

Media Release

Association for Savings and Investment South Africa (ASISA)

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Local CIS portfolios grow assets under management to new record levels

The local Collective Investment Schemes (CIS) industry ended 2023 with assets under management just shy of R3.5 trillion, a new record for the industry. This represents an 11.34% growth in assets from R3.141 trillion at the end of December 2022 to R3.498 trillion at the end of December 2023.

Sunette Mulder, senior policy adviser at the Association for Savings and Investment South Africa (ASISA), says the asset growth can be attributed to market performance and net inflows of R110 billion over the 12 months to the end of December 2023. The JSE All Share Index delivered a return of 9.3% over the same period.

The CIS industry statistics for the quarter and year ended December 2023, released by ASISA, show that participating CIS management companies recorded net outflows of R2 billion in 2023. However, existing investors reinvested income declarations (dividends and interest) worth R112 billion. The industry, therefore, concluded 2023 with net inflows of R110 billion.

The highs and lows of 2023

Mulder says investor appetite ebbed in the fourth quarter of 2023, resulting in net outflows of R3 billion over the three months to the end of December 2023. However, existing investors reinvested income declarations of R23 billion, bringing total net inflows for the fourth quarter of 2023 to R20 billion.

Single-digit net new inflows were recorded in quarters one and three of 2023, but investor confidence also dipped in the second quarter of last year and the CIS industry recorded net outflows of R12 billion in the second quarter. However, reinvestments in the second quarter exceeded the net outflows, leaving the industry with an effective net inflow of R14 billion. Mulder says the second quarter of 2023 saw the repo rate increase by 0.5% to a 14-year high of 8.25%, which placed an additional burden on consumers servicing debt like home loans and car repayments. In May 2023, another petrol price increase meant that South Africans were paying on average R1.50 a litre more than in the previous year.

South African investors had a choice of 1 832 local CIS portfolios at the end of December 2023, an increase of 63 portfolios over the 12 months.

Worldwide, there were 139 160 CIS portfolios with total assets under management of \$63.4 trillion as of the end of September 2023*, according to statistics from the International Investment Funds Association (IIFA).

Investor trends in 2023

Mulder notes that while 45% of all international CIS assets are invested in equity portfolios, South African investors prefer the diversification offered by portfolios in the SA Multi Asset category. Just under half of local CIS assets (49%) are held in South African (SA) Multi Asset portfolios, and only 19% of assets are invested in SA Equity portfolios.

A look at the performances delivered on average by SA Multi Asset High Equity portfolios versus SA Equity portfolio shows a small difference over the medium and long term. Mulder says this means that investors in SA Multi Asset High Equity portfolios benefit from the performance of the equity markets with less of the volatility associated with equity portfolios due to asset class diversification.

	Sector performance 1 year to the end of Dec 2023	Sector performance (annualised) 5 years to the end of Dec 2023	Sector performance (annualised) 10 years to the end Dec 2023	Sector performance (annualised) 20 years to the end of Dec 2023
SA Multi Asset High Equity	12.5%	9.3%	7.2%	11.6%
SA Equity General	7.9%	9.5%	7%	12.6%
CPI	5.5%	5.1%	5.2%	5.5%

Source: Profile Media

Mulder reports that SA Interest Bearing portfolios hold 31% of assets, and SA Real Estate portfolios hold only 1% of assets.

South African Interest Bearing portfolios attracted R70 billion in net inflows (including reinvestments) in 2023, of which R22 billion was channelled to SA Interest Bearing Money Market portfolios. She notes that the net inflows into Money Market portfolios fluctuated wildly from quarter to quarter last year depending on investor risk appetite and opportunities available in the market.

"While the first quarter of last year saw R15 billion of net inflow for Money Market portfolios, net outflows of R2 billion were recorded in the fourth quarter. This seems to indicate that investors saw opportunities elsewhere in the market."

South African Multi Asset portfolios attracted R51 billion in net inflows in 2023. SA Multi Asset Income portfolios were most popular with investors in 2023, attracting R26.6 billion, followed by SA Multi Asset High Equity portfolios, which saw R18 billion in net inflows.

Mulder reports that the highest net outflows in 2023 were recorded by Global Multi Asset High Equity portfolios (-R3.5 billion), followed by Worldwide Multi Asset Flexible portfolios (-3.4 billion), and SA Real Estate General portfolios (-R3.1 billion).

More information on the ASISA portfolio categories can be found [here](#).

Offshore focus

Locally registered foreign portfolios held assets under management of R855 billion at the end of December 2023, compared to R694 billion at the end of December 2022. These portfolios recorded net outflows of R23.38 billion for the 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 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 684 foreign currency-denominated portfolios on sale in South Africa.

Ends

* Figures provided by the International Investment Funds Association (IIFA), of which ASISA is a member, lag by one quarter due to the magnitude of statistics that must be collated.

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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.