

September 2013

The Quest for Alpha



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

Quarter ended September 2013

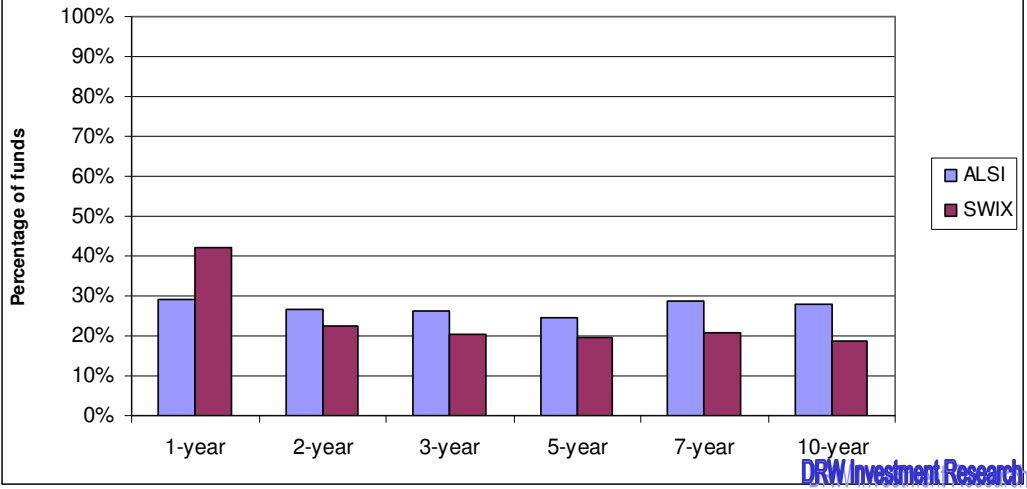
DRW Investment Research

1. Outperformance

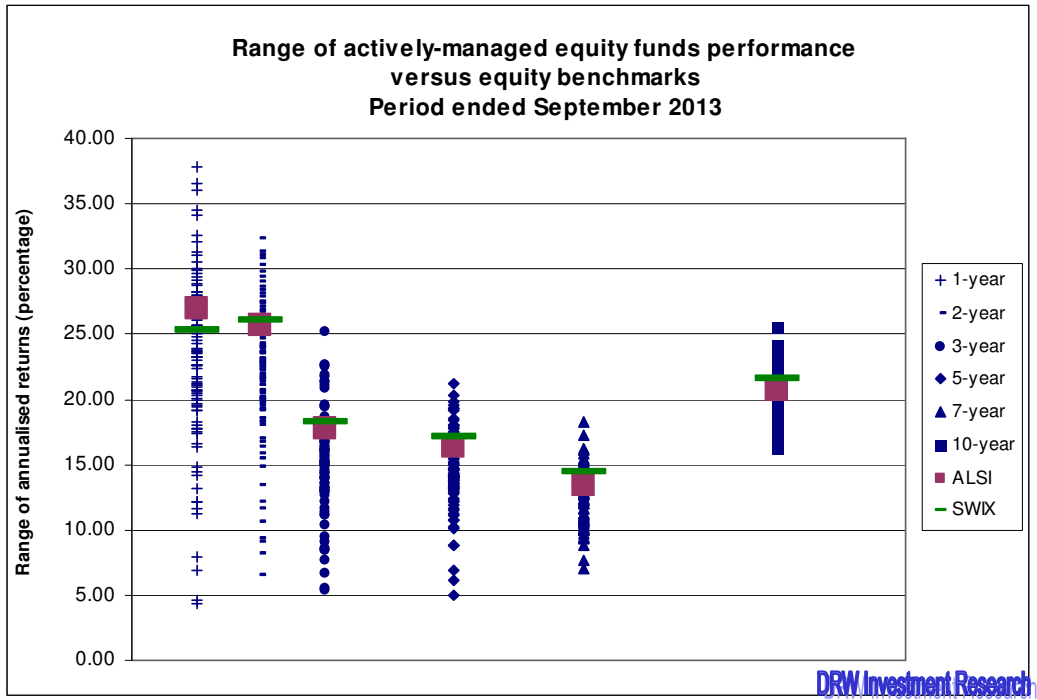
- 1) Only actively-managed equity funds are evaluated, thus index tracker or passively-managed funds are excluded from the analysis.
- 2) The analysis does not account for *survivorship bias*, i.e. the performances of funds that ceased to exist in its original format or name are not part of the current 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 **30 September 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.

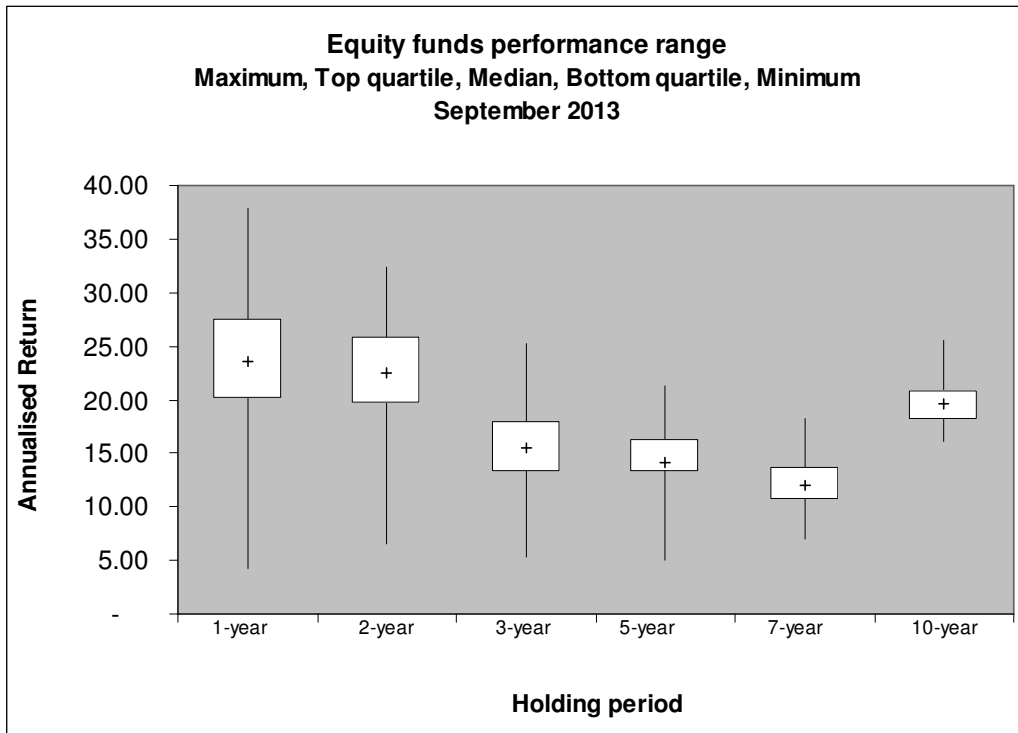
Equity Funds	1-year	2-year	3-year	5-year	7-year	10-year
Number of funds	109	98	88	81	63	43
Best performing fund	37.9%	32.3%	25.2%	21.2%	18.3%	25.5%
Worst performing fund	4.3%	6.5%	5.4%	5.0%	7.1%	16.2%
Top quartile	27.5%	25.8%	17.9%	16.3%	13.7%	20.8%
Median	23.6%	22.6%	15.5%	14.1%	12.1%	19.6%
Bottom quartile	20.1%	19.7%	13.2%	13.2%	10.6%	18.1%
Average fund performance	23.3%	22.0%	15.4%	14.4%	12.2%	19.8%
Benchmark: ALSI	27.0%	25.7%	17.8%	16.4%	13.4%	20.7%
% Funds outperforming ALSI	29%	27%	26%	25%	29%	28%
Benchmark: SWIX	25.3%	26.1%	18.3%	17.1%	14.4%	21.6%
% Funds outperforming SWIX	42%	22%	20%	20%	21%	19%

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



2. Fund Performance Range





Top of vertical line stretching above box:

Top-performing fund

Upper boundary of box:

Top-quartile range

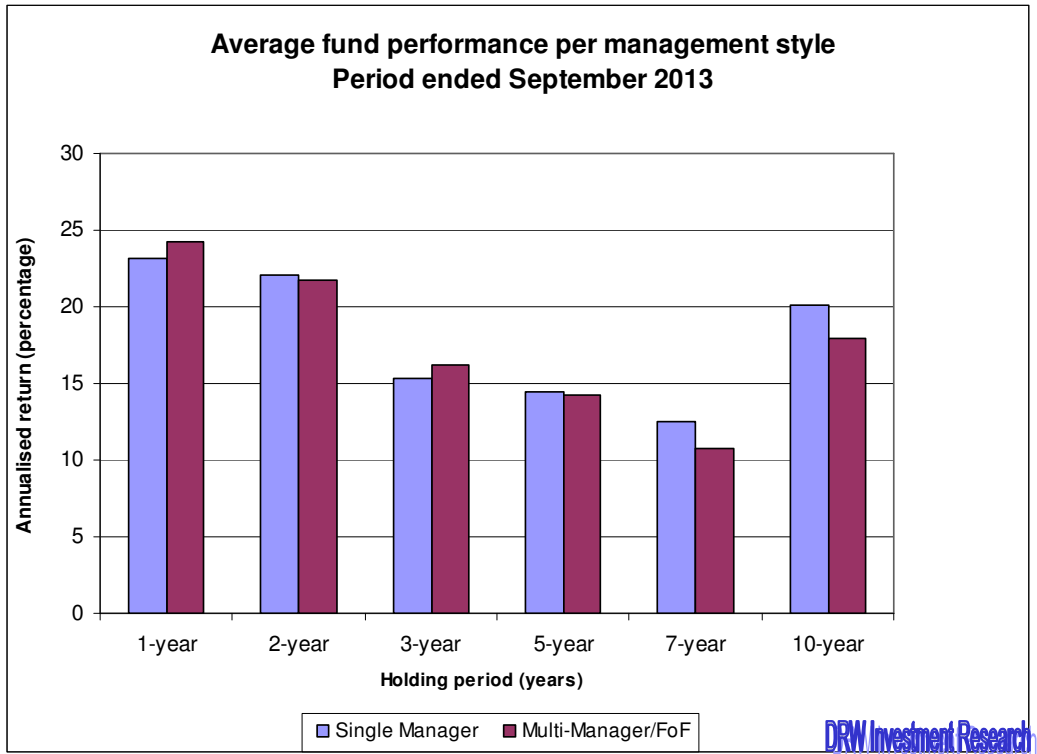
Bottom boundary of box:

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

ETF performance sample	One-year	Two-year	Three-year	Five-year
Nedbank BetaBeta Equally Weighted Top 40	20.4%	23.3%	16.9%	-
RMB Top 40 Portfolio	28.6%	25.8%	17.8%	-
Satrix 40 Portfolio	27.0%	24.8%	17.1%	15.0%
Satrix SWIX Top 40 Portfolio	25.6%	25.3%	17.6%	15.4%
Stanlib Top 40	27.4%	24.8%		
Stanlib Swix Top 40	26.4%	25.7%		

Source: ETFSA, Performance survey, September 2013

Average actively-managed equity funds	23.3%	22.0%	15.4%	14.4%
Top quartile actively-managed equity funds	27.5%	25.8%	17.9%	16.3%
Median actively-managed equity fund	23.6%	22.6%	15.5%	14.1%
Bottom quartile actively-managed equity funds	20.1%	19.7%	13.2%	13.2%

Index Unit Trust Investments sample	One-year	Three-year	Five-year
Kagiso Top 40 Tracker Fund	25.9%	17.3%	14.8%
Old Mutual Top 40 Fund	26.0%	17.1%	14.6%
SIM Index Fund	24.8%	16.8%	14.9%
Momentum Top 40 Index Fund	26.0%	17.2%	14.4%
Gryphon All Share Tracker Fund	26.1%	18.3%	15.6%
Stanlib Index Fund	24.8%	17.1%	15.3%

Source: ETFSA, Performance survey, September 2013

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Bottom quartile actively-managed equity funds	20.1%	13.2%	13.2%

5. Top Performing Equity Funds (Top Quartile Performers)

One-year period

PSG Equity A	37.87
Coronation Equity R	36.52
36ONE MET Equity	36.10
Momentum MoM Emerg Mgr Growth B1	34.55
Coronation Top 20 A	34.06
Fairtree Equity Prescient A1	32.53
NeFG MET Equity	32.10
Foord Equity R	31.28
Sasfin MET Equity A	31.05
Ashburton SA Equity B1	30.50
PSG Alphen Equity FoF A	30.07
Harvard House MET Equity	30.02
Prudential Equity A	29.97
SIM Top Choice Equity A1	29.65
Momentum Factor Equity FoF A	29.40
SIM General Equity R	29.18
PSG Konsult Creator FoF D	28.89
Momentum Best Blend Specialist Eq A	28.71
27Four Shari'ah Active Eq. Prescient A1	28.28
Prudential Dividend Maximiser A	28.25
Capstone MET Equity	28.24
STANLIB MM All Stars Eq FoF A	28.03
STANLIB Equity R	28.01
Momentum Top 25 R	27.88
Kagiso Equity Alpha	27.75
Old Mutual Investors R	27.67
Stewart Macro Equity FoF A	27.66
Mergence Equity Prescient A1	27.55

Two-year period (annualised)

Mazi Capital MET Equity A1	32.33
Sasfin MET Equity A	31.31
Foord Equity R	31.05
Harvard House MET Equity	30.82
Coronation Equity R	30.32
Momentum Best Blend Specialist Eq A	29.80
Coronation Top 20 A	29.42
Old Mutual Active Quant Equity A	29.07
Melville Douglas High Alpha	28.64
PSG Equity A	28.43
Capstone MET Equity	28.15
STANLIB Equity R	27.90
Prudential Equity A	27.53
Imara MET Equity	27.43
STANLIB SA Equity R	27.41
SIM Top Choice Equity A1	27.08
Stewart Macro Equity FoF A	26.79
SIM General Equity R	26.68
Aeon Enhanced Equity Prescient A	26.49
Truffle General Equity A	26.48
Old Mutual Investors R	26.12
Efficient Equity	26.12
STANLIB MM All Stars Eq FoF A	26.09
MET General Equity	25.86
Prudential Dividend Maximiser A	25.84

Three-year period (annualised)

Mazi Capital MET Equity A1	25.23
Sasfin MET Equity A	22.65
Foord Equity R	22.64
Harvard House MET Equity	22.45
Momentum Best Blend Specialist Eq A	21.84
PSG Equity A	21.71
STANLIB Equity R	21.32
Imara MET Equity	21.32
Coronation Top 20 A	21.14
Coronation Equity R	20.86
STANLIB SA Equity R	19.60
Stewart Macro Equity FoF A	19.44
Prudential Equity A	19.41
SIM General Equity R	18.72
STANLIB MM All Stars Eq FoF A	18.54
Old Mutual Active Quant Equity A	18.47
Investec Active Quants A	18.44
Old Mutual Albaraka Equity	18.40
Ashburton Multi Manager Equity B1	18.17
Efficient Equity	18.16
SIM Top Choice Equity A1	18.11
Prudential Dividend Maximiser A	18.02

Five-year period (annualised)

Coronation Top 20 A	21.25
Foord Equity R	20.26
Coronation Equity R	19.83
Momentum Best Blend Specialist Eq A	19.59
PSG Equity A	19.28
Marriott Dividend Growth R	19.24
Imara MET Equity	19.12
Prudential Equity A	18.49
SIM General Equity R	18.42
Nedgroup Inv Value R	18.04
Prudential Dividend Maximiser A	17.96
SIM Top Choice Equity A1	17.92
Aylett Equity Prescient A3	17.80
Harvard House MET Equity	17.54
SIM Value R	17.14
ABSA Select Equity	17.12
Old Mutual Active Quant Equity A	17.03
Kagiso Equity Alpha	16.99
STANLIB MM All Stars Eq FoF A	16.69
Capstone MET Equity	16.65
ABSA General R	16.29

Seven-year period (annualised)

Coronation Top 20 A	18.31
Coronation Equity R	17.25
Foord Equity R	16.22
Prudential Equity A	16.12
SIM Top Choice Equity A1	15.89
ABSA Select Equity	15.48
Prudential Dividend Maximiser A	15.40
Kagiso Equity Alpha	15.38
SIM General Equity R	15.21
Aylett Equity Prescient A3	15.09
SIM Value R	14.79
Nedgroup Inv Value R	14.69
Marriott Dividend Growth R	14.65
Investec Active Quants A	13.80
Sasfin MET Equity A	13.73
Old Mutual Active Quant Equity A	13.69

Ten-year period (annualised)

Coronation Top 20 A	25.51
Prudential Equity A	24.20
Prudential Dividend Maximiser A	23.50
Coronation Equity R	23.48
SIM Value R	23.26
Foord Equity R	22.84
PSG Equity A	22.10
SIM General Equity R	21.80
Nedgroup Inv Growth R	21.24
Nedgroup Inv Value R	21.11
Nedgroup Inv Rainmaker A	20.87

6. Persistence of Fund Performance (annualised returns)

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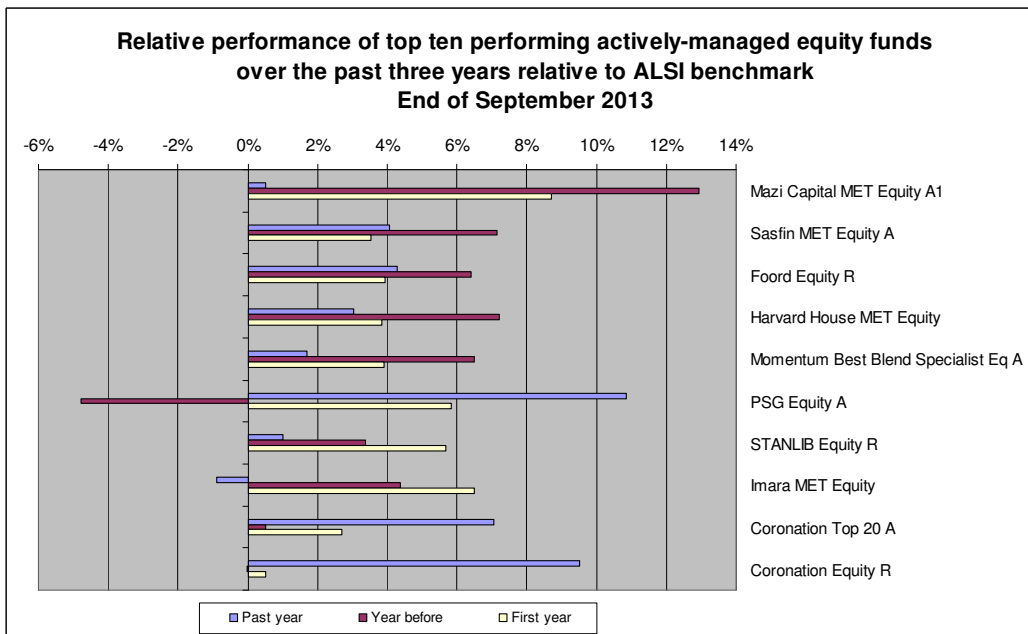
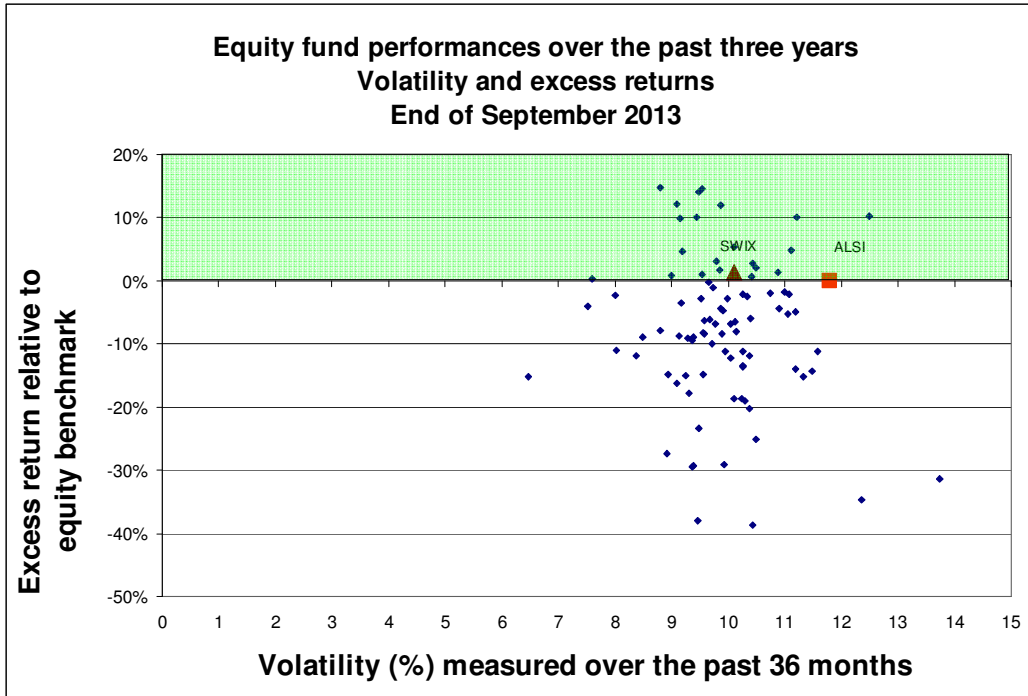
	Top Quartile
	Middle
	Bottom Quartile

Fund	10-year	7-year	5-year	3-year	2-year	1-year
Coronation Top 20 A	25.5	18.3	21.2	21.1	29.4	34.1
Prudential Equity A	24.2	16.1	18.5	19.4	27.5	30.0
Prudential Dividend Maximiser A	23.5	15.4	18.0	18.0	25.8	28.2
Coronation Equity R	23.5	17.3	19.8	20.9	30.3	36.5
SIM Value R	23.3	14.8	17.1	15.8	23.0	25.6
Foord Equity R	22.8	16.2	20.3	22.6	31.1	31.3
PSG Equity A	22.1	12.9	19.3	21.7	28.4	37.9
SIM General Equity R	21.8	15.2	18.4	18.7	26.7	29.2
Nedgroup Inv Growth R	21.2	12.0	15.0	14.9	21.4	25.6
Nedgroup Inv Value R	21.1	14.7	18.0	14.9	21.3	17.7
Nedgroup Inv Rainmaker A	20.9	12.3	14.5	14.3	20.0	20.1
Allan Gray Equity A	20.8	13.6	15.8	16.1	21.0	22.7
Investec Equity R	20.5	11.6	14.0	17.2	24.1	23.8
ABSA General R	20.5	13.3	16.3	17.0	24.1	26.2
Marriott Dividend Growth R	20.3	14.7	19.2	17.2	22.3	16.4
Old Mutual Active Quant Equity A	20.3	13.7	17.0	18.5	29.1	27.1
STANLIB Value A	20.1	13.1	13.2	12.9	20.1	19.4
Old Mutual Investors R	19.9	13.1	15.5	16.8	26.1	27.7
Analytics Managed Equity A	19.8	12.8	15.7	16.3	24.0	27.0
Old Mutual Growth R	19.8	12.8	13.7	13.3	20.1	22.7
Oasis General Equity D	19.7	12.8	13.4	15.2	21.5	22.6
Investec Value R	19.6	10.6	11.2	6.6	6.5	14.2
Investec Growth R	19.4	12.3	13.2	16.1	23.5	24.3
Momentum Equity R	19.3	10.4	14.1	15.2	22.2	21.1
Nedgroup Inv Quants Core Eq A	19.2	12.1	14.2	13.5	19.2	19.9
Old Mutual Top Companies R	19.2	12.4	14.3	13.9	20.4	23.2
STANLIB Growth R	19.2	10.0	12.1	17.1	25.2	22.6
FNB Momentum Growth	18.8	10.2	14.1	14.0	20.2	20.6
Old Mutual High Yield Opp A	18.7	11.2	14.7	12.6	18.0	21.0

Fund	10-year	7-year	5-year	3-year	2-year	1-year
Momentum Value A	18.6	10.0	10.7	7.6	10.7	4.7
PSG Alphen Equity FoF A	18.5	10.3	14.7	17.5	24.3	30.1
Inv Solutions MM Equity A	18.2	10.7	13.3	14.3	18.6	23.6
STANLIB Equity R	18.1	11.1	14.6	21.3	27.9	28.0
MET General Equity	18.1	11.6	15.1	16.0	25.9	22.6
Community Growth Equity	18.0	10.9	12.2	11.4	19.6	20.3
STANLIB MM Equity A1	18.0	10.7	13.5	15.2	22.2	23.3
STANLIB SA Equity R	17.9	9.9	13.0	19.6	27.4	23.6
Momentum MultiFocus FoF	17.8	11.1	13.9	15.8	22.4	25.1
Oasis Crescent Equity D	17.6	10.8	10.8	14.9	20.0	23.3
SYmmETRY Equity FoF A	17.1	10.1	12.8	12.2	17.0	18.0
Element Earth Equity A	16.7	7.7	8.9	5.5	8.2	4.3
Personal Trust High Yield Growth	16.5	9.3	12.5	13.2	15.5	13.2
Old Mutual Albaraka Equity	16.2	8.9	13.9	18.4	22.9	21.5

ALSI	20.7	13.4	16.4	17.8	25.7	27.0
SWIX	21.6	14.4	17.1	18.3	26.1	25.3

7. Volatility and Fund Performance (annualised returns)





Investment Research

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