

Circular No: 22/2009
Ref: KFA
Date: 4 March 2009

MEDIA RELEASE: GLOBAL COLLECTIVE INVESTMENT SCHEMES RECORD FIRST OUTFLOWS IN SIX YEARS

For the information of members we circulate a media release issued yesterday.

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General Manager

MEDIA RELEASE**ASSOCIATION FOR SAVINGS AND INVESTMENT SOUTH AFRICA (ASISA)****3 MARCH 2009****GLOBAL COLLECTIVE INVESTMENT SCHEMES RECORD FIRST OUTFLOWS IN SIX YEARS**

While local collective investment schemes (CIS) attracted net inflows in the second half of last year, the global CIS industry recorded a net outflow of \$218-billion during the third quarter of last year. This represents the first global net outflow in six years. The worldwide statistics lag the South African statistics by one quarter.

The statistics for CIS worldwide were released recently in Washington DC by the Investment Company Institute (ICI), the national association of US investment companies. The ICI compiles worldwide statistics on behalf of the International Investment Funds Association, an organization of national mutual fund associations. The collection for the third quarter of 2008 contains statistics from 44 countries.

Bucking the international trend, the South African CIS industry had recorded net inflows of R20-billion in the third quarter last year. Local funds then went on to attract more net inflows of R26-billion in the fourth quarter last year, the second highest ever recorded by the CIS industry.

The ICI also reported that CIS assets worldwide had decreased by 12.1% to \$21.66-trillion at the end of the third quarter last year. In South Africa total CIS industry assets fell by R9-billion in the third quarter last year to R647-billion reflecting market conditions, but then went on to peak at a record R661-billion by the end of December 2008.

Statistics show that money market funds are the preferred choice of “safe haven” when stock markets tumble - investors around the globe fled to money market funds in the second half of last year. Worldwide, money market funds experienced net inflows of \$28 billion in the third quarter, compared with outflows of \$70 billion in the second quarter of 2008.

South African money market funds saw net inflows of R15-billion in the third quarter last year and another R15-billion in the fourth quarter last year.

Leon Campher, CEO of the Association for Savings and Investment South Africa (ASISA), says South African investors have proven to be far more risk averse than their counterparts elsewhere in the world.

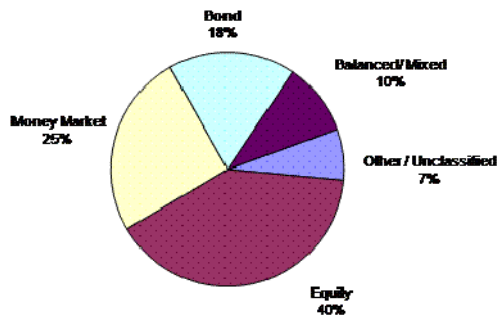
“For the past five years, the bulk of South African investors’ money has been invested in money market funds. While this might seem the safer option, these funds have barely managed to beat inflation post tax over the medium to longer term, with only equities having consistently outperformed inflation over every 10 year period of return in SA.”

Campher says by the end of last year, 51% of CIS assets were held in fixed interest funds. Only 22% of assets were invested in the equity market. Money market funds were by far the most popular funds last year, with this category of funds attracting close on 82% of all net inflows. Equity funds continued to suffer net outflows for the third year in a row.

Globally, however, investors continued to prefer equities. The ICI statistics show that at the end of the third quarter of 2008, 40% of worldwide mutual fund (unit trust fund) assets were held in equity funds.

The asset share of bond funds was 18% and the asset share of balanced/mixed funds was 10%. Money market fund assets represented 25% of the worldwide total.

PERCENT OF WORLDWIDE MUTUAL FUND ASSETS BY TYPE OF FUND, 2008:Q3



By region, 55% of worldwide assets were in the Americas in the third quarter of 2008, 34% were in Europe, and 11% in Africa and Asia/Pacific. The number of mutual funds worldwide stood at 69 477 at the end of the third quarter of last year.

Ends

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Issued on behalf of:

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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. ASISA was formed in 2008 by members of the Association of Collective Investments (ACI), the Investment Management Association of South Africa (IMASA), the Linked Investment Service Providers Association (LISPA) and the Life Offices' Association (LOA).