

Media Release

Association for Savings and Investment South Africa (ASISA)

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CIS investor confidence recovers in quarter three, reversing second quarter net outflows

Investor confidence recovered in the third quarter of this year, resulting in net inflows into the local Collective Investment Schemes (CIS) industry of R5.0 billion over the three months to the end of September 2024. In addition, existing investors reinvested income declarations (dividends and interest) worth R37.3 billion. This brings the total net inflows for the three months to the end of September 2024 to R42.3 billion and R86.0 billion for the 12-month period.

The CIS industry statistics for the quarter and year ended September 2024, released by the Association for Savings and Investment South Africa (ASISA), also show that assets under management increased to R3.80 trillion in the third quarter, a growth of 4.3% from the end of the second quarter of 2024, when assets stood at R3.64 trillion. Over the 12 months to 30 September 2024, assets grew by 13.7%, driven primarily by stock market performance.

Sunette Mulder, senior policy advisor at ASISA, says following the net outflows of R6 billion (taking into consideration reinvestments of R24 billion) in the second quarter of this year, the third quarter recovery in net inflows was good news.

“Towards the end of the second quarter and early in the third quarter, much of the investor anxiety had worked itself out of the system following a solid period of no load-shedding, a peaceful transition to a Government of National Unity and the well-managed implementation of the two-pot retirement system.”

Investor trends

At the end of September 2024, 19% of CIS assets under management were held in SA Equity portfolios, while SA Interest Bearing portfolios held 30% of assets. Half of all assets (50%) remained in SA Multi Asset portfolios, with the rest in SA Real Estate portfolios (1%).

Mulder says the most popular category with investors over the 12 months to the end of September 2024 was the SA Interest Bearing Short Term category, which attracted R40.7 billion of the R86.0 billion in net inflows. The least favourite category was the SA Equity General category, which recorded net outflows of R11.3 billion over the 12-month period under review and only a small net inflow of R1.9 billion in the third quarter.

According to Mulder, this is not surprising given the uncertain investment climate that prevailed for a large part of the 12 months to the end of September 2024.

She says, unfortunately, this also meant that jittery investors missed out on a solid equity run despite the volatility, which resulted in an average return of 21.8% for the SA Equity General

category over the 12 months to the end of September 2024. The SA Interest Bearing Short Term category delivered an average return of 10.1% over the same period.

Mulder notes that the SA Interest Bearing Variable Term category, not often seen at the top of the performance tables, delivered a performance of 24.3% over the one-year to the end of September 2024. Only 6% of CIS assets under management are held in SA Interest Bearing Variable portfolios.

Offshore focus

Locally registered foreign portfolios held assets under management of R913 billion at the end of September 2024, compared to R899 billion at the end of June 2024. At the end of September 2023, assets under management stood at R765 billion.

These portfolios recorded net inflows of R4.1 billion for the quarter ended September 2024, following net outflows of R2.4 in the second quarter. Over the 12 months to the end of September 2024, locally registered foreign portfolios recorded net outflows of R2.6 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 723 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.