

Media Release

Association for Savings and Investment South Africa (ASISA)

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Local CIS industry celebrates R3 trillion in assets under management

The local Collective Investment Schemes (CIS) industry reached the R3 trillion milestone in the fourth quarter of last year, finishing 2021 with R3.14 trillion in assets under management.

Sunette Mulder, senior policy adviser at the Association for Savings and Investment South Africa (ASISA), says this was achieved despite muted net inflows of R56.3 billion for the year ended December 2021. She explains that the closure of South Africa's biggest money market fund, the R80 billion Absa Money Market Fund, in the second quarter of 2021 resulted in significant net outflows, impacting negatively on the industry's total net inflows for the year.

Statistics for the quarter and year ended December 2021, released by the ASISA earlier today, show that the SA Interest Bearing Money Market category recorded net outflows of R74.5 billion for the 12 months to the end of December 2021 on the back of this event.

Investor trends in 2021

The most popular category in 2021 was the SA Interest Bearing Variable Term category, which attracted net inflows of R29.7 billion, followed by the Global Equity General category, which attracted R24.6 billion in net inflows.

Mulder says the SA Equity General category, by comparison, attracted a mere R9 billion in net inflows, despite delivering a strong average performance over one year of 28% and 13.4% over 20 years, beating all other categories. Over the five years and 10 years to the end of December 2021, portfolios in the SA Equity General category delivered average returns of 7.9% and 9.9%.

Mulder comments that South African investors are far more risk averse than their international counterparts. While 47% of all international CIS assets are invested in equity portfolios, only 19% of local CIS assets are held in SA Equity portfolios. Just under half of assets (48%) are in South African (SA) Multi Asset portfolios, with the rest in SA Interest Bearing portfolios (31%) and SA Real Estate portfolios (2%).

Worldwide, there were 146 114 CIS portfolios with total assets under management of \$68.2 trillion as at the end of September 2021. (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 have to be collated.)

Investors had a choice of 1 710 local CIS portfolios at the end of December 2021, an increase of 24 portfolios over the 12-month period.

Where did the inflows come from?

Mulder says 25% of the inflows into the CIS industry in the 12 months to the end of December 2021 came directly from investors. She points out that 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 in 2021. Linked investment services providers (Lisps) generated 20% of sales. Institutional investors like pension and provident funds contributed 17%.

Offshore focus

Locally registered foreign portfolios held assets under management of R698 billion at the end of December 2021, compared to R562 billion at the end of the previous 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 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 592 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.