

## **Media Release**

### **Association for Savings and Investment South Africa (ASISA)**

**6 August 2018**

#### **Local CIS industry grows investor assets to R2.3 trillion**

Investors committed a healthy R26 billion in net inflows to the local Collective Investment Schemes (CIS) industry over the quarter ended June 2018. The CIS industry is the custodian of R2.3 trillion in assets belonging to ordinary South Africans.

The CIS industry statistics for the quarter and year ended June 2018, released today by the Association for Savings and Investment South Africa (ASISA), show that the strong net inflows in the second quarter pushed total net inflows for the 12 months to the end of June 2018 to R96 billion.

Commenting on the CIS industry statistics, Sunette Mulder, senior policy adviser at the Association for Savings and Investment South Africa (ASISA), says since a vibrant and growing savings culture is a pre-requisite to strong economic growth, healthy net inflows are good news for the country as a whole.

Year-on-year the local CIS industry also delivered a steady growth in assets. At the end of June last year, assets stood at R2.1 trillion, compared to the R2.3 trillion at the end of the second quarter this year.

#### **Where did the money go?**

Mulder says there was an almost equal split in net inflows for the 12 months to the end of June 2018 between the SA Multi Asset sector and the SA Interest Bearing sector.

The SA Multi Asset sector proved marginally more popular than the SA Interest Bearing sector, attracting the bulk of the net inflows for the 12 months to the end of June 2018. A total of R34 billion was committed to the SA Multi Asset sector, of which R24 billion went into High Equity portfolios.

The SA Interest Bearing sector (Short Term and Variable Term) recorded net inflows of R32 billion, with R31 billion going into SA Interest Bearing Short Term portfolios. SA Interest Bearing Short Term portfolios aim to provide relative capital stability. These portfolios are less volatile and are characterised by a regular and high level of income. The SA Interest Bearing Short Term sector delivered an average return of 8.5% over the 12 months ended June 2018, outperforming all other sectors.

According to Mulder SA General Equity portfolios were also popular with investors, attracting net inflows for the year ended June 2018 of R13 billion.

She points out that while SA Interest Bearing Short Term portfolios outperformed over the one year to the end of June 2018, SA General Equity portfolios and SA Multi Asset High Equity portfolios consistently outperformed over the five, 10 and 20-year periods.

	<b>1 year to 30 June 2018</b>	<b>5 yrs to 30 June 2018</b>	<b>10 yrs to 30 June 2018</b>	<b>20 yrs to 30 June 2018</b>
<b>SA Equity General</b>	7.9%	8.4%	8.9%	13.0%
<b>SA Multi Asset High Equity</b>	7.2%	8.2%	8.9%	12.8%
<b>SA Interest Bearing Short Term</b>	8.5%	7.3%	7.8%	9.6%
<b>Inflation</b>	4.4%	5.4%	5.4%	5.6%

Source: Profile Media

### Where did the inflows come from?

Mulder says 29% of the inflows into the CIS industry in the 12 months to the end of June 2018 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 32% of new inflows. Linked investment services providers (Lisps) generated 21% of sales and institutional investors like pension and provident funds contributed 18%.

### The industry in summary

At the end of June 2018, SA Multi Asset portfolios held 50% of assets (45% at the end of June 2013), SA Interest Bearing portfolios 26% (31%), SA Equity portfolios 20% (20%) and SA Real Estate 4% (4%).

At the end of June 2018, investors had a choice of 1 551 portfolios.

### Offshore focus

Locally registered foreign portfolios held assets under management of R518 billion at the end of June 2018. These foreign portfolios recorded net inflows of R0.4 billion over the 12 months to the end of the second quarter this year.

Foreign currency unit trust 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 456 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.*