

equities achieved growth of approximately 15%, bonds 8%, money markets 6.5% and global investments 3.2%. Based on broad market sector performance, a balanced portfolio should therefore be expected to have achieved an investment return of approximately 12%.

Considering the investment results achieved by asset managers recently, Stanlib remains the dominant manager of balanced portfolios over the recent past. Whereas Stanlib dominates performance tables up to one year, Coronation remains the dominant manager for periods of three years and longer. RMB and Metropolitan remain at the bottom of the table of investment managers. The merger of the asset management operations is proceeding apace and the senior appointments in the merged asset management business have been announced to the market. The results produced by the merged firm are expected to increase sharply in the next 12 months.

	3 months	12 months	36 months	60 months
Stanlib	2.6%	14.6%	9.3%	9.3%
Coronation	2.0%	14.4%	11.3%	13.6%
Prudential	2.7%	13.2%	9.0%	12.0%
SIM	2.3%	13.0%	7.3%	10.0%
RMB	2.1%	9.1%	5.6%	10.0%
Oasis	2.3%	10.1%	4.5%	9.8%
Metropolitan	0.9%	11.1%	6.2%	9.7%

Amongst the conservative portfolios, Coronation remains dominant with investment returns in excess of 13% for the 12 months and over the longer-term. During the most recent quarter, Allan Gray managed to achieve better performance than its competitors. It is interesting to note that over the same 12-month period, the Sanlam Stable Bonus Fund achieved a return net of fees of 10.0% and the Sanlam Monthly Bonus Portfolio 9.1%.

Our view is that going forward, investment markets are expected to perk up during Q2 of 2011, but may experience some moderation thereafter as concerns about earnings growth, inflation and the interest-rate cycle resurface.

However, the most significant factor driving domestic markets is likely to remain interest shown by foreign investors and this to a large extent depends on the future of the US dollar! In the event of a weaker US dollar prevailing, we could see foreign interests continue driving the SA market and this would result in momentum equity portfolios performing well, but should the US dollar strengthen, it is more likely that moderate performance be forthcoming from South Africa with greater contribution expected from value managers such as Allan Gray etc.

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