

**September 2015**

## **The Quest for Alpha**



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

**Quarter ended September 2015**

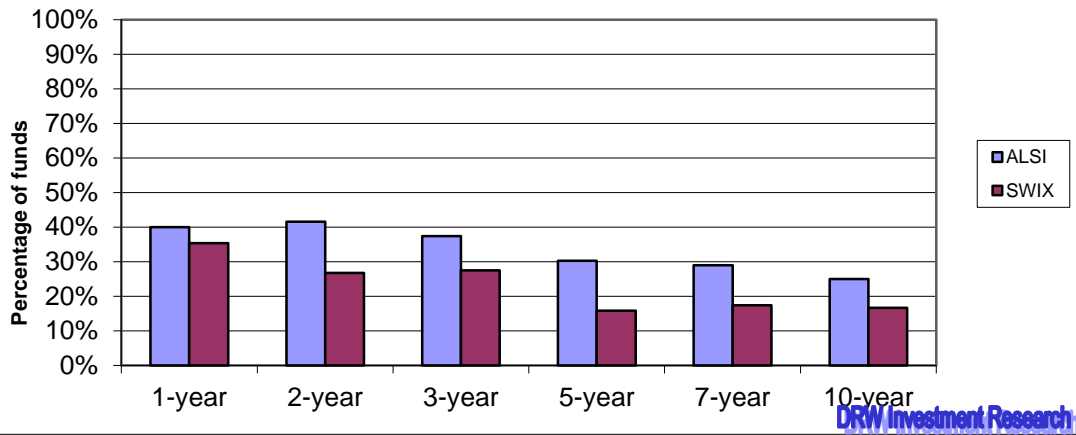
**DRW Investment Research**

## 1. Outperformance

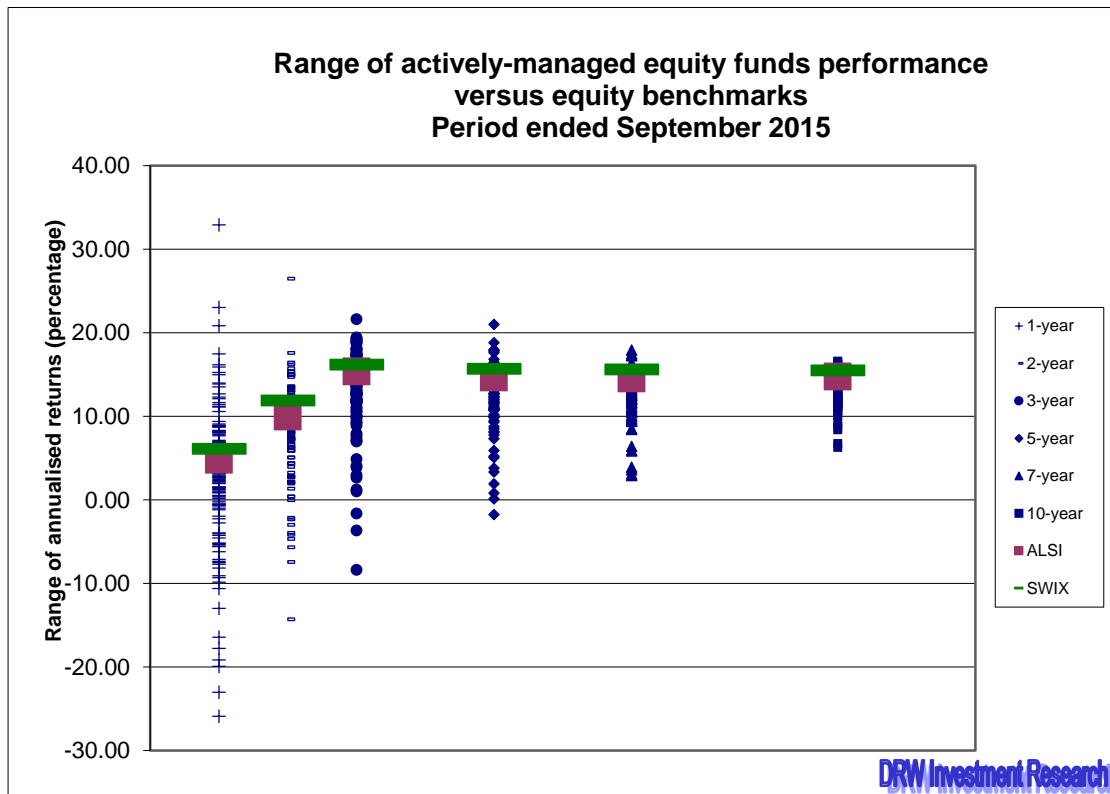
- 1) Only actively-managed equity funds are evaluated, thus index-tracker or passively-managed equity funds are excluded from the analysis.
- 2) The analysis does not account for *survivorship bias*, i.e. the performances of funds that ceased to exist in its original format or name are not part of the 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 September 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	130	101	91	76	69	48
Best performing fund	32.9%	26.5%	21.6%	21.0%	17.9%	16.6%
Worst performing fund	-25.9%	-14.3%	-8.4%	-1.7%	2.9%	6.3%
Top quartile	7.5%	11.4%	16.1%	14.8%	15.0%	14.4%
Median	3.3%	9.0%	13.8%	12.7%	12.6%	12.7%
Bottom quartile	-0.6%	5.9%	11.4%	10.6%	10.6%	11.5%
Average fund performance	2.8%	8.0%	12.8%	12.0%	12.4%	12.7%
Benchmark: ALSI	4.8%	10.0%	15.4%	14.6%	14.5%	14.8%
% Funds outperforming ALSI	40%	42%	37%	30%	29%	25%
Benchmark: SWIX	6.1%	11.9%	16.2%	15.7%	15.6%	15.5%
% Funds outperforming SWIX	35%	27%	27%	16%	17%	17%

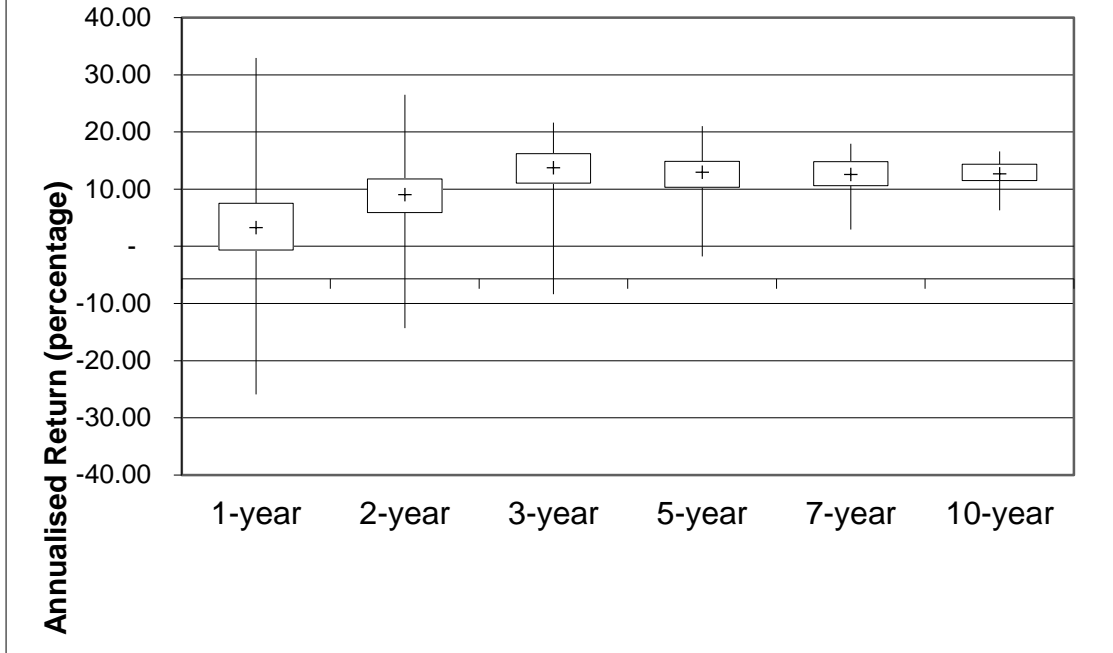
**Percentage of actively-managed equity funds outperforming equity benchmarks  
Period ended September 2015**



## 2. Fund Performance Range



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



Top of vertical line above box:

Top-performing fund

Upper horizontal boundary of box:

Top-quartile range

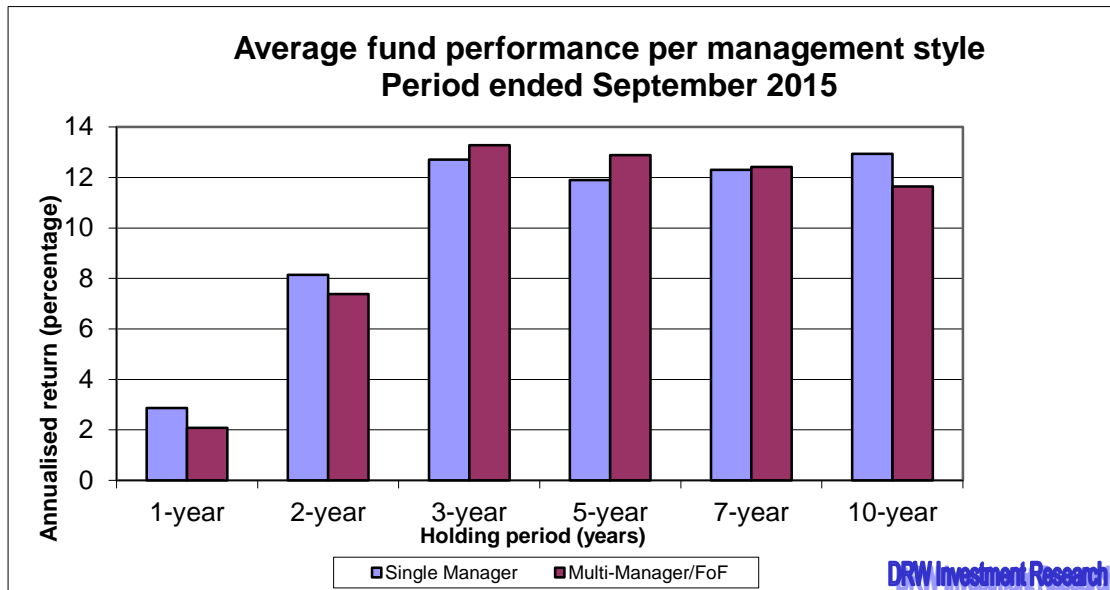
Bottom horizontal boundary of box:

Bottom-quartile range

Bottom of vertical line below box:

Worst-performing fund

### 3. Fund Management Style



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

One-year period

Fund	Ann Return
Anchor BCI Equity A	32.92
Autus BCI Equity	23.03
Contego B6 MET Value Equity A	20.84
Investec Equity R	17.48
Truffle General Equity A	16.18
36ONE MET Equity	15.91
Emperor IP Momentum Equity A	15.26
IP Equity	15.00
Prime General Equity B	14.01
Mazi Capital Prime Equity A1	13.87
Rezco Equity A	13.54
M1 Capital Prescient Equity A2	12.71
Laurium Equity Prescient A1	12.32
IFM Technical	12.12
Mergence Equity Prescient A1	11.65
Grindrod Equity Income Growth	11.42
Vunani IP Accelerated Growth A	11.21
PortfolioMetrix BCI Equity FoF B1	11.13
Imara MET Equity	10.57
Sygnia Equity A	9.40
Prescient Living Planet A1	9.09
Momentum Top 25 A	8.95
Fairtree Equity Prescient A1	8.91
SPI Equity A1	8.87
ABSA Large Cap	8.77
Marriott Dividend Growth R	8.70
Old Mutual Investors R	8.35
Nedgroup Inv Rainmaker A	8.28
Old Mutual Managed Alpha Equity A	8.16
Harvard House BCI Equity	8.04
Tower Capital Equity Prescient A1	8.02
MET General Equity	7.82
Lynx SCI Opportunities FoF A1	7.67

Two-year period (annualised)

Fund	Ann Return
Anchor BCI Equity A	26.50
Contego B6 MET Value Equity A	17.61
Truffle General Equity A	16.46
Investec Equity R	16.24
IFM Technical	15.76
Prime General Equity B	15.40
Mergence Equity Prescient A1	15.32
IP Equity	15.03
Grindrod Equity Income Growth	15.02
Mazi Capital Prime Equity A1	14.95
36ONE MET Equity	14.95
Marriott Dividend Growth R	14.73
Harvard House BCI Equity	13.61
Old Mutual Investors R	13.58
Momentum Top 25 A	13.45
27four Shari'ah Active Eq. Prescient A1	13.43
Fairtree Equity Prescient A1	13.13
Imara MET Equity	13.12
Old Mutual Managed Alpha Equity A	12.93
Trillian IP FCF Equity	12.58
Melville Douglas STANLIB High Alpha A	12.48
SIM Top Choice Equity A1	12.30
Nedgroup Inv Rainmaker A	12.24
SPI Equity A1	12.23
ABSA Large Cap	12.20
Sygnia Equity A	12.16
MET General Equity	12.03
Aeon Enhanced Equity Prescient A	11.83
Community Growth Equity	11.79



Three-year period (annualised)

Fund	Ann Return
36ONE MET Equity	21.61
Truffle General Equity A	19.46
Mergence Equity Prescient A1	19.26
Fairtree Equity Prescient A1	19.26
Mazi Capital Prime Equity A1	18.99
IFM Technical	18.98
Harvard House BCI Equity	18.84
Investec Equity R	18.71
27four Shari'ah Active Eq. Prescient A1	18.18
Old Mutual Investors R	18.09
Momentum Top 25 A	17.96
SIM Top Choice Equity A1	17.81
Old Mutual Managed Alpha Equity A	17.49
Sasfin MET Equity A	17.45
ABSA Large Cap	17.45
Imara MET Equity	17.29
Melville Douglas STANLIB High Alpha A	17.29
Contego B6 MET Value Equity A	17.29
Foord Equity R	17.23
Momentum Best Blend Specialist Eq A	17.06
PSG Equity A	16.80
SIM General Equity R	16.63
Aeon Enhanced Equity Prescient A	16.42
Ashburton SA Equity B1	16.29
Coronation Equity R	16.21
Prime General Equity B	16.18

Five-year period (annualised)

Fund	Ann Return
Mazi Capital Prime Equity A1	21.02
Harvard House BCI Equity	18.83
Imara MET Equity	17.97
Sasfin MET Equity A	17.93
Foord Equity R	17.75
Momentum Best Blend Specialist Eq A	17.65
Investec Equity R	16.83
STANLIB Equity R	16.46
Old Mutual Managed Alpha Equity A	16.22
Marriott Dividend Growth R	16.21
PSG Equity A	15.82
SIM Top Choice Equity A1	15.75
ABSA Large Cap	15.60
Stewart MET Macro Equity FoF A	15.51
Old Mutual Investors R	15.50
SIM General Equity R	15.49
IFM Technical	15.42
Prudential Equity A	15.28
STANLIB MM All Stars Eq FoF B1	15.22
Coronation Equity R	15.21
Ashburton Multi Manager Equity B1	14.86

Seven-year period (annualised)

Fund	Ann Return
Marriott Dividend Growth R	17.93
Foord Equity R	17.47
Imara MET Equity	17.37
Momentum Best Blend Specialist Eq A	17.26
Harvard House BCI Equity	16.41
SIM Top Choice Equity A1	16.28
SIM General Equity R	16.19
Coronation Equity R	16.08
Old Mutual Managed Alpha Equity A	15.85
Coronation Top 20 A	15.81
Prudential Equity A	15.80
PSG Equity A	15.79
Prudential Dividend Maximiser A	15.51
Nedgroup Inv Value R	15.48
ABSA Large Cap	15.32
Contego B6 MET Value Equity A	15.08
STANLIB MM All Stars Eq FoF B1	15.04
Old Mutual Investors R	14.96
Aylett Equity Prescient A3	14.96

Ten-year period (annualised)

Fund	Ann Return
ABSA Large Cap	16.62
Foord Equity R	16.59
Coronation Top 20 A	16.22
Prudential Equity A	16.20
Prudential Dividend Maximiser A	16.00
SIM General Equity R	15.75
Coronation Equity R	15.63
Nedgroup Inv Value R	15.51
ABSA Select Equity	15.35
Marriott Dividend Growth R	15.34
Allan Gray Equity A	14.96
Old Mutual Managed Alpha Equity A	14.77
Investec Active Quants A	14.56

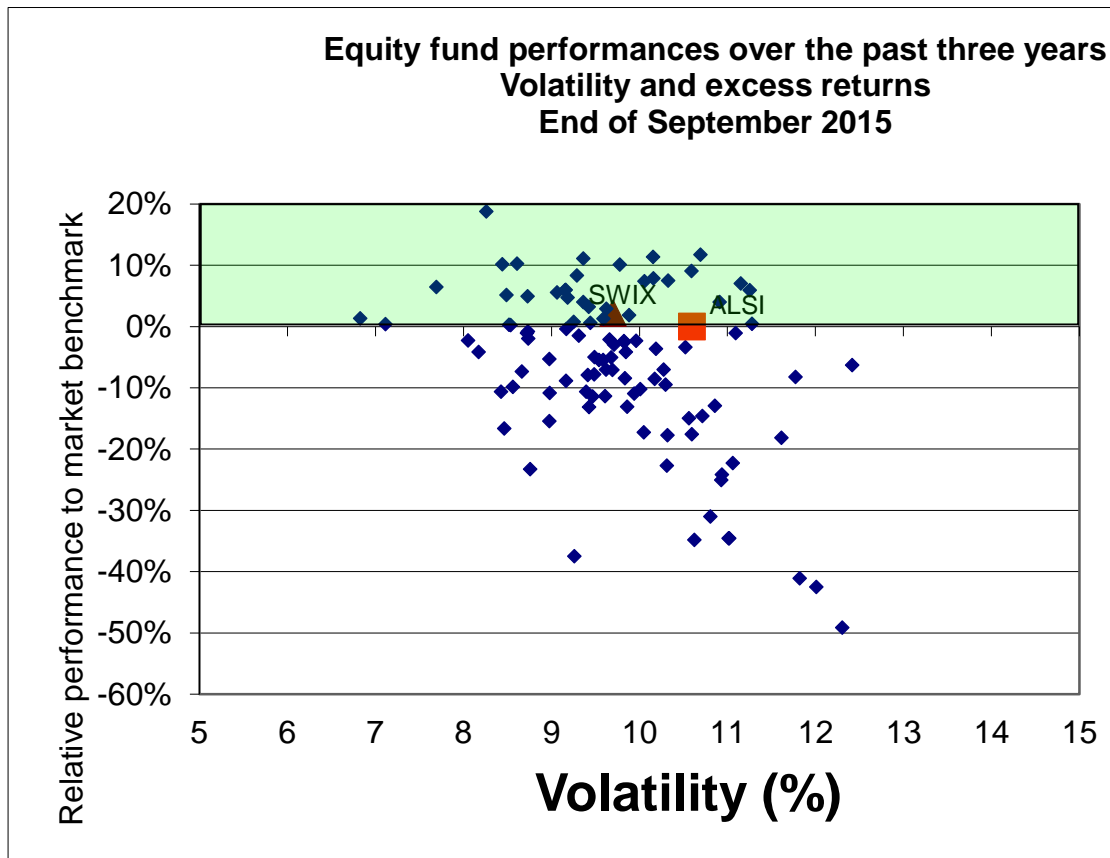
## 5. Persistence of Fund Performance (annualised returns)

Fund	10-year	7-year	5-year	3-year	2-year	1-year
ABSA Large Cap	16.6	15.3	15.6	17.4	12.2	8.8
Foord Equity R	16.6	17.5	17.8	17.2	10.8	4.7
Coronation Top 20 A	16.2	15.8	13.6	12.6	3.3	-2.7
Prudential Equity A	16.2	15.8	15.3	15.8	9.3	2.6
Prudential Dividend Maximiser A	16.0	15.5	14.6	15.5	9.6	2.8
SIM General Equity R	15.7	16.2	15.5	16.6	10.8	4.0
Coronation Equity R	15.6	16.1	15.2	16.2	7.2	2.0
Nedgroup Inv Value R	15.5	15.5	12.6	12.0	9.3	6.8
ABSA Select Equity	15.4	14.1	11.8	11.0	7.0	-0.4
Marriott Dividend Growth R	15.3	17.9	16.2	15.3	14.7	8.7
Allan Gray Equity A	15.0	14.1	13.7	14.2	10.2	0.9
Old Mutual Managed Alpha Equity A	14.8	15.8	16.2	17.5	12.9	8.2
Investec Active Quants A	14.6	13.7	14.2	13.9	8.1	-0.7
Old Mutual Investors R	14.3	15.0	15.5	18.1	13.6	8.3
Investec Equity R	14.3	14.6	16.8	18.7	16.2	17.5
Prescient Equity Top 40 A1	14.2	13.8	14.3	15.5	9.6	4.5
Kagiso Equity Alpha	14.2	12.5	10.2	10.0	2.1	-6.2
Nedgroup Inv Rainmaker A	14.1	13.9	13.5	14.8	12.2	8.3
SIM Value R	14.0	14.0	12.0	12.6	6.6	-0.5
IFM Technical	13.7	13.7	15.4	19.0	15.8	12.1
PSG Equity A	13.6	15.8	15.8	16.8	7.5	-4.0
Efficient BCI Equity	13.5	11.5	13.3	12.9	6.4	2.8
Nedgroup Inv Growth R	13.2	13.4	12.8	14.7	9.6	4.7
MET General Equity	13.0	14.2	14.4	15.5	12.0	7.8
Oasis General Equity D	12.7	10.8	10.7	10.1	4.4	-5.3
Old Mutual Growth R	12.7	12.0	11.0	12.5	7.8	0.5
FG IP Mercury Equity FoF A1	12.6	13.0	13.6	12.6	8.6	5.6
STANLIB Equity R	12.5	13.1	16.5	15.4	9.5	3.1
Old Mutual Top Companies R	12.4	12.7	12.0	13.6	9.0	2.0
Community Growth Equity	12.3	12.1	11.6	14.6	11.8	5.3
STANLIB MM Equity B1	12.2	12.2	12.4	12.7	7.4	1.4
FNB Momentum Growth	12.1	12.8	12.2	13.2	9.6	4.0
Capstone BCI Equity	12.0	12.5	10.9	10.6	2.7	-5.6
Momentum Equity A	12.0	12.6	12.7	13.2	9.5	3.8
Momentum Best Blend Multifocus FoF A	11.8	11.9	12.3	12.9	7.3	-0.2
STANLIB Value A	11.6	9.7	8.1	7.1	1.4	0.5
Maestro Equity Prescient A	11.6	11.1	13.2	15.2	9.8	5.9
Old Mutual SYmmETRY Equity FoF A	11.5	11.7	10.8	11.8	8.8	3.8
PSG MM Equity FoF A	11.5	12.5	13.2	14.3	7.2	0.3
Nedgroup Inv Core Eq A	11.5	10.6	8.8	7.6	2.0	-8.2
Sanlam Multi Mgd Equity FoF A	11.2	11.2	10.8	11.7	6.4	-1.0
Oasis Crescent Equity D	11.2	8.4	9.9	9.2	2.8	-7.1
Old Mutual High Yield Opp A	11.1	12.2	10.0	11.0	6.3	-1.9
STANLIB SA Equity R	10.9	10.9	13.9	11.5	5.9	-0.7
Old Mutual Albaraka Equity A	10.6	12.0	13.9	11.9	7.4	1.6
Inv Solutions Equity FoF A	10.6	10.0	9.3	8.9	2.2	-7.7
STANLIB Capital Growth R	10.1	8.5	9.9	7.0	0.0	-7.3

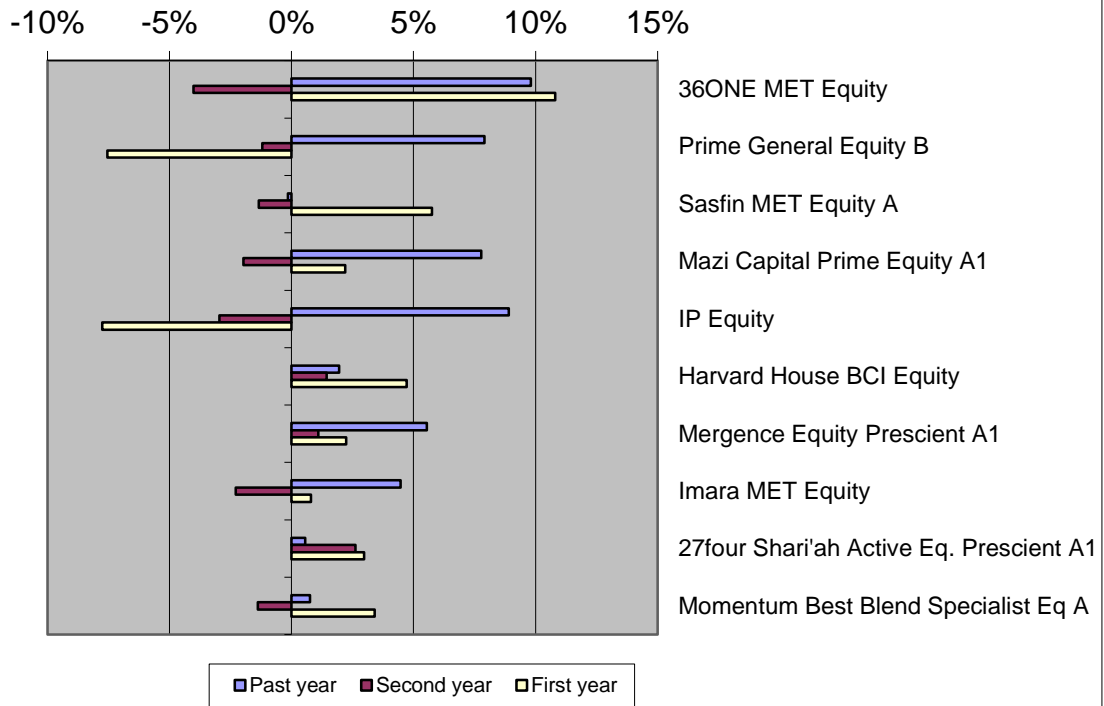
<b>Fund</b>	<b>10-year</b>	<b>7-year</b>	<b>5-year</b>	<b>3-year</b>	<b>2-year</b>	<b>1-year</b>
Flagship IP Equity A1	9.3	5.9	3.3	1.0	-3.9	-13.0
Investec Value R	8.8	6.4	1.9	1.2	-4.7	-23.0
Cannon MET Equity R	8.4	5.9	3.8	2.7	-4.2	-9.1
Element Earth Equity A	6.7	3.9	0.1	-3.7	-7.4	-19.1
Momentum Value A	6.3	2.9	-1.7	-8.4	-14.3	-16.4

ALSI INDEX BENCHMARK	14.8	14.5	14.6	15.4	10.0	4.8
SWIX INDEX BENCHMARK	15.5	15.6	15.7	16.2	11.9	6.1
Top quartile	14.4	14.8	14.8	16.2	11.8	7.5
Median	12.7	12.6	13.0	13.8	9.0	3.3
Bottom quartile	11.5	10.6	10.3	11.0	5.9	-0.6

6. Volatility and Fund Performance (annualised returns)

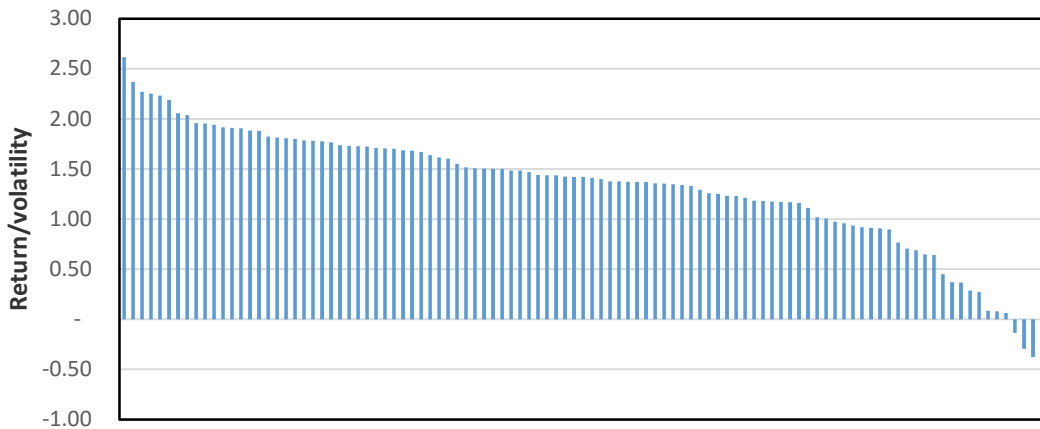


**Top-performing equity funds over the past three years**  
**Performance relative to SWIX benchmark**  
**September 2015**

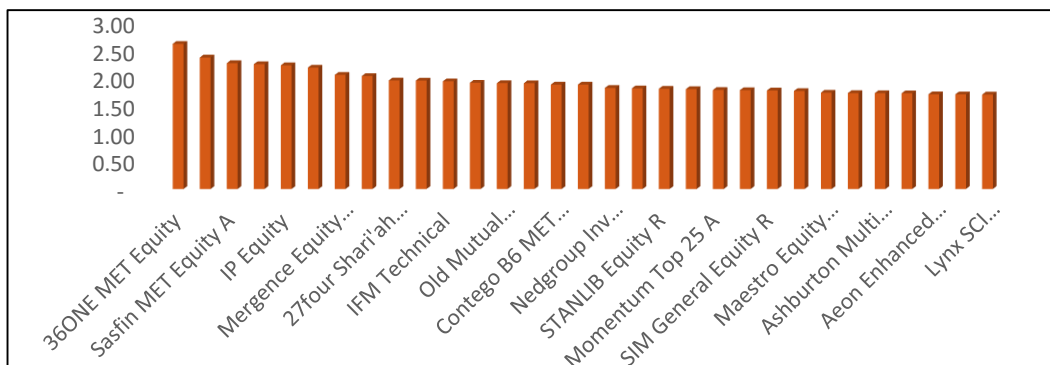




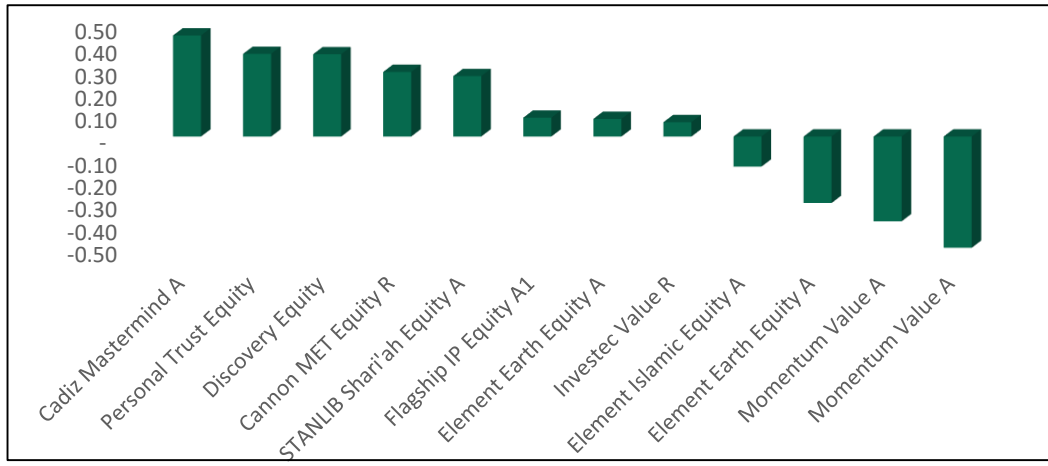
Three-year return relative to price volatility  
June 2015



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

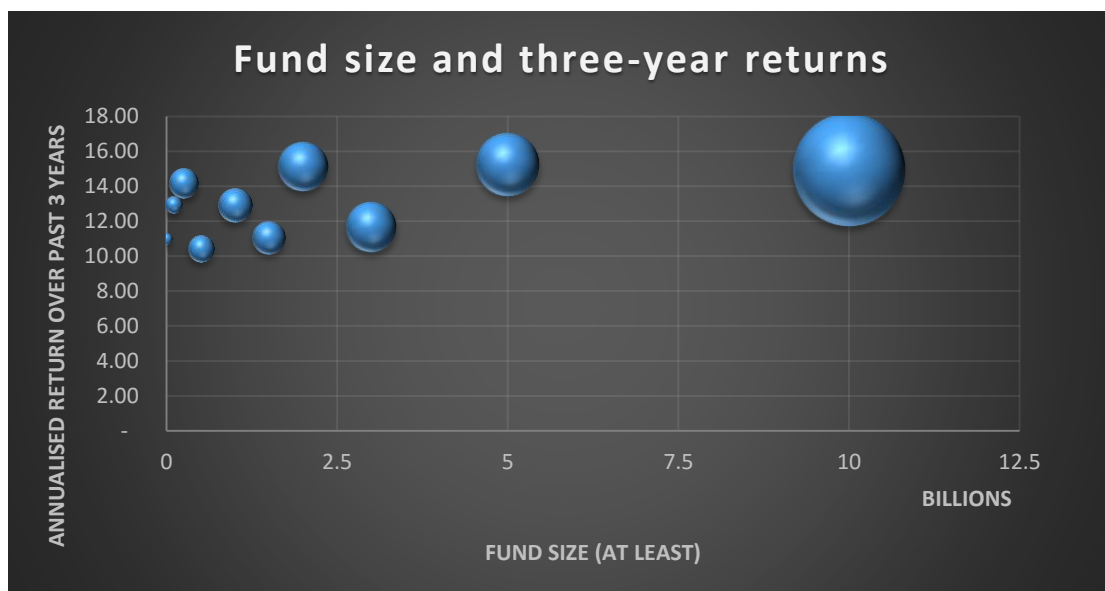


Worst-performing equity funds  
Three-year return relative to price volatility  
September 2015



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

Fund Size	Average ann. return	Percentage of total
x > 10,000m	14.94	50%
10,000m < x > 5,000m	15.25	15%
5,000m < x > 3,000m	11.67	10%
3,000m < x > 2,000m	15.14	9%
2,000m < x > 1,500m	11.06	4%
1,500m < x > 1,000m	12.93	4%
1,000m < x > 500m	10.43	3%
500m < x > 250m	14.18	3%
250m < x > 100m	12.96	1%
x < 100m	11.03	0%





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