

March 2015

The Quest for Alpha



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

Quarter ended March 2015

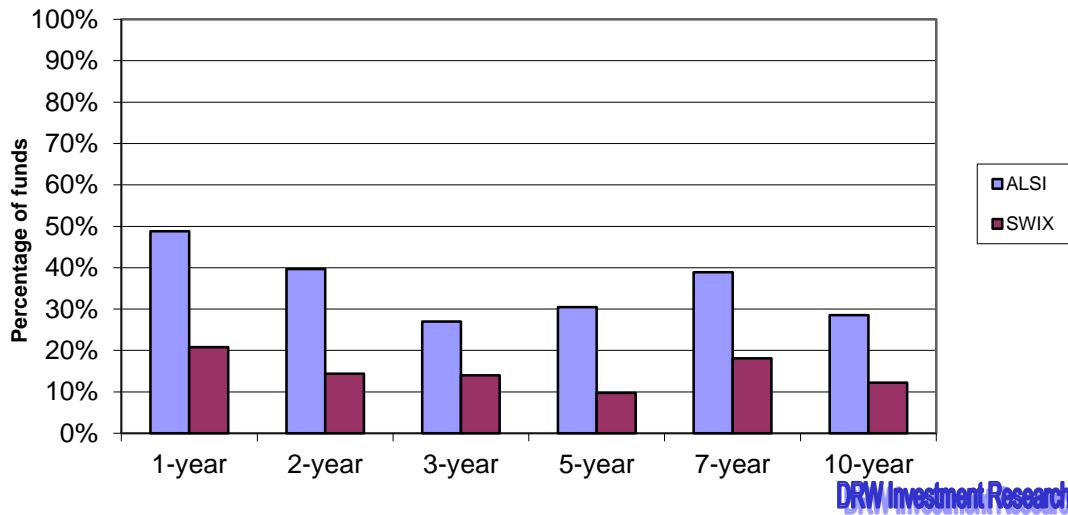
DRW Investment Research

1. Outperformance

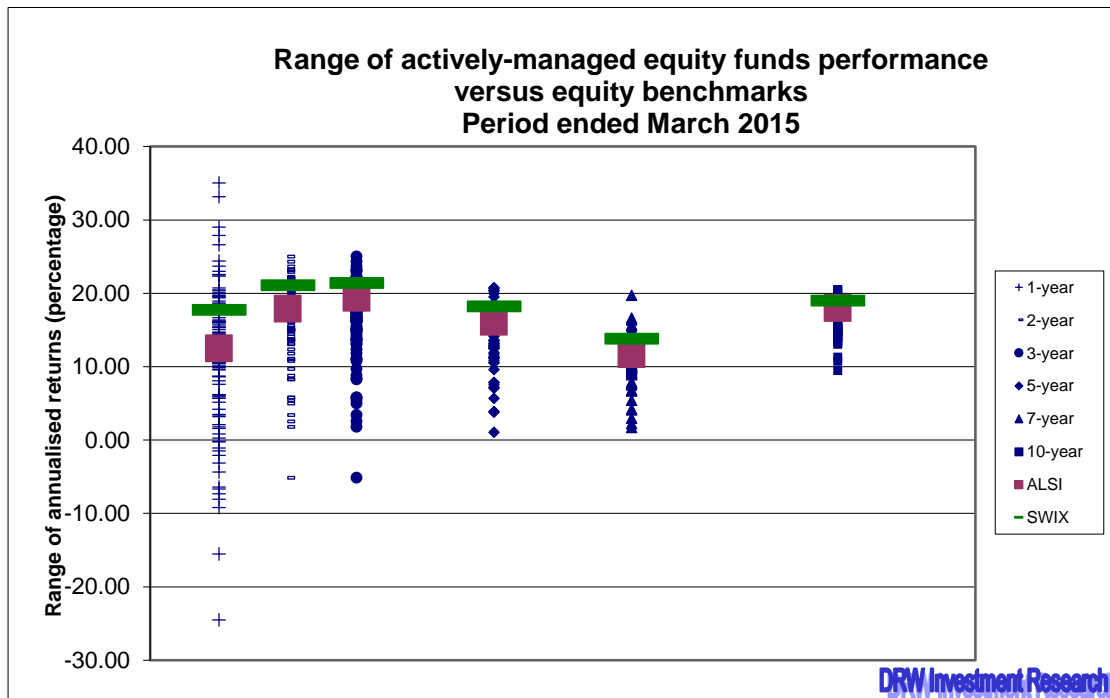
- 1) Only actively-managed equity funds are evaluated, thus index-tracker or passively-managed equity funds are excluded from the analysis.
- 2) The analysis does not account for *survivorship bias*, i.e. the performances of funds that ceased to exist in its original format or name are not part of the 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 **31 March 2015** and were gratefully provided 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	125	111	100	82	72	49
Best performing fund	35.0%	26.1%	25.0%	20.8%	19.7%	20.5%
Worst performing fund	-24.5%	-9.5%	-5.1%	1.1%	1.7%	9.5%
Top quartile	16.2%	19.8%	19.9%	16.3%	12.6%	18.1%
Median	12.2%	17.1%	17.5%	14.9%	11.1%	15.8%
Bottom quartile	8.6%	13.9%	14.7%	12.5%	9.7%	14.7%
Average fund performance	11.5%	15.9%	16.4%	14.1%	10.9%	16.1%
Benchmark: ALSI	12.5%	17.9%	19.4%	16.1%	11.7%	18.0%
% Funds outperforming ALSI	49%	40%	27%	30%	39%	29%
Benchmark: SWIX	17.7%	21.1%	21.4%	18.2%	13.8%	19.0%
% Funds outperforming SWIX	21%	14%	14%	10%	18%	12%

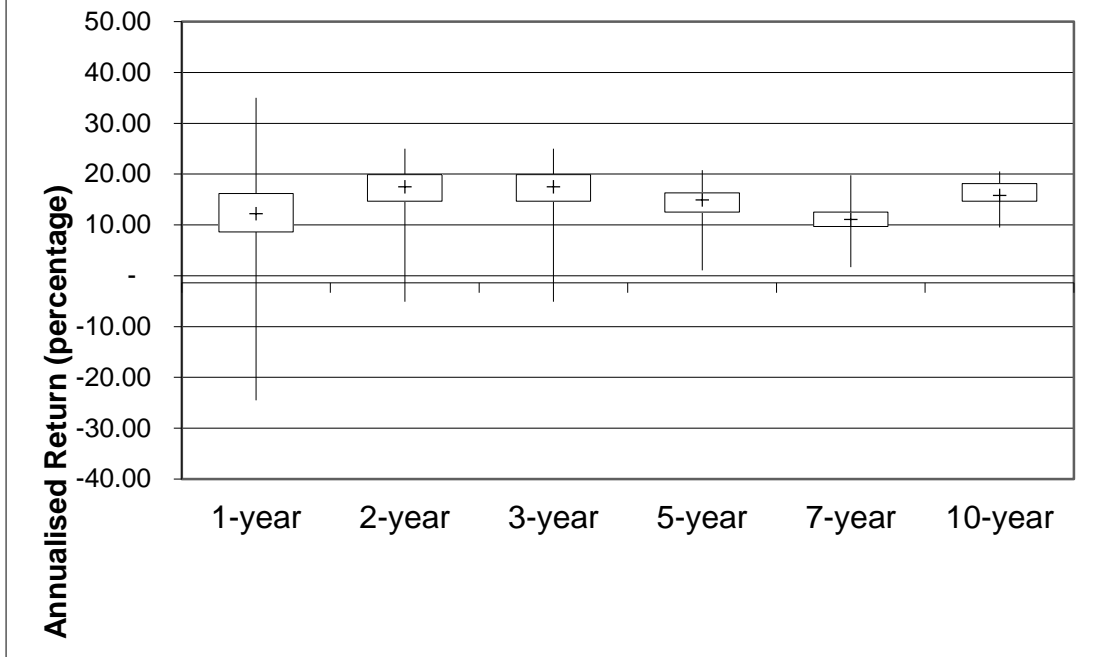
Percentage of actively-managed equity funds outperforming equity benchmarks
Period ended March 2015



2. Fund Performance Range



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



Top of vertical line stretching above box:

Top-performing fund

Upper horizontal boundary of box:

Top-quartile range

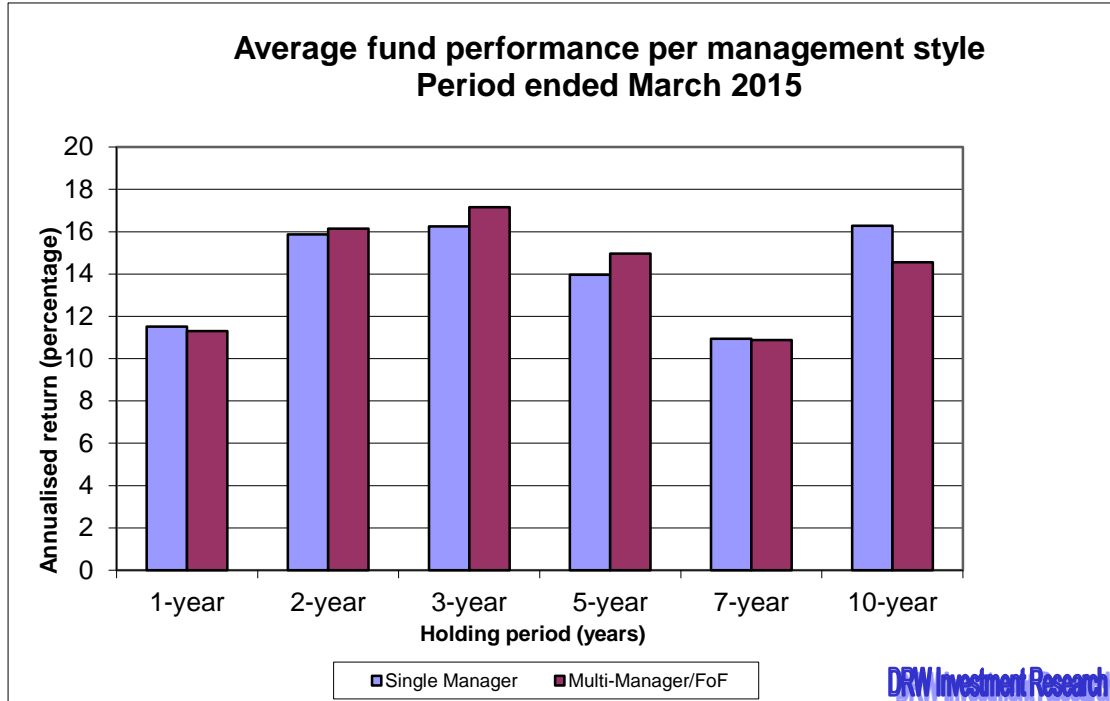
Bottom horizontal boundary of box:

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	10.0%	17.9%	19.1%	15.3%		
Satrix 40 Portfolio	9.2%	16.8%	18.5%	14.9%	10.2%	17.0%
Satrix SWIX Top 40 Portfolio	14.6%	20.7%	20.8%	17.1%	12.2%	
Stanlib Top 40	6.9%	15.1%	17.0%			
Stanlib Swix Top 40	11.9%	18.5%	19.0%			

Source: ETFSA,
Performance survey,
March 2015

Average actively-managed equity funds	11.5%	15.9%	16.4%	14.1%	10.9%	16.1%
Top quartile actively-managed equity funds	16.2%	19.8%	19.9%	16.3%	12.6%	18.1%
Median actively-managed equity fund	12.2%	17.1%	17.5%	14.9%	11.1%	15.8%
Bottom quartile actively-managed equity funds	8.6%	13.9%	14.7%	12.5%	9.7%	14.7%

Index Unit Trust Investments sample	One-year	Three-year	Five-year	Ten-year
Kagiso Top 40 Tracker Fund	9.2%	18.3%	14.5%	16.5%
Old Mutual Top 40 Fund	8.7%	18.2%	14.5%	15.9%
Momentum Top 40 Index Fund	8.2%	18.3%	14.5%	16.2%
Gryphon All Share Tracker Fund	12.9%	19.3%	16.1%	16.9%
Satrix ALSI Index Fund	11.3%	18.5%	15.3%	
Stanlib Index Fund	11.7%	18.8%	15.4%	17.1%

Source: ETFSA, Performance survey,
March 2015

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Bottom quartile actively-managed equity funds	8.6%	14.7%	12.5%	14.7%

5. Top Performing Equity Funds (Top Quartile Performers)

One-year period

Fund	Ann Return
Anchor BCI Equity A	35.02
Clarus MET Value A	33.16
Clarus MET Optimal A	29.02
Marriott Dividend Growth R	27.90
Grindrod Equity Income Growth	26.62
Investec Equity R	24.38
Melville Douglas High Alpha	23.71
Prime General Equity B	23.00
Indequity Technical	22.55
Fairtree Equity Prescient A1	22.54
36ONE MET Equity	22.37
Truffle General Equity A	20.74
Mazi Capital MET Equity A1	20.48
BCI Best Blend Specialist Equity C	20.35
Tower Capital Equity Prescient A1	20.07
Momentum Best Blend Specialist Eq A	19.96
Harvard House BCI Equity	19.71
Prescient Equity Income A1	19.59
IP Equity	19.52
Mergence Equity Prescient A1	19.40
Seed Equity	18.96
Maestro Equity Prescient A	18.67
Prescient Equity A1	18.51
Old Mutual Active Quant Equity A	18.50
Old Mutual Investors R	18.41
Sygnia Equity A	18.41
Visio BCI General Equity A	17.64
Imara MET Equity	17.56
Hollard Prime Equity A	17.35
Rezco Equity A	16.69
MET General Equity	16.39
Foord Equity R	16.18

Two-year period (annualised)

Fund	Ann Return
Fairtree Equity Prescient A1	25.02
PSG Equity A	24.30
Harvard House BCI Equity	23.66
Melville Douglas High Alpha	23.22
Mazi Capital MET Equity A1	23.13
Investec Equity R	22.90
Momentum Best Blend Specialist Eq A	22.24
Old Mutual Active Quant Equity A	22.18
Mergence Equity Prescient A1	22.13
Momentum Top 25 A	22.00
Marriott Dividend Growth R	21.95
Foord Equity R	21.87
Old Mutual Investors R	21.69
Coronation Equity R	21.45
SIM Top Choice Equity A1	21.01
SIM General Equity R	20.63
Prudential Equity A	20.38
Ashburton SA Equity B1	20.17
Indequity Technical	20.16
ABSA Large Cap	20.16
Prescient Equity Income A1	20.14
Stewart MET Macro Equity FoF A	20.14
Aeon Enhanced Equity Prescient A	20.13
Truffle General Equity A	20.05
Imara MET Equity	19.95

Three-year period (annualised)

Fund	Ann Return
Fairtree Equity Prescient A1	25.02
PSG Equity A	24.30
Harvard House BCI Equity	23.66
Melville Douglas High Alpha	23.22
Mazi Capital MET Equity A1	23.13
Investec Equity R	22.90
Momentum Best Blend Specialist Eq A	22.24
Old Mutual Active Quant Equity A	22.18
Mergence Equity Prescient A1	22.13
Momentum Top 25 A	22.00
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Prescient Equity Income A1	20.14
Stewart MET Macro Equity FoF A	20.14
Aeon Enhanced Equity Prescient A	20.13
Truffle General Equity A	20.05
Imara MET Equity	19.95

Five-year period (annualised)

Fund	Ann Return
Foord Equity R	20.75
Harvard House BCI Equity	20.65
PSG Equity A	20.38
Momentum Best Blend Specialist Eq A	20.33
Marriott Dividend Growth R	19.97
Sasfin MET Equity A	19.53
Imara MET Equity	18.58
Old Mutual Active Quant Equity A	18.42
Coronation Equity R	18.08
Investec Equity R	18.04
STANLIB Equity R	17.94
SIM General Equity R	17.46
SIM Top Choice Equity A1	17.46
Old Mutual Investors R	17.38
Stewart MET Macro Equity FoF A	17.33
Prudential Equity A	17.25
Investec Active Quants A	17.13
Clarus MET Value A	16.87
Coronation Top 20 A	16.73
STANLIB MM All Stars Eq FoF A	16.45
STANLIB SA Equity R	16.29

Seven-year period (annualised)

Marriott Dividend Growth R	19.74
Coronation Top 20 A	16.64
Foord Equity R	16.38
Coronation Equity R	15.72
Momentum Best Blend Specialist Eq A	15.53
PSG Equity A	15.08
Prudential Equity A	14.95
Aylett Equity Prescient A3	14.60
Harvard House BCI Equity	14.47
Prudential Dividend Maximiser A	14.43
Nedgroup Inv Value R	14.20
SIM General Equity R	14.14
SIM Top Choice Equity A1	13.99
Old Mutual Active Quant Equity A	13.71
ABSA Select Equity	13.45
Old Mutual Investors R	13.29
STANLIB MM All Stars Eq FoF A	13.20
Allan Gray Equity A	12.62

Ten-year period (annualised)

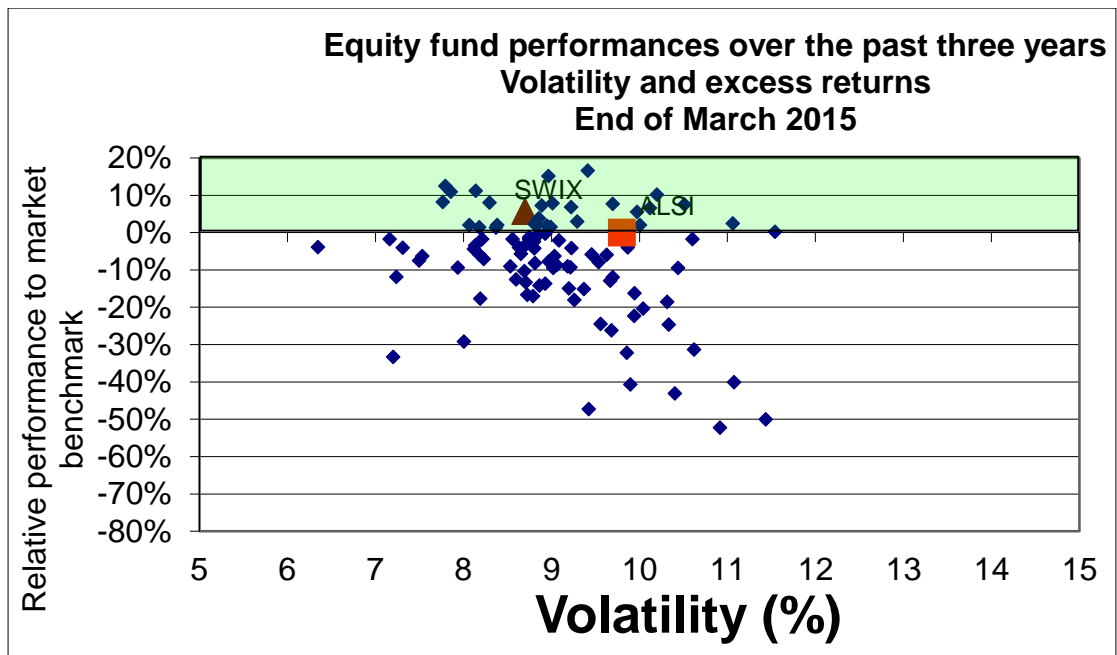
Fund	Ann Return
Coronation Top 20 A	20.53
Foord Equity R	20.48
ABSA Large Cap	19.83
Prudential Equity A	19.48
Coronation Equity R	19.09
Prudential Dividend Maximiser A	19.08
SIM General Equity R	18.85
ABSA Select Equity	18.82
Nedgroup Inv Value R	18.45
Allan Gray Equity A	18.39
Marriott Dividend Growth R	18.36
Investec Active Quants A	18.35
PSG Equity A	18.14

6. Persistence of Fund Performance (annualised returns)

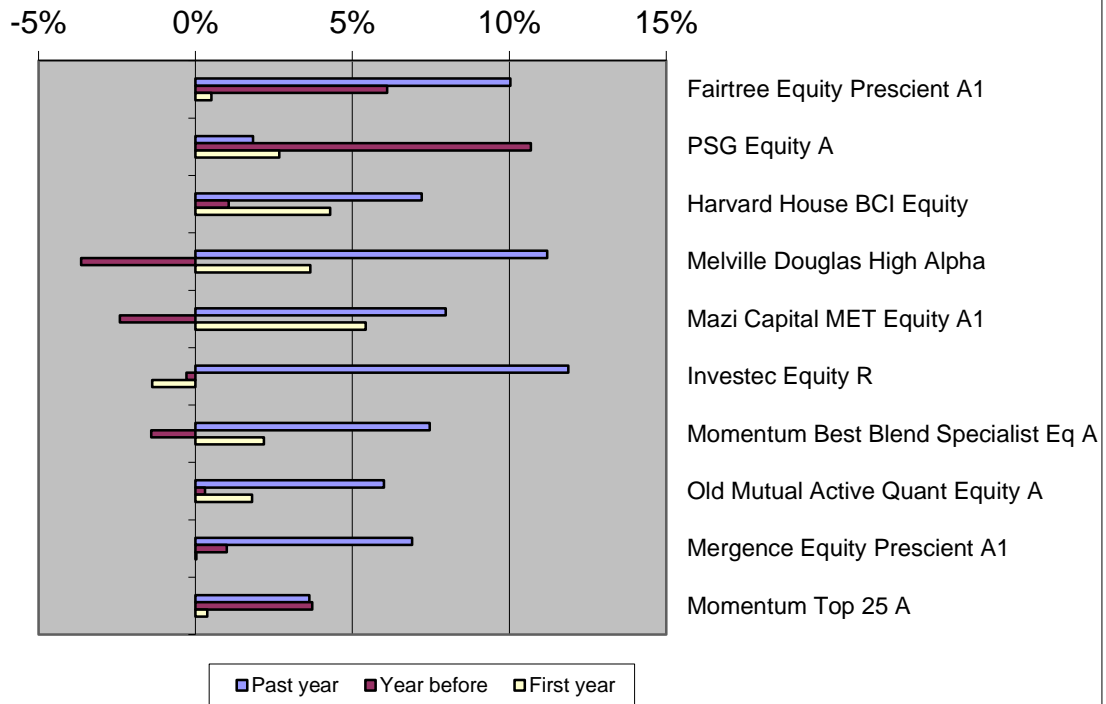
Fund	10-year	7-year	5-year	3-year	2-year	1-year
Coronation Top 20 A	20.5	16.6	16.7	19.2	19.2	6.2
Foord Equity R	20.5	16.4	20.8	21.9	21.9	16.2
ABSA Large Cap	19.8	12.2	15.9	20.2	20.2	12.7
Prudential Equity A	19.5	15.0	17.2	20.4	20.4	13.4
Coronation Equity R	19.1	15.7	18.1	21.4	21.4	10.6
Prudential Dividend Maximiser A	19.1	14.4	16.2	19.3	19.3	12.2
SIM General Equity R	18.8	14.1	17.5	20.6	20.6	12.7
ABSA Select Equity	18.8	13.5	14.4	14.9	14.9	11.7
Nedgroup Inv Value R	18.4	14.2	14.4	14.8	14.8	10.6
Allan Gray Equity A	18.4	12.6	16.0	17.4	17.4	10.5
Marriott Dividend Growth R	18.4	19.7	20.0	21.9	21.9	27.9
Investec Active Quants A	18.4	12.1	17.1	19.3	19.3	14.4
PSG Equity A	18.1	15.1	20.4	24.3	24.3	14.3
Kagiso Equity Alpha	18.0	12.0	13.6	13.8	13.8	3.2
Old Mutual Active Quant Equity A	17.9	13.7	18.4	22.2	22.2	18.5
SIM Value R	17.5	12.5	14.4	16.6	16.6	8.6
Investec Equity R	17.3	11.8	18.0	22.9	22.9	24.4
Old Mutual Investors R	17.2	13.3	17.4	21.7	21.7	18.4
Prescient Equity Quant A1	17.2	10.6	15.3	18.8	18.8	9.7
Efficient BCI Equity	16.9	9.4	15.2	17.1	17.1	11.0
Nedgroup Inv Rainmaker A	16.7	12.3	15.4	17.4	17.4	15.5
Indequity Technical	16.3	10.4	15.7	20.2	20.2	22.6
Nedgroup Inv Growth R	16.2	11.7	14.8	17.3	17.3	15.8
MET General Equity	15.8	11.6	15.8	18.8	18.8	16.4
Old Mutual Growth R	15.8	10.6	12.8	15.0	15.0	10.4
Oasis General Equity D	15.5	10.0	12.5	14.1	14.1	2.1
Community Growth Equity	15.3	10.2	13.2	18.2	18.2	16.2
Old Mutual Top Companies R	15.3	11.0	13.5	16.1	16.1	11.0
Capstone BCI Equity	15.2	11.4	13.1	16.1	16.1	6.0
STANLIB Equity R	15.2	9.7	17.9	19.9	19.9	13.1
FNB Momentum Growth	15.0	11.0	14.8	16.8	16.8	14.0
Nedgroup Inv Core Eq A	14.9	9.9	11.7	11.8	11.8	1.8
Momentum Equity A	14.9	10.8	14.7	16.9	16.9	14.3
Momentum Best Blend Multifocus FoF A	14.8	10.6	14.6	17.5	17.5	11.8
Old Mutual SYmmETRY Equity FoF A	14.8	10.1	13.1	15.0	15.0	13.1
STANLIB MM Equity A1	14.7	10.7	14.2	16.4	16.4	10.6
STANLIB Value A	14.7	7.7	11.2	11.1	11.1	1.6
PSG MM Equity FoF A	14.6	10.9	15.4	18.7	18.7	10.7
SMMI Equity FoF A	14.3	9.9	12.9	15.3	15.3	9.9
STANLIB SA Equity R	14.2	7.5	16.3	17.5	17.5	10.7
Inv Solutions Equity FoF A	14.2	9.7	12.5	13.0	13.0	3.4
Oasis Crescent Equity D	14.0	6.8	11.1	13.1	13.1	0.8
Old Mutual High Yield Opp A	13.9	11.7	12.8	13.8	13.8	8.7
Old Mutual Albaraka Equity	13.5	8.9	15.7	16.3	16.3	10.7
Investec Value R	13.3	9.1	7.2	5.5	5.5	-6.7
STANLIB Capital Growth R	13.0	6.7	11.9	12.4	12.4	0.3
Personal Trust High Yield Growth	11.3	9.2	10.6	8.3	8.3	-0.2
Element Earth Equity A	10.8	4.1	3.9	1.8	1.8	-9.2
Momentum Value A	9.5	1.7	1.1	-5.1	-5.1	-24.5

ALSI	18.0	11.7	16.1	19.4	17.9	12.5
SWIX	19.0	13.8	18.2	21.4	21.1	17.7

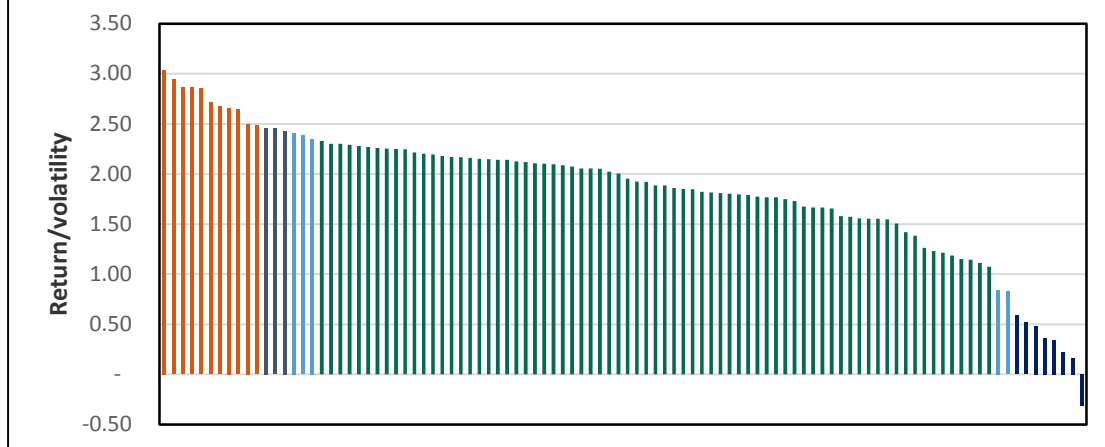
7. Volatility and Fund Performance (annualised returns)



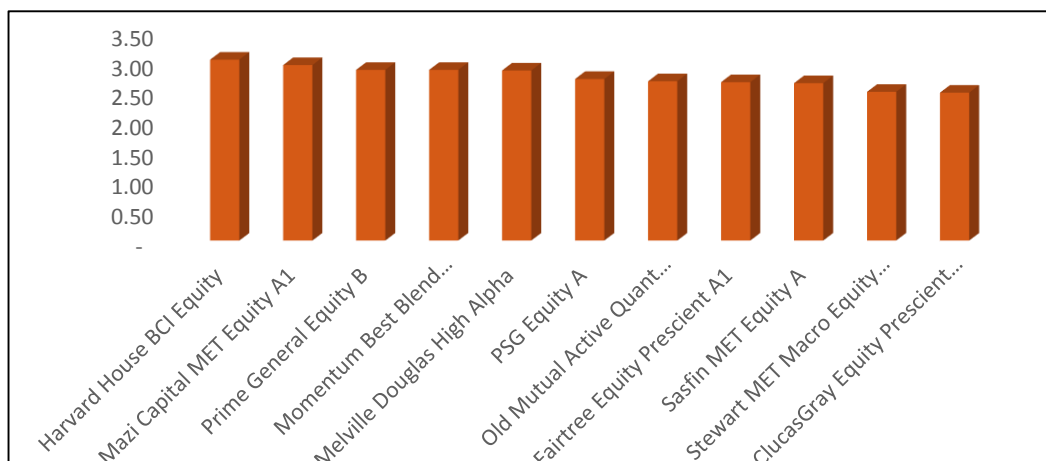
Top-performing equity funds over the past three years
Performance relative to ALSI benchmark
March 2015



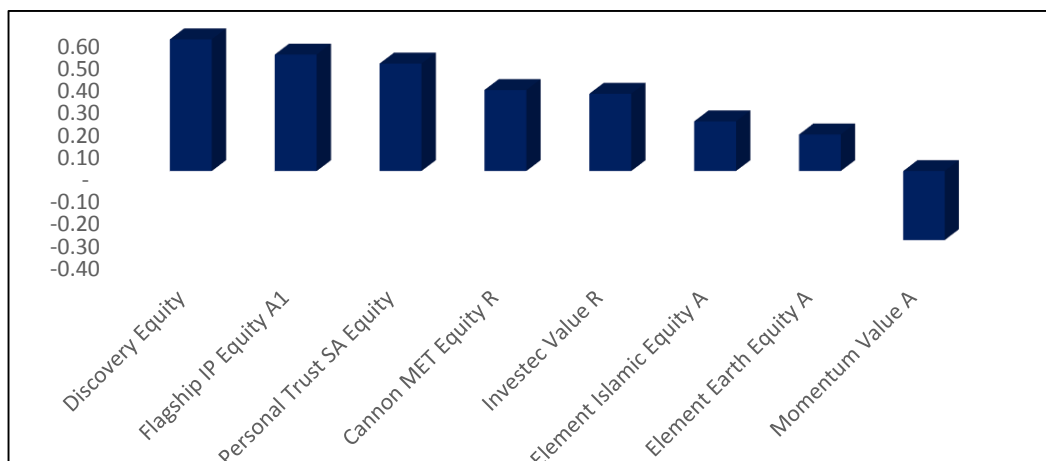
Three-year return relative to price volatility March 2015



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



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





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