Media Release
Association for Savings and Investment South Africa (ASISA)
28 May 2024

Local CIS industry assets surpass R3.5 trillion for the first time

The local Collective Investment Schemes (CIS) industry increased assets under management to R3.57 trillion in the first quarter of 2024 from R3.49 trillion at the end of December 2023.

The CIS industry statistics for the quarter and year ended March 2024, released by the Association for Savings and Investment South Africa (ASISA), show that participating CIS management companies (Mancos) achieved total net inflows of R103 billion over the 12 months to the end of March 2024.

Sunette Mulder, senior ASISA policy adviser, points out that the bulk of the net inflows was contributed by existing investors who reinvested income declarations (dividends and interest) worth R115 billion over the 12 months to the end of March 2024. Without the reinvestments, CIS Mancos would have reported net outflows of R12 billion for the period.

While reinvested income declarations are not considered new money, investors who receive them choose to buy additional units in their existing portfolios instead of withdrawing this money.

Mulder says a deep dive into the local CIS statistics paints a picture of consumers under strain and reluctant to commit their investments in a volatile market. "If reinvestments are excluded, our industry experienced net outflows in three of the four quarters to the end of March this year," says Mulder.

In the first quarter of this year, CIS Mancos reported net inflows of R29 billion, but if reinvestments are stripped out, the industry experienced net outflows of R5 billion.

Rewards for those who disregard short-term noise

Mulder says the JSE All Share Index (ALSI) delivered a flat return of 1.5% over the 12 months to the end of March 2024, which did little to bolster investor confidence.

"Consumers are under financial pressure due to a tough economic climate and rising living costs. In addition, we find ourselves in an uncertain investment climate due to the upcoming elections. Throw in poor returns from the local market, and we have an environment not conducive to strong inflows of new money," comments Mulder.

Yet, says Mulder, equity markets tend to reward investors who brave volatility and disregard short-term noise to commit their money for the long term.

South African (SA) Equity General portfolios, on average, delivered a return of 3.7% over the one-year to the end of March 2024 – just slightly higher than the JSE ALSI over the same period. Over 20 years, however, SA Equity General portfolios outperformed all other categories and rewarded those who stayed the course with an annual average return of 12.3% (net of fees).

According to Mulder, SA Multi Asset High Equity portfolios were not far behind with a 20-year return of 11.5%. She explains that Multi Asset portfolios are designed to deliver a more stable performance than pure equity portfolios by smoothing out market volatility through diversification.

On the back of the weak Rand, Global Equity General portfolios consistently delivered outstanding performances over the one-year (26.6%), five-year (14.8%), 10-year (12.8%) and 20-year (11.9%) periods. Mulder points out that investors would have had to be invested for those periods to benefit from these returns.

Mulder says a successful investment strategy requires a long-term commitment together with an understanding that it is time in the market, as opposed to timing the market, that makes all the difference.

Investor trends

Mulder says SA Multi Asset portfolios were dethroned as investor favourites by SA Interest Bearing portfolios over the 12 months to the end of March 2024. SA Multi Asset portfolios attracted net inflows of R42 billion, while SA Interest Bearing portfolios (Short Term and Variable Term) took R46 billion. SA Money Market portfolios claimed R16 billion in net inflows for the period, while SA Equities unsurprisingly only saw net inflows of R3 billion.

At the end of March 2024, 18% of assets under management were held in SA Equity portfolios, while SA Interest Bearing portfolios held 31% of assets. Half of all assets (50%) remain in SA Multi Asset portfolios, with the rest in SA Real Estate portfolios (1%).

South African investors had a choice of 1 852 local CIS portfolios at the end of March 2024, an increase of 20 portfolios from the end of December 2023.

Offshore focus

Locally registered foreign portfolios held assets under management of R928 billion at the end of March 2024, compared to R855 billion at the end of December 2023. These portfolios recorded net outflows of R27.9 billion for the year ended March 2024.

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 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 693 foreign currency-denominated portfolios on sale in South Africa.

Ends

To set up interviews please contact:

Lucienne Fild
Independent Communications Consultant
082 567 1533
lucienne@fild.co

Issued on behalf of:
Sunette Mulder
Senior Policy Advisor
Association for Savings and Investment South Africa (ASISA)

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.