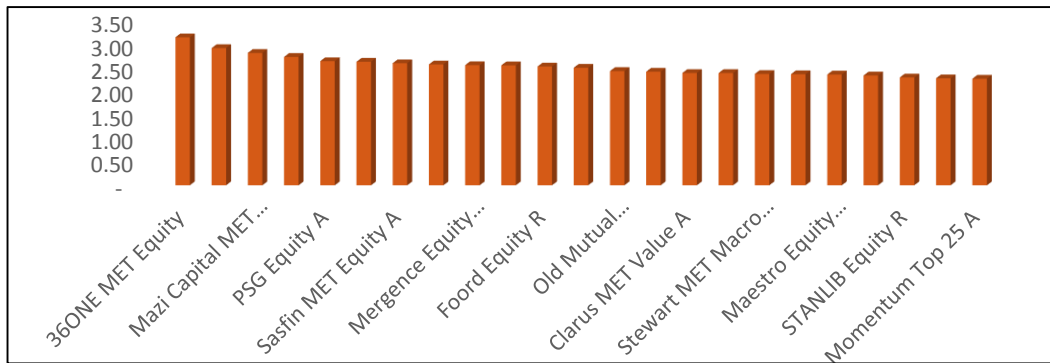




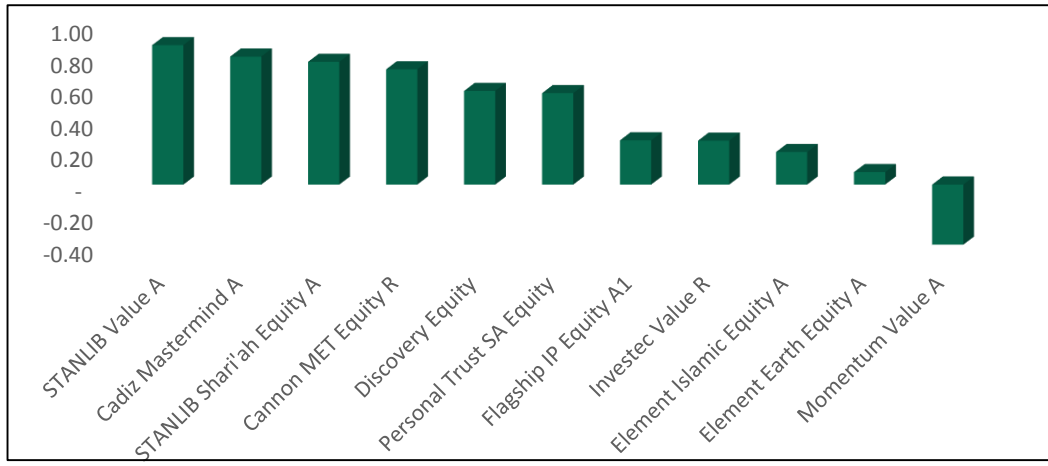
Three-year return relative to price volatility  
June 2015



Top-performing equity funds  
Three-year return relative to price volatility  
June 2015

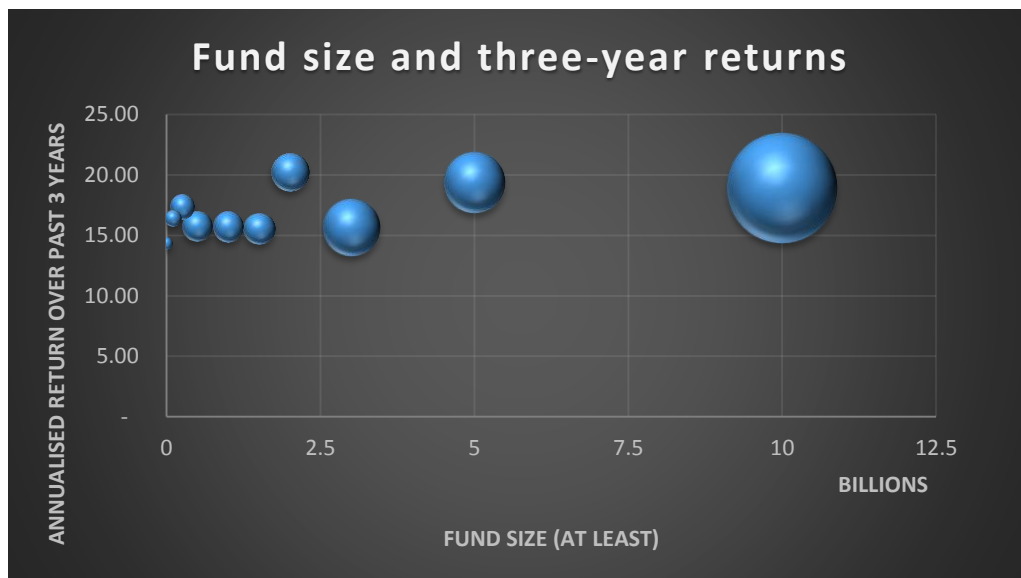


Worst-performing equity funds  
Three-year return relative to price volatility  
June 2015



## 8. Fund size and Three-year Performance (annualised returns)

Fund Size	Average annualised return	Percentage of total assets
x > 10,000m	18.90	50%
10,000m < x > 5,000m	19.37	15%
5,000m < x > 3,000m	15.66	14%
3,000m < x > 2,000m	20.21	6%
2,000m < x > 1,500m	15.57	4%
1,500m < x > 1,000m	15.76	4%
1,000m < x > 500m	15.75	4%
500m < x > 250m	17.37	2%
250m < x > 100m	16.46	1%
x < 100m	14.39	1%





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