

March 2014

The Quest for Alpha



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

Quarter ended March 2014

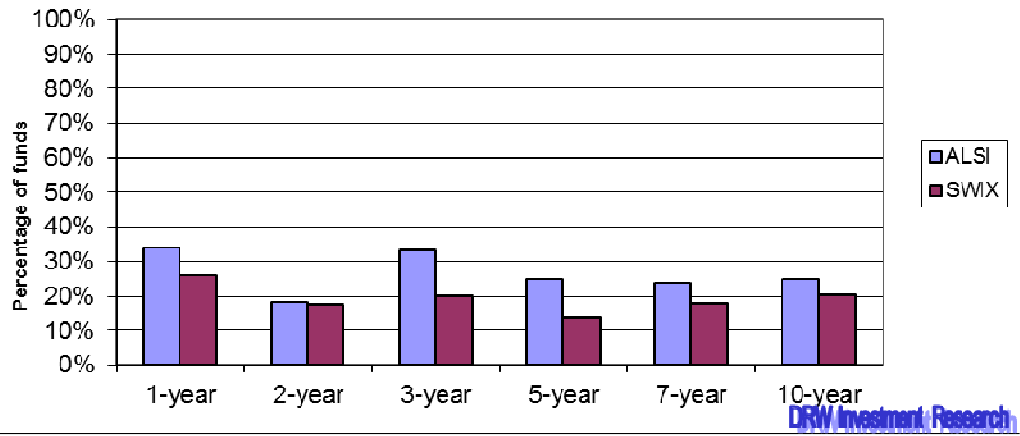
DRW Investment Research

1. Outperformance

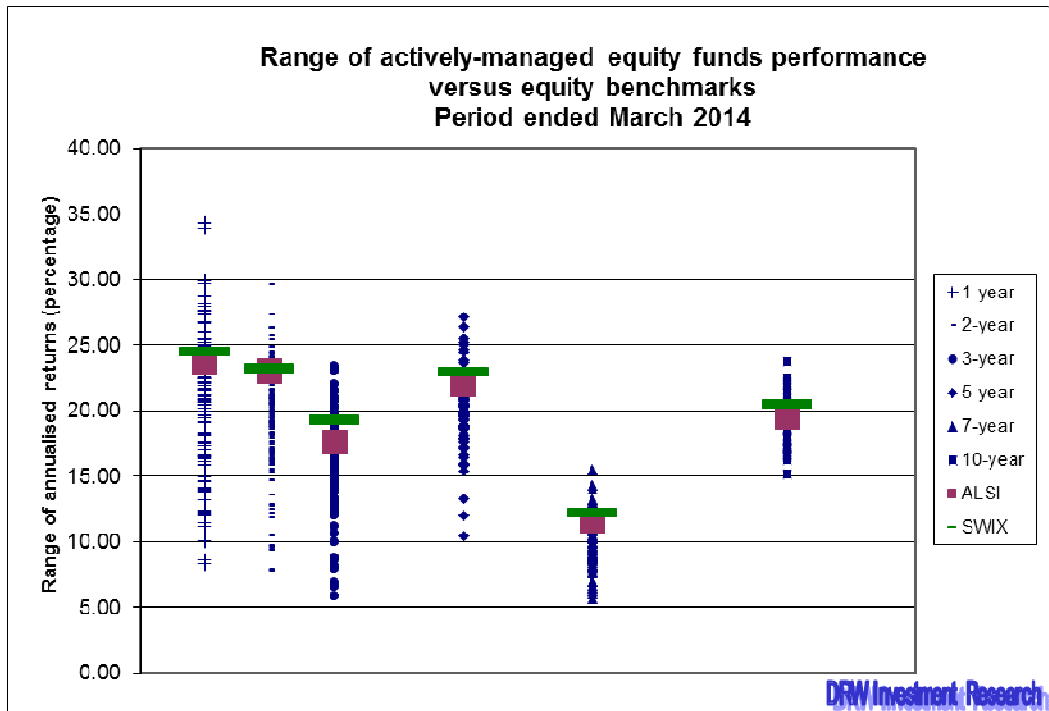
- 1) Only actively-managed equity funds are evaluated, thus index tracker or passively-managed funds are excluded from the analysis.
- 2) The analysis does not account for *survivorship bias*, i.e. the performances of funds that ceased to exist in its original format or name are not part of the current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

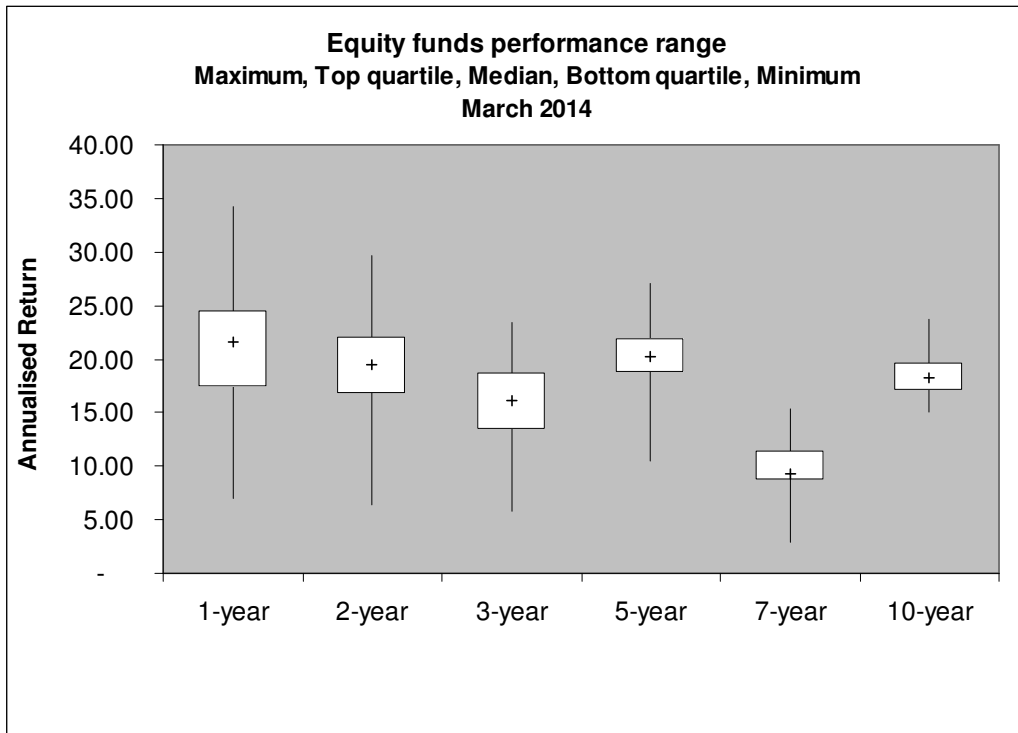
Equity Funds	1-year	2-year	3-year	5-year	7-year	10-year
Number of funds	112	103	90	80	67	44
Best performing fund	34.3%	29.6%	23.4%	27.1%	15.4%	23.7%
Worst performing fund	7.1%	6.4%	5.8%	10.5%	2.9%	15.1%
Top quartile	24.6%	22.0%	18.7%	21.9%	11.5%	19.6%
Median	21.6%	19.4%	16.1%	20.3%	9.3%	18.3%
Bottom quartile	17.3%	16.8%	13.4%	18.7%	8.6%	17.0%
Average fund performance	20.9%	19.1%	15.9%	20.1%	9.8%	18.5%
Benchmark: ALSI	23.6%	23.0%	17.6%	22.0%	11.5%	19.5%
% Funds outperforming ALSI	34%	18%	33%	25%	24%	25%
Benchmark: SWIX	24.5%	23.2%	19.2%	22.9%	12.2%	20.4%
% Funds outperforming SWIX	26%	17%	20%	14%	18%	20%

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



2. Fund Performance Range





Top of vertical line stretching above box:

Top-performing fund

Upper boundary of box:

Top-quartile range

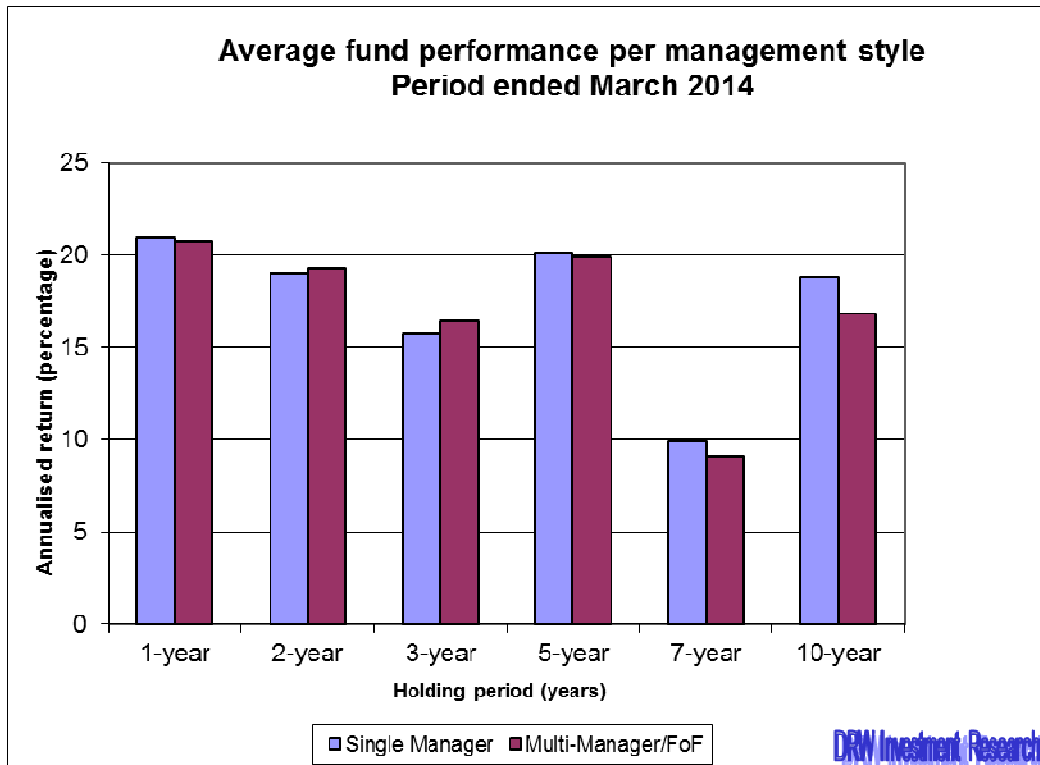
Bottom boundary of box:

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	26.3%	24.3%	17.3%	21.1%
Satrix 40 Portfolio	25.3%	23.7%	16.8%	20.7%
Satrix SWIX Top 40 Portfolio	27.5%	24.3%	18.4%	21.5%
Stanlib Top 40	24.7%	22.8%	16.9%	
Stanlib Swix Top 40	26.4%	23.2%	18.5%	

Source: ETFSA, Performance survey, March 2014

Average actively-managed equity funds	20.9%	19.1%	15.9%	20.1%
Top quartile actively-managed equity funds	24.6%	22.0%	18.7%	21.9%
Median actively-managed equity fund	21.6%	19.4%	16.1%	20.3%
Bottom quartile actively-managed equity funds	17.3%	16.8%	13.4%	18.7%

Index Unit Trust Investments sample	One-year	Three-year	Five-year
Kagiso Top 40 Tracker Fund	25.5%	16.8%	21.0%
Old Mutual Top 40 Fund	25.5%	16.8%	20.8%
SIM Index Fund	23.3%	17.0%	21.0%
Momentum Top 40 Index Fund	25.9%	16.8%	20.8%
Gryphon All Share Tracker Fund	24.1%	17.5%	21.8%
Stanlib Index Fund	24.1%	17.3%	21.3%

Source: ETFSA, Performance survey, March 2014

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Bottom quartile actively-managed equity funds	17.3%	13.4%	18.7%

5. Top Performing Equity Funds (Top Quartile Performers)

One-year period

PSG Equity A	34.25
SIM Top Choice Equity A1	33.94
NeFG MET Equity	29.88
NFB ACi Equity B1	29.86
Fairtree Equity Prescient A1	29.67
Old Mutual Investors R	28.66
Coronation Top 20 A	28.13
Coronation Equity R	27.93
Momentum Top 25 R	27.64
Investec Value R	27.59
SIM General Equity R	27.56
Truffle General Equity A	27.35
Prudential Equity A	26.72
Foord Equity R	26.71
Old Mutual Top Companies R	26.64
MitonOptimal IP High Conviction Equity A	25.98
Investec Active Quants A	25.50
Aeon Enhanced Equity Prescient A	25.49
Prudential Dividend Maximiser A	25.43
PSG MM Equity FoF A	25.41
Old Mutual Growth R	25.16
Kagiso Equity Alpha	25.15
Discovery Dynamic Equity	24.99
36ONE MET Equity	24.92
PSG Wealth Creator FoF D	24.70
SPI Equity A1	24.70
Harvard House MET Equity	24.62
27four Shari'ah Active Eq. Prescient A1	24.57

Two-year period (annualised)

PSG Equity A	29.61
Coronation Equity R	27.28
SIM Top Choice Equity A1	26.29
Coronation Top 20 A	26.28
Fairtree Equity Prescient A1	26.27
Harvard House MET Equity	25.68
Momentum Top 25 R	25.34
Foord Equity R	24.81
SIM General Equity R	24.80
Mazi Capital MET Equity A1	24.47
NeFG MET Equity	24.34
Old Mutual Active Quant Equity A	24.06
Prudential Equity A	24.02
Ashburton SA Equity B1	24.00
Mergence Equity Prescient A1	23.52
STANLIB Equity R	23.42
Momentum Best Blend Specialist Eq A	23.39
Old Mutual Investors R	23.36
Aeon Enhanced Equity Prescient A	23.04
Prudential Dividend Maximiser A	22.99
Melville Douglas High Alpha	22.98
PSG MM Equity FoF A	22.85
PSG Wealth Creator FoF D	22.67
Stewart Macro Equity FoF A	22.63
STANLIB MM All Stars Eq FoF A	22.55
Investec Equity R	22.17

Three-year period (annualised)

Mazi Capital MET Equity A1	23.40
Foord Equity R	23.15
Harvard House MET Equity	22.97
PSG Equity A	21.95
Sasfin MET Equity A	21.57
Momentum Best Blend Specialist Eq A	21.55
Coronation Equity R	20.94
Coronation Top 20 A	20.73
STANLIB Equity R	20.72
Imara MET Equity	20.26
SIM Top Choice Equity A1	20.24
Melville Douglas High Alpha	20.20
Stewart Macro Equity FoF A	19.89
Old Mutual Active Quant Equity A	19.68
Prudential Equity A	19.67
SIM General Equity R	19.67
Investec Active Quants A	19.55
Truffle General Equity A	19.49
Marriott Dividend Growth R	19.18
Ashburton Multi Manager Equity B1	18.98
NeFG MET Equity	18.95
Mergence Equity Prescient A1	18.83
Prudential Dividend Maximiser A	18.74

Five-year period (annualised)

PSG Equity A	27.08
Foord Equity R	26.41
Coronation Equity R	25.44
Coronation Top 20 A	25.23
Momentum Best Blend Specialist Eq A	24.99
Sasfin MET Equity A	24.68
Harvard House MET Equity	24.48
Imara MET Equity	23.77
SIM General Equity R	23.64
SIM Top Choice Equity A1	23.12
Investec Active Quants A	23.03
Kagiso Equity Alpha	22.81
Old Mutual Active Quant Equity A	22.75
SIM Value R	22.75
Marriott Dividend Growth R	22.51
Old Mutual Investors R	22.48
STANLIB Equity R	22.37
STANLIB SA Equity R	22.25
Prudential Equity A	22.15
Stewart Macro Equity FoF A	22.11

Seven-year period (annualised)

Coronation Top 20 A	15.44
Coronation Equity R	14.25
Foord Equity R	14.03
SIM Top Choice Equity A1	13.15
Prudential Equity A	13.14
Prudential Dividend Maximiser A	13.01
Aylett Equity Prescient A3	12.96
SIM General Equity R	12.75
ABSA Select Equity	12.62
Kagiso Equity Alpha	12.61
Nedgroup Inv Value R	12.44
Marriott Dividend Growth R	12.29
Harvard House MET Equity	12.12
SIM Value R	11.83
Investec Active Quants A	11.80
PSG Equity A	11.60
Allan Gray Equity A	11.48

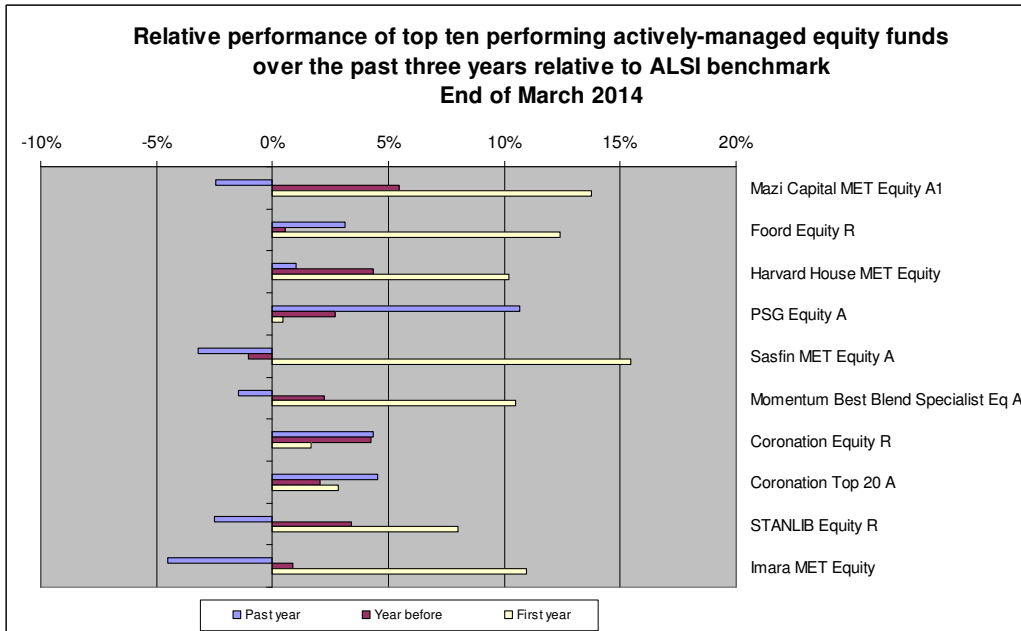
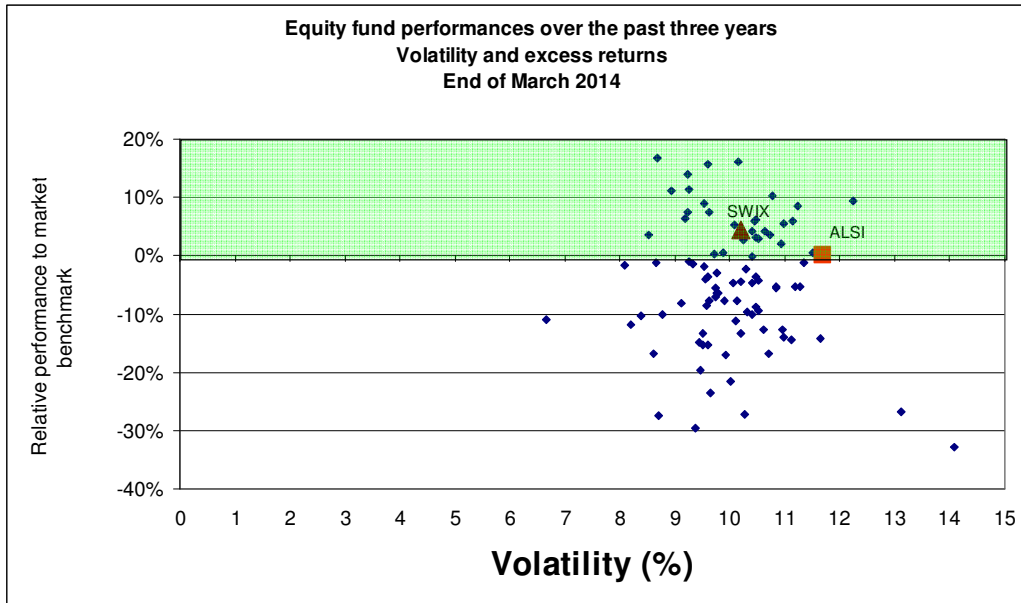
Ten-year period (annualised)

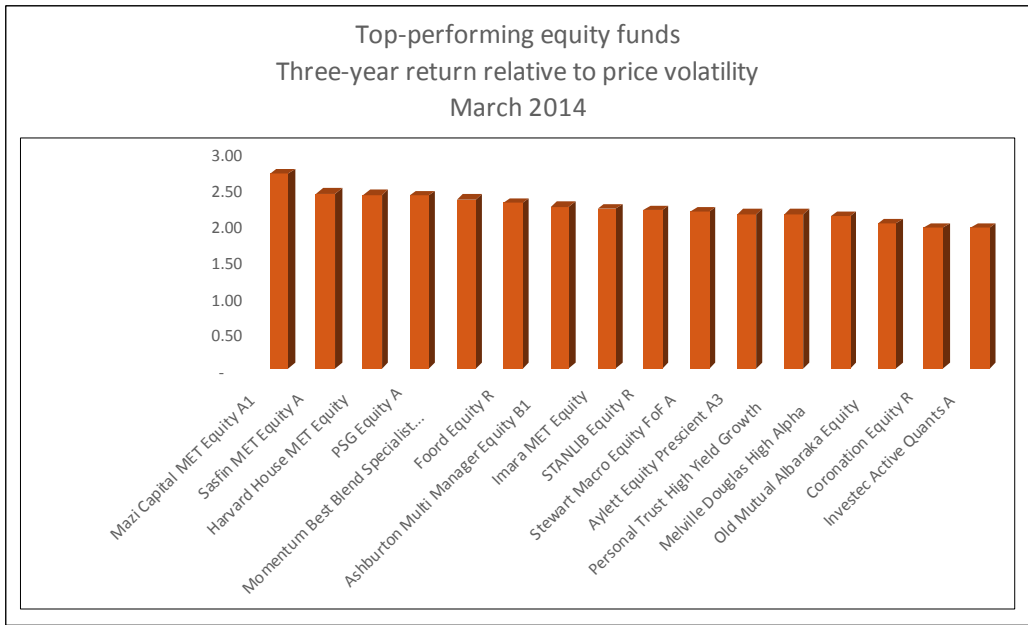
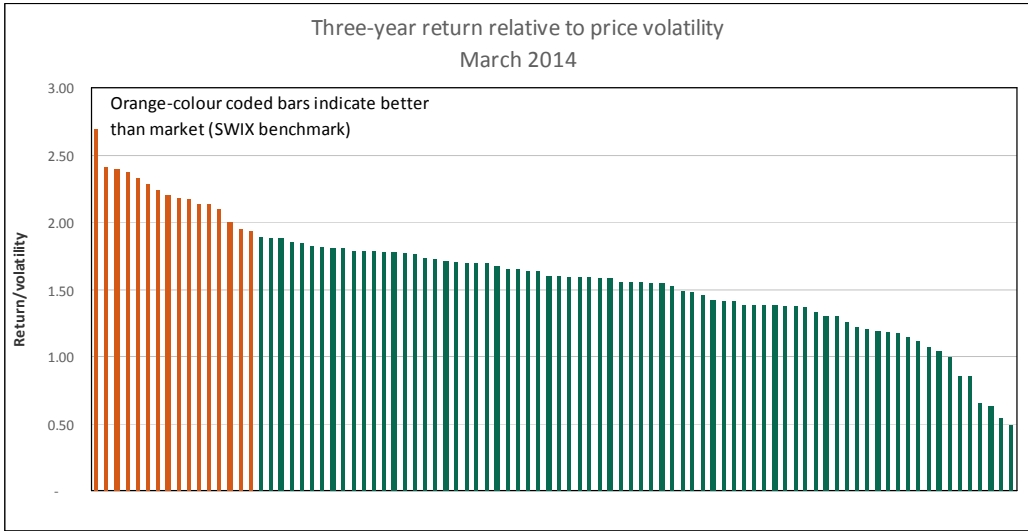
Coronation Top 20 A	23.68
Prudential Equity A	22.40
Prudential Dividend Maximiser A	22.12
Coronation Equity R	22.00
Foord Equity R	21.96
SIM Value R	21.73
ABSA Select Equity	21.33
SIM General Equity R	20.84
PSG Equity A	20.64
Nedgroup Inv Value R	20.09
Allan Gray Equity A	19.99

6. Persistence of Fund Performance (annualised returns)

Fund	10-year	7-year	5-year	3-year	2-year	1-year
Coronation Top 20 A	23.7	15.4	25.2	20.7	26.3	28.1
Prudential Equity A	22.4	13.1	22.1	19.7	24.0	26.7
Prudential Dividend Maximiser A	22.1	13.0	21.7	18.7	23.0	25.4
Coronation Equity R	22.0	14.2	25.4	20.9	27.3	27.9
Foord Equity R	22.0	14.0	26.4	23.1	24.8	26.7
SIM Value R	21.7	11.8	22.7	17.1	20.8	23.6
ABSA Select Equity	21.3	12.6	20.3	15.3	16.6	18.1
SIM General Equity R	20.8	12.8	23.6	19.7	24.8	27.6
PSG Equity A	20.6	11.6	27.1	21.9	29.6	34.3
Nedgroup Inv Value R	20.1	12.4	21.8	15.3	16.9	17.6
Allan Gray Equity A	20.0	11.5	20.0	17.7	21.1	20.9
Nedgroup Inv Growth R	19.4	9.0	21.3	14.2	18.1	23.3
Nedgroup Inv Rainmaker A	19.4	10.5	19.6	14.7	18.3	22.1
Marriott Dividend Growth R	19.2	12.3	22.5	19.2	19.1	16.5
Old Mutual Active Quant Equity A	19.1	11.5	22.7	19.7	24.1	23.9
Old Mutual Investors R	19.0	11.1	22.5	18.3	23.4	28.7
Investec Equity R	18.7	9.9	19.5	17.8	22.2	23.3
Oasis General Equity D	18.7	10.9	19.9	16.5	20.6	22.7
Investec Value R	18.5	8.2	18.6	8.2	12.2	27.6
Old Mutual Growth R	18.5	9.6	20.3	13.3	17.4	25.2
STANLIB Value A	18.5	9.5	19.2	14.5	16.2	16.1
Analytics ACi Managed Equity A	18.4	10.2	21.1	15.8	20.5	22.4
Nedgroup Inv Quants Core Eq A	18.1	10.0	19.6	14.3	17.2	21.7
Old Mutual Top Companies R	17.8	9.9	20.7	14.3	18.8	26.6
Momentum Equity R	17.5	9.1	21.0	16.0	18.6	20.4
PSG MM Equity FoF A	17.4	8.8	20.8	17.8	22.8	25.4
FNB Momentum Growth	17.2	8.9	20.9	14.9	18.2	20.0
Investec Growth R	17.2	8.4	19.9	14.5	15.9	8.3
STANLIB Growth R	17.2	6.4	20.3	16.6	18.9	15.8
Community Growth Equity	17.1	8.7	17.8	13.3	19.2	21.9
Inv Solutions MM Equity A	17.1	9.0	18.8	15.1	18.2	24.1
Old Mutual High Yield Opp A	17.0	8.0	21.4	13.2	16.4	23.6
STANLIB Equity R	17.0	9.3	22.4	20.7	23.4	21.1
MET General Equity	17.0	9.1	20.5	16.9	20.1	18.4
Momentum Best Blend Multifocus FoF A	16.9	9.2	20.5	16.2	20.4	22.9
STANLIB MM Equity A1	16.7	8.8	19.7	15.6	19.4	22.9
Oasis Crescent Equity D	16.7	8.8	17.2	14.9	19.8	20.6
Momentum Value A	16.6	7.6	16.4	6.8	6.4	8.6
SMMI Equity FoF A	16.6	8.6	18.7	14.0	18.1	20.8
STANLIB SA Equity R	16.4	7.6	22.2	18.7	21.1	17.4
Old Mutual SYmmETRY Equity FoF A	16.2	8.1	17.8	12.6	16.0	19.6
Old Mutual Albaraka Equity	15.2	6.7	18.7	17.4	19.2	22.6
Element Earth Equity A	15.1	6.2	12.0	6.6	7.8	7.1
Personal Trust High Yield Growth	15.1	7.8	18.7	14.2	12.8	12.3
ALSI	19.5	11.5	22.0	17.6	23.0	23.6
SWIX	20.4	12.2	22.9	19.2	23.2	24.5

7. Volatility and Fund Performance (annualised returns)







Investment Research

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