

## Clash of the big gorillas - Who's the best of SA's big multi-managers?

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South Africa's big multimanager funds are tasked with nurturing about R200bn of the nations savings. So who is the best out of this handful of operators?

According to the latest Alexander Forbes Asset Consultants' Multi-manager survey, Old Mutual's SYmmETRY produced the best returns in all the equity bands in which it competes over three years in the fixed asset allocation category.

The fixed asset allocation survey includes portfolios with no intention to enhance returns from an asset allocation point-of-view. The strategic asset allocation survey profiles portfolios where there is active management of asset allocation with a view to enhancing returns.

The multi-managers with portfolios in the survey are: Investment Solutions (part of the Alexander Forbes group), Advantage Asset Managers (part of FirstRand), Sanlam Multi-Manager and Old Mutual's SYmmETRY.

Looking at active return, or the fund manager's ability to outperform the benchmark, for investment data to the end of 2006, a different winner comes to the fore.

Sanlam Multi-Manager funds come first in the three categories over three years where the big four multimanageres compete, in the fixed asset allocation survey. Over one and five years Sanlam Multi-Manager is also the best at producing an active return.

Investment Solutions was top out of three over three years in the strategic asset allocation (best investment view) category. This multi-manager was also ranked first in other categories, however it did not have any competitors.

Looking at active return, Investment Solutions is top-performer in the strategic asset allocation survey in all time periods – from five years to one month.

Returns, compared to what investors could have expected elsewhere, may seem a little disappointing.

Multi-manager funds are not known for producing rip-roaring percentages: in part because of costs.

However, as Alexander Forbes notes, the fixed asset allocation funds are generally for clients who are looking for a specific return rather than wanting to see the fund outperform peers.

The lower-equity band funds are generally retirement funds where the demographics of members show investors at or close to retirement. Trustees also want to avoid a situation where members lose capital.

The higher equity band funds are higher risk, and therefore potentially higher return. These clients tend to be pension funds where the members are younger and therefore have a longer horizon to retirement.

Nevertheless, returns were still positive overall – and not bad when you consider that these are multiple asset class portfolios so they can never benefit fully when one asset class produces spectacular returns, as has happened in the equity markets in recent years.

In this survey the top-performing SYmmETRY Balanced portfolio (equity band 55% to 69% - local and international equity) produced a return of over more than 28% annualised for the past three years.

The SYmmETRY Aggressive portfolio produced more than 30% annually over three years, while SYmmETRY Conservative investors received nearly 24%.

Investment Solutions' Performer scored an annual return of more than 30% for investors, in the strategic asset allocation category.

The FTSE/JSE All Share Index (free float) produced an annual 37% over three years, the All Bond just over 10% and the Alexander Forbes money market nearly 8%, while inflation was below 5% a year.