**Media Release**
**Association for Savings and Investment South Africa (ASISA)**
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**Local CIS investors take cautious approach, opting for interest bearing over equities**

The local Collective Investment Schemes (CIS) industry completed the second quarter of this year with assets under management of R2.4 trillion, spread across 1 607 portfolios.

Almost half of these assets were held in South African (SA) Multi Asset portfolios (49%), with the rest in SA Interest Bearing portfolios (29%), SA Equity portfolios (19%) and SA Real Estate portfolios (3%).

Statistics for the quarter and year ended June 2019, released today by the Association for Savings and Investment South Africa (ASISA), also show that the industry recorded net inflows of R25 billion for the second quarter of this year, bringing the total net inflows for the 12 months to the end of June 2019 to R143 billion.

Sunette Mulder, senior policy adviser at ASISA, says SA Interest Bearing portfolios (Short Term and Variable Term) attracted the bulk of the net annual inflows (R59 billion), followed by Money Market portfolios (R43.8 billion). SA Multi Asset – Income portfolios were also popular with investors, drawing net annual inflows of R38.7 billion.

"The statistics tell us that investors continue to favour the perceived safety of interest bearing portfolios, which is not surprising given the market volatility and political uncertainty over the past year."

Mulder comments that the statistics also show that investors had lost their appetite for general equities over the past year and as a result SA Equity – General recorded net annual outflows of R3.4 billion. Investors seeking the potential of higher returns offered by equity portfolios over the long-term, but with added diversification from other asset classes, opted for SA Multi Asset – High Equity portfolios, which recorded net annual inflows of R16.3 billion.

Mulder points out that while interest bearing portfolios (including money market portfolios) on average delivered the best performances over the one and five year periods to the end of June 2019, over the 10 and 20 year periods SA General Equity and SA Multi Asset – High Equity still significantly outperformed interest bearing portfolios.

**Where did the inflows come from?**

Mulder says 28% of the inflows into the CIS industry in the 12 months to the end of June 2019 came directly from investors. However, this does not mean that these investors acted without advice. "We believe that a number of direct investors pay for advice and then directly implement the choice of portfolio," comments Mulder.

Intermediaries contributed 33% of new inflows. Linked investment services providers (Lisps) generated 21% of sales and institutional investors like pension and provident funds contributed 18%.

**Offshore focus**

Locally registered foreign portfolios that submit information to ASISA held assets under management of R473 billion at the end of June 2019, down from the R477 billion of the previous quarter. These foreign portfolios recorded net outflows of R0.86 billion over the quarter to the end of June 2019.

Foreign currency portfolios are denominated in currencies such as the dollar, pound, euro and yen and are offered by foreign unit trust companies. These portfolios can only be actively marketed to South African investors if they are registered with the Financial Sector Conduct Authority (FSCA). Local investors wanting to invest in these portfolios must comply with Reserve Bank regulations and will be using their foreign capital allowance.

There are currently 477 foreign currency denominated portfolios on sale in South Africa.

**Ends**

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*ASISA represents the majority of South Africa's asset managers, collective investment scheme management companies, linked investment service providers, multi-managers, and life insurance companies.*