

Media Release

Association for Savings and Investment South Africa (ASISA)

2 December 2021

Local CIS industry reports net inflows of R27 billion for Q3, with investors favouring Global Equities

Local Collective Investment Schemes (CIS) attracted net inflows of R27 billion in the third quarter of this year. This brings to R68 billion the total net inflows for the 12 months to the end of September 2021.

Statistics for the quarter and year ended September 2021, released today by the Association for Savings and Investment South Africa (ASISA), show that the total annual net inflows to the end of September 2021 were the lowest in five years. Sunette Mulder, senior policy advisor at ASISA, explains that the closure of South Africa's biggest money market fund in the second quarter resulted in net outflows of R18 billion, which pulled down the total net inflows for the year. Investors in the R80 billion Absa Money Market Fund were given until 1 July 2021 to switch their money into alternative options.

Mulder says the local CIS industry held assets under management of R2.96 trillion, spread across 1 685 portfolios, at the end of September 2021. Just under half of these assets were held in South African (SA) Multi Asset portfolios (48%), with the rest in SA Interest Bearing portfolios (31%), SA Equity portfolios (19%) and SA Real Estate portfolios (2%).

Investor trends

Mulder reports that investors continued to favour portfolios in the Global Equity General category in the third quarter of this year, committing R5.8 billion in net inflows to these portfolios. This brings to R35 billion the total net inflows attracted by Global Equity General portfolios in the 12 months to the end of September 2021.

Global portfolios are Rand denominated and are managed by local CIS managers. Global Equity General portfolios invest 80% of funds in shares listed on stock markets outside of South Africa. On average, Global Equity General portfolios delivered double digit returns for the one-, five-, and 10-year periods to the end of September 2021.

SA Interest Bearing Short Term and Variable Term portfolios were also popular with investors, who committed R8.9 billion to these portfolios in the third quarter. This takes the total net inflows into SA Interest Bearing Short Term and Variable Term portfolios to R43.3 billion for the 12 months to the end of September 2021.

Mulder says that by the third quarter of this year, investors finally started taking notice of the strong performance of the FTSE/JSE All Share Index (ALSI), which closed at 66 086 points on 30 June 2021 (up from 59 409 on 31 December 2020). As investors started moving their money into SA Equity – General portfolios, the ALSI started pulling back, ending the third quarter on 64 281 points. However, in October 2021 alone, the ALSI gained 5.2%. SA Equity – General portfolios attracted net inflows of R7.7 billion in the 12 months to the end of September 2021, of which R5.6 billion was committed in the third quarter alone.

The biggest net outflows for the 12 months to the end of September 2021 was recorded for the SA Interest Bearing Money Market category, mainly due to the closure of the Absa Money Market fund.

Mulder reminds investors that past performance is not a reliable indicator of long-term future performance. "Investment performance is influenced by many factors and investors are encouraged to consult with their financial advisers with the aim of structuring well diversified portfolios that include exposure to a range of asset classes as well as geographic diversification."

Where did the inflows come from?

Mulder says 26% of the inflows into the CIS industry in the 12 months to the end of September 2021 came directly from investors. "This does not mean that these investors acted without advice. A number of direct investors pay for advice and then implement the investment decisions themselves."

Intermediaries contributed 38% of new inflows. Linked investment services providers (Lisps) generated 20% of sales and institutional investors like pension and provident funds contributed 16%.

Offshore focus

Locally registered foreign portfolios held assets under management of R648 billion at the end of September 2021, up from the R623 billion of the previous quarter. These foreign portfolios recorded net outflows of R0.9 billion in the third quarter.

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 575 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.