

Media Release

Association for Savings and Investment South Africa (ASISA)

14 November 2023

Cautious CIS investors look for diversification in multi asset portfolios

The local Collective Investment Schemes (CIS) industry attracted net new investments of R9 billion in the third quarter of 2023, while existing investors reinvested income declarations (dividends and interest) worth R30 billion. The industry, therefore, concluded the third quarter of 2023 with net quarterly inflows of R39 billion.

The CIS industry statistics for the quarter and year ended September 2023, released by the Association for Savings and Investment South Africa (ASISA), show that despite the net inflows, the industry's assets under management dropped marginally to R3.34 trillion from R3.36 trillion at the end of the second quarter 2023.

Sunette Mulder, senior policy advisor at ASISA, says the decline in assets under management can be attributed to market volatility in the third quarter, which resulted in a drop of 3.5% in the JSE All Share Index (ALSI).

Mulder points out, however, that over the 12 months to 30 September 2023, assets under management grew by 11% from R3.01 trillion at the end of the third quarter of 2022.

At the end of September 2023, half of the assets under management in local portfolios were invested in SA Multi Asset portfolios and 31% in SA Interest Bearing portfolios. SA Equity portfolios held 18% of assets, and SA Real Estate portfolios only 1%.

South African investors had a choice of 1 824 local CIS portfolios at the end of September 2023, an increase of 19 portfolios from the second quarter of this year.

Investor trends

South African Multi Asset portfolios attracted R60.5 billion in net inflows (including reinvestments) over the 12 months to the end of September 2023, the second highest year-on-year since September 2016. The most popular Multi Asset categories were SA Multi Asset Income portfolios, with net inflows of R29.7 billion in the 12 months to the end of September 2023, and SA Multi Asset High Equity portfolios with net inflows of R20.4 billion.

Mulder says the SA Interest Bearing portfolios (Money Market, Short Term and Variable Term) were also popular with investors, attracting net inflows of R56.2 billion in the third quarter of 2023.

She notes with interest that Global Equity General portfolios, on average, reported net outflows of R3 billion over the 12 months to the end of September 2023 despite outperforming the most popular portfolio categories over the one-year, five-year, and 10-year periods. However, over the 20 years, SA Equity General portfolios outperformed, delivering, on average, 13.1% a year.

	Sector performance 1 year to the end of September 2023	Sector performance 5 years to the end of September 2023	Sector performance 10 years to the end of September 2023	Sector performance 20 years to the end of September 2023
Global Equity General	23.4%	10.7%	12.2%	11.2%
SA Multi Asset High Equity	13.1%	7%	7%	11.9%
SA Equity General	12.2%	7.2%	6.8%	13.1%
SA Multi Asset Income	8.4%	6.7%	6.9%	7.6%
CPI	4.8%	4.9%	5.1%	5.4%

Source: Profile Media

Offshore focus

Locally registered foreign portfolios held assets under management of R765 billion at the end of September 2023, compared to R810 billion at the end of June 2023. These portfolios recorded net outflows of R7.12 billion for the quarter ended September 2023. Following the net outflows of R16.5 billion in the second quarter ended June 2023, net outflows for the year totalled R24.6 billion.

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 661 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.