

**December 2013**

## **The Quest for Alpha**



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

**Quarter ended December 2013**

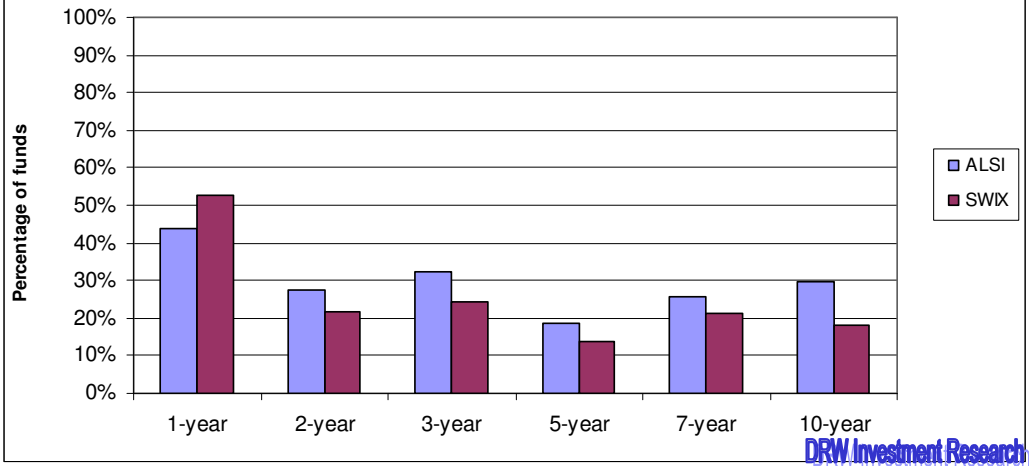
**DRW Investment Research**

## 1. Outperformance

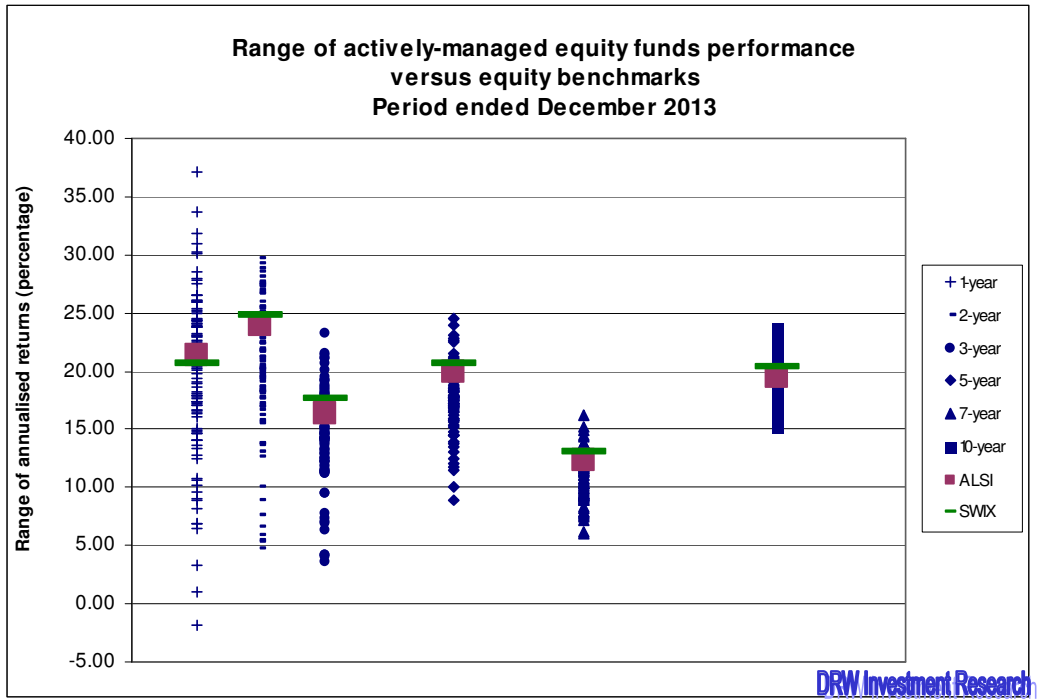
- 1) Only actively-managed equity funds are evaluated, thus index tracker or passively-managed funds are excluded from the analysis.
- 2) The analysis does not account for *survivorship bias*, i.e. the performances of funds that ceased to exist in its original format or name are not part of the current 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 **31 December 2013** and 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.

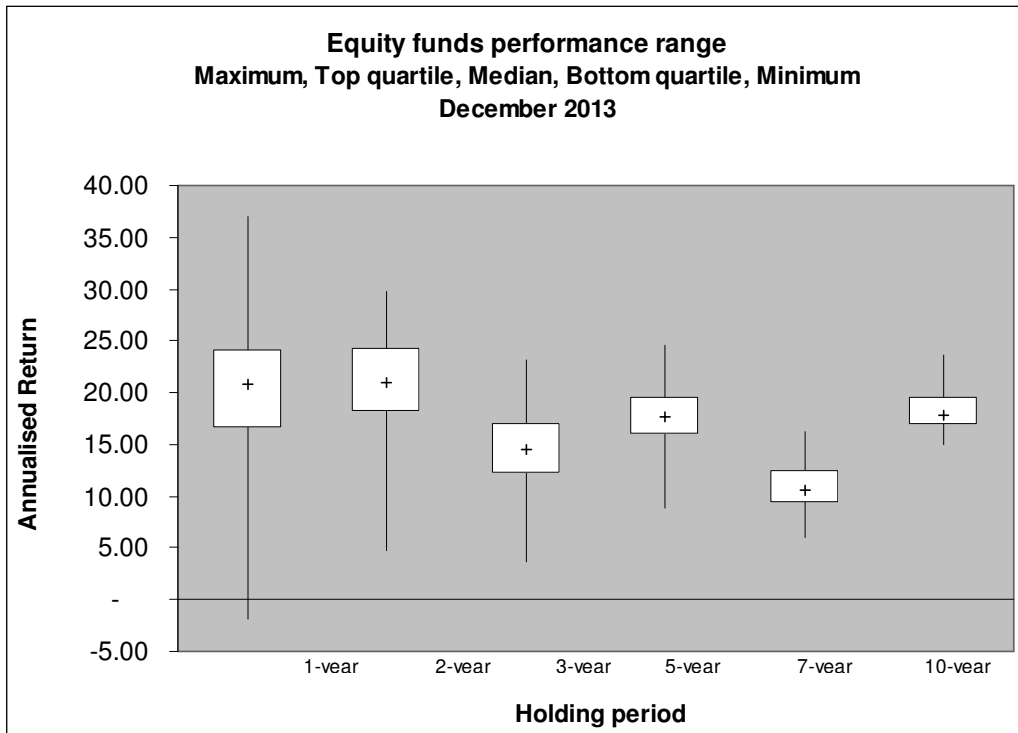
Equity Funds	1-year	2-year	3-year	5-year	7-year	10-year
Number of funds	110	102	90	81	66	44
Best performing fund	37.1%	29.7%	23.2%	24.6%	16.2%	23.6%
Worst performing fund	-1.9%	4.7%	3.7%	8.9%	6.0%	14.9%
Top quartile	24.0%	24.2%	17.1%	19.5%	12.4%	19.6%
Median	20.8%	20.9%	14.5%	17.6%	10.6%	17.9%
Bottom quartile	16.5%	18.1%	12.2%	16.0%	9.3%	16.9%
Average fund performance	19.8%	20.4%	14.4%	17.6%	10.8%	18.4%
Benchmark: ALSI	21.4%	24.0%	16.4%	19.9%	12.4%	19.5%
% Funds outperforming ALSI	44%	27%	32%	19%	26%	30%
Benchmark: SWIX	20.7%	24.8%	17.6%	20.6%	13.0%	20.3%
% Funds outperforming SWIX	53%	22%	24%	14%	21%	18%

**Percentage of actively-managed equity funds outperforming equity benchmarks**  
**Period ended December 2013**



## 2. Fund Performance Range





Top of vertical line stretching above box:

Top-performing fund

Upper boundary of box:

Top-quartile range

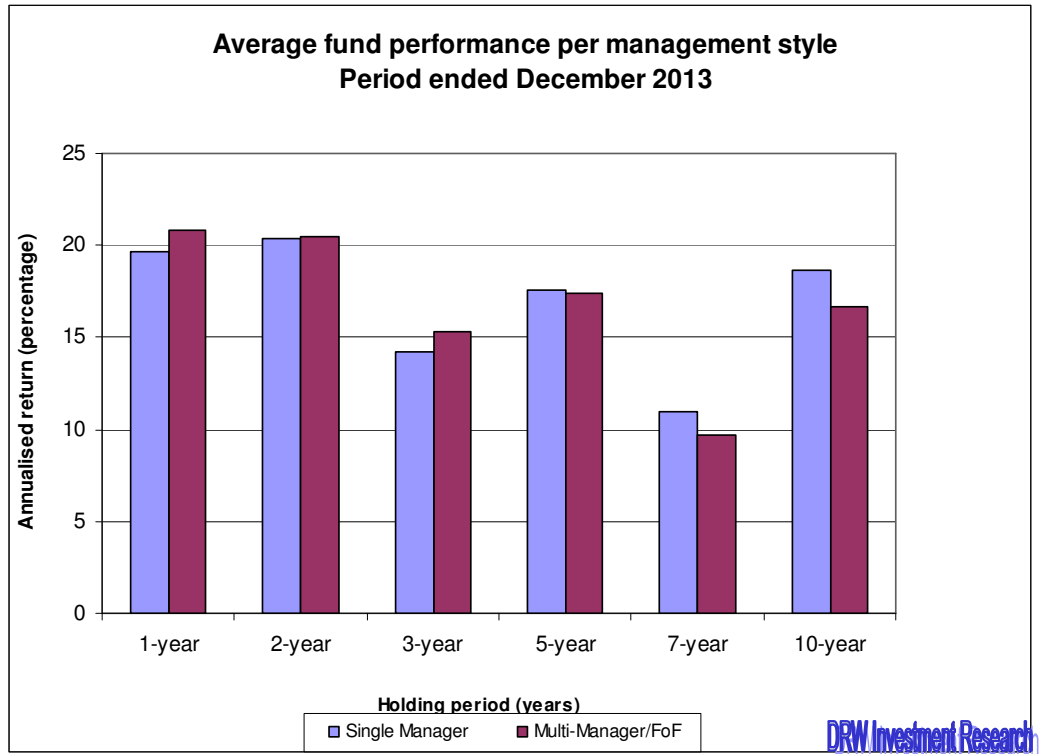
Bottom boundary of box:

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

<b>ETF performance sample</b>	<b>One-year</b>	<b>Two-year</b>	<b>Three-year</b>	<b>Five-year</b>
RMB Top 40 Portfolio	22.4%	24.1%	16.3%	19.2%
Satrix 40 Portfolio	21.7%	23.6%	15.8%	18.9%
Satrix SWIX Top 40 Portfolio	20.8%	24.4%	17.0%	19.4%
Stanlib Top 40	21.0%	23.0%	15.7%	
Stanlib Swix Top 40	20.0%	23.7%	16.9%	

*Source: ETFSA, Performance survey, December 2013*

Average actively-managed equity funds	19.8%	20.4%	14.4%	17.6%
Top quartile actively-managed equity funds	24.0%	24.2%	17.1%	19.5%
Median actively-managed equity fund	20.8%	20.9%	14.5%	17.6%
Bottom quartile actively-managed equity funds	16.5%	18.1%	12.2%	16.0%

<b>Index Unit Trust Investments sample</b>	<b>One-year</b>	<b>Three-year</b>	<b>Five-year</b>
Kagiso Top 40 Tracker Fund	21.6%	15.6%	18.6%
Old Mutual Top 40 Fund	21.7%	15.5%	18.5%
SIM Index Fund	21.2%	15.1%	18.1%
Momentum Top 40 Index Fund	21.8%	15.5%	18.7%
Gryphon All Share Tracker Fund	22.0%	16.4%	19.4%
Stanlib Index Fund	21.1%	15.7%	19.0%

*Source: ETFSA, Performance survey, December 2013*

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Bottom quartile actively-managed equity funds	16.5%	12.2%	16.0%

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

One-year period

PSG Equity A	37.08
36ONE MET Equity	33.66
Momentum MoM Emerg Mgr Growth B1	31.87
Coronation Equity R	30.97
NeFG MET Equity	30.27
SIM Top Choice Equity A1	30.09
Prudential Equity A	28.51
Coronation Top 20 A	27.92
Foord Equity R	27.75
SIM General Equity R	27.54
Prudential Dividend Maximiser A	26.58
PSG MM Equity FoF A	26.51
Old Mutual Investors R	26.51
Stewart Macro Equity FoF A	26.10
Harvard House MET Equity	26.05
Momentum Best Blend Specialist Eq A	25.98
Momentum Top 25 R	25.94
STANLIB Equity R	25.89
Aylett Equity Prescient A3	25.33
PSG Konsult Creator FoF D	25.22
STANLIB MM All Stars Eq FoF A	25.12
Efficient Equity	24.88
Kagiso Equity Alpha	24.46
Mazi Capital MET Equity A1	24.42
SPI Equity A1	24.40
Investec Active Quants A	24.32
Ashburton SA Equity B1	24.30
Truffle General Equity A	24.04



Two-year period (annualised)

Mazi Capital MET Equity A1	29.72
Harvard House MET Equity	29.20
Foord Equity R	28.87
Coronation Equity R	28.53
PSG Equity A	28.09
STANLIB Equity R	27.67
Sasfin MET Equity A	27.60
Ashburton SA Equity B1	27.53
Coronation Top 20 A	27.43
Melville Douglas High Alpha	27.43
Momentum Best Blend Specialist Eq A	27.31
Old Mutual Active Quant Equity A	27.03
Fairtree Equity Prescient A1	26.82
Prudential Equity A	26.66
Stewart Macro Equity FoF A	26.61
SIM Top Choice Equity A1	26.00
NeFG MET Equity	25.52
STANLIB SA Equity R	25.49
SIM General Equity R	25.44
Imara MET Equity	25.39
Prudential Dividend Maximiser A	25.03
Aeon Enhanced Equity Prescient A	24.94
Maestro Equity Prescient A	24.69
Efficient Equity	24.46
Mergence Equity Prescient A1	24.39
MET General Equity	24.25

Three-year period (annualised)

Mazi Capital MET Equity A1	23.22
STANLIB Equity R	21.51
Foord Equity R	21.41
Harvard House MET Equity	21.14
Sasfin MET Equity A	21.11
Momentum Best Blend Specialist Eq A	20.68
PSG Equity A	20.10
Coronation Top 20 A	19.55
Imara MET Equity	19.27
Coronation Equity R	19.23
Prudential Equity A	19.03
Stewart Macro Equity FoF A	18.84
Truffle General Equity A	18.59
SIM Top Choice Equity A1	18.53
STANLIB SA Equity R	18.39
Old Mutual Active Quant Equity A	18.20
SIM General Equity R	18.08
Ashburton Multi Manager Equity B1	18.01
Investec Active Quants A	17.92
Prudential Dividend Maximiser A	17.86
Marriott Dividend Growth R	17.67
STANLIB MM All Stars Eq FoF A	17.62
Efficient Equity	17.06

Five-year period (annualised)

PSG Equity A	24.59
Foord Equity R	23.95
Coronation Equity R	23.03
Coronation Top 20 A	22.87
Harvard House MET Equity	22.67
Momentum Best Blend Specialist Eq A	22.54
Sasfin MET Equity A	21.47
SIM General Equity R	21.22
Investec Active Quants A	21.14
Imara MET Equity	20.87
STANLIB Equity R	20.64
Marriott Dividend Growth R	20.49
Old Mutual Active Quant Equity A	20.44
Kagiso Equity Alpha	20.37
Prudential Equity A	20.23
SIM Top Choice Equity A1	19.87
Stewart Macro Equity FoF A	19.83
SIM Value R	19.72
Prudential Dividend Maximiser A	19.67
STANLIB SA Equity R	19.59
STANLIB MM All Stars Eq FoF A	19.49

Seven-year period (annualised)

Coronation Top 20 A	16.22
Coronation Equity R	15.22
Foord Equity R	14.89
Prudential Equity A	14.45
SIM Top Choice Equity A1	14.31
Kagiso Equity Alpha	13.82
SIM General Equity R	13.81
Aylett Equity Prescient A3	13.77
ABSA Select Equity	13.73
Prudential Dividend Maximiser A	13.72
Nedgroup Inv Value R	13.27
Harvard House MET Equity	13.19
Marriott Dividend Growth R	13.16
Investec Active Quants A	13.08
SIM Value R	12.79
Efficient Equity	12.69
Old Mutual Active Quant Equity A	12.53

Ten-year period (annualised)

Coronation Top 20 A	23.60
Prudential Equity A	22.62
Prudential Dividend Maximiser A	22.48
Coronation Equity R	22.10
Foord Equity R	21.77
SIM Value R	21.68
SIM General Equity R	20.67
PSG Equity A	20.60
Nedgroup Inv Growth R	19.76
Nedgroup Inv Value R	19.75
Nedgroup Inv Rainmaker A	19.59

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

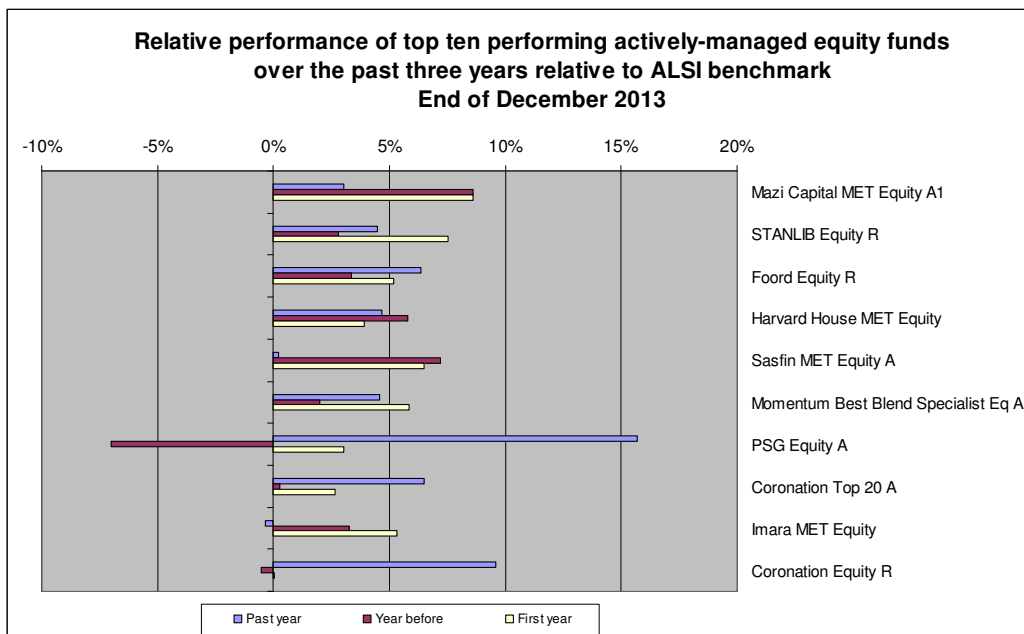
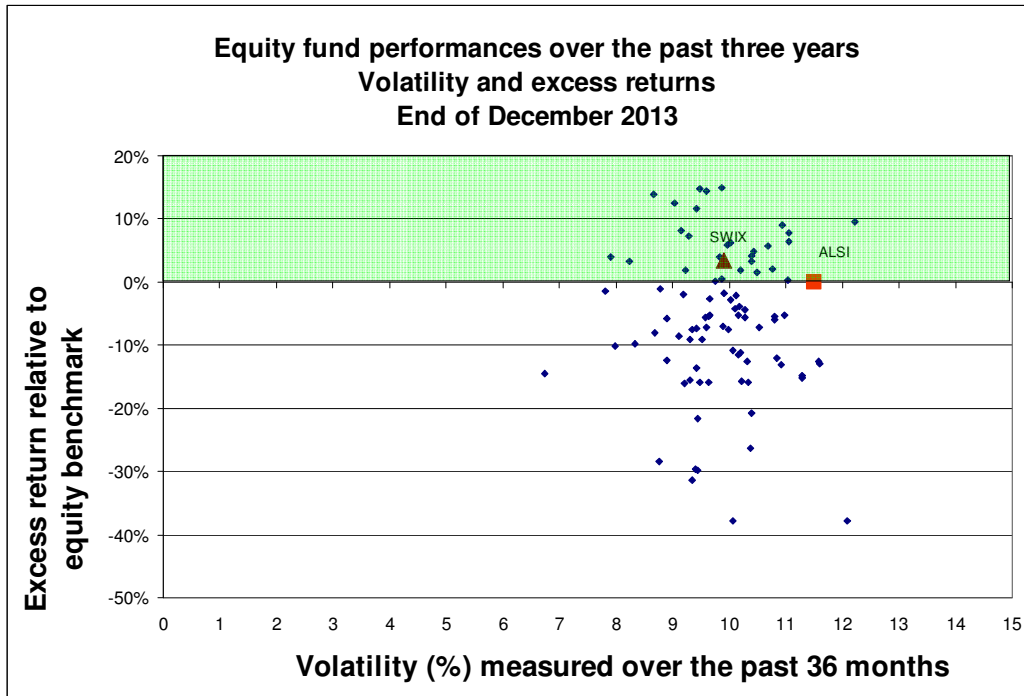
### KEY:

	Top Quartile
	Middle
	Bottom Quartile

Fund	10-year	7-year	5-year	3-year	2-year	1-year
Coronation Top 20 A	23.6	16.2	22.9	19.6	27.4	27.9
Prudential Equity A	22.6	14.4	20.2	19.0	26.7	28.5
Prudential Dividend Maximiser A	22.5	13.7	19.7	17.9	25.0	26.6
Coronation Equity R	22.1	15.2	23.0	19.2	28.5	31.0
Foord Equity R	21.8	14.9	24.0	21.4	28.9	27.8
SIM Value R	21.7	12.8	19.7	14.7	21.6	22.2
SIM General Equity R	20.7	13.8	21.2	18.1	25.4	27.5
PSG Equity A	20.6	12.1	24.6	20.1	28.1	37.1
Nedgroup Inv Growth R	19.8	10.4	18.3	13.3	19.8	23.1
Nedgroup Inv Value R	19.8	13.3	19.2	13.4	20.0	14.0
Nedgroup Inv Rainmaker A	19.6	11.3	17.8	14.2	18.7	18.9
Allan Gray Equity A	19.6	11.9	17.4	16.2	19.4	21.2
Marriott Dividend Growth R	19.6	13.2	20.5	17.7	23.0	17.4
ABSA General R	19.3	12.0	18.4	15.9	21.8	22.3
Old Mutual Active Quant Equity A	19.1	12.5	20.4	18.2	27.0	22.7
Old Mutual Investors R	18.9	11.8	19.0	17.0	24.2	26.5
Investec Equity R	18.8	10.3	17.9	16.7	22.6	21.1
STANLIB Value A	18.6	11.5	17.3	12.5	18.2	17.4
Old Mutual Growth R	18.5	10.7	17.1	12.1	18.2	22.4
Oasis General Equity D	18.5	11.1	16.5	14.1	19.5	16.0
Analytics ACi Managed Equity A	18.4	11.1	18.7	14.4	21.8	21.3
Nedgroup Inv Quants Core Eq A	17.9	10.8	17.0	12.5	17.7	17.1
Investec Value R	17.8	7.9	12.5	4.2	5.9	10.2
Momentum Equity R	17.7	9.5	18.2	15.1	20.6	18.0
Old Mutual Top Companies R	17.6	10.5	17.6	12.8	18.5	23.1
PSG MM Equity FoF A	17.5	9.3	17.8	16.6	23.4	26.5
Investec Growth R	17.4	10.1	17.3	14.0	20.2	12.8
Old Mutual High Yield Opp A	17.3	9.0	17.8	11.3	15.7	20.7
FNB Momentum Growth	17.3	9.3	18.2	13.9	19.6	17.6
STANLIB Growth R	17.3	8.4	17.8	15.1	21.7	14.9
STANLIB Equity R	17.1	10.8	20.6	21.5	27.7	25.9
MET General Equity	17.1	9.9	18.2	15.3	24.2	19.0
Community Growth Equity	16.9	9.9	15.3	11.2	18.2	20.2
Momentum MultiFocus FoF	16.8	9.7	17.4	14.7	21.3	21.1
Inv Solutions MM Equity A	16.7	9.2	16.0	12.9	16.9	17.2
STANLIB SA Equity R	16.7	8.9	19.6	18.4	25.5	17.3
STANLIB MM Equity A1	16.6	9.5	17.2	14.2	20.2	20.6
SMMI Equity FoF A	16.5	9.3	16.3	13.0	18.7	20.8
Oasis Crescent Equity D	16.4	9.5	14.5	13.8	19.2	20.0
Momentum Value A	16.3	7.7	13.9	4.1	4.7	-1.9
Old Mutual SYmmETRY Equity FoF A	16.1	8.9	15.8	11.5	16.3	17.1

Fund	10-year	7-year	5-year	3-year	2-year	1-year
Personal Trust High Yield Growth	15.3	7.9	15.8	12.0	13.0	9.1
Old Mutual Albaraka Equity	15.2	8.1	16.7	16.3	21.2	19.4
Element Earth Equity A	14.9	6.2	10.1	4.2	5.3	1.1
ALSI	19.5	12.4	19.9	16.4	24.0	21.4
SWIX	20.3	13.0	20.6	17.6	24.8	20.7

## 7. Volatility and Fund Performance (annualised returns)





## Investment Research

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