

ASISA

STANDING COMMITTEE ON FINANCE

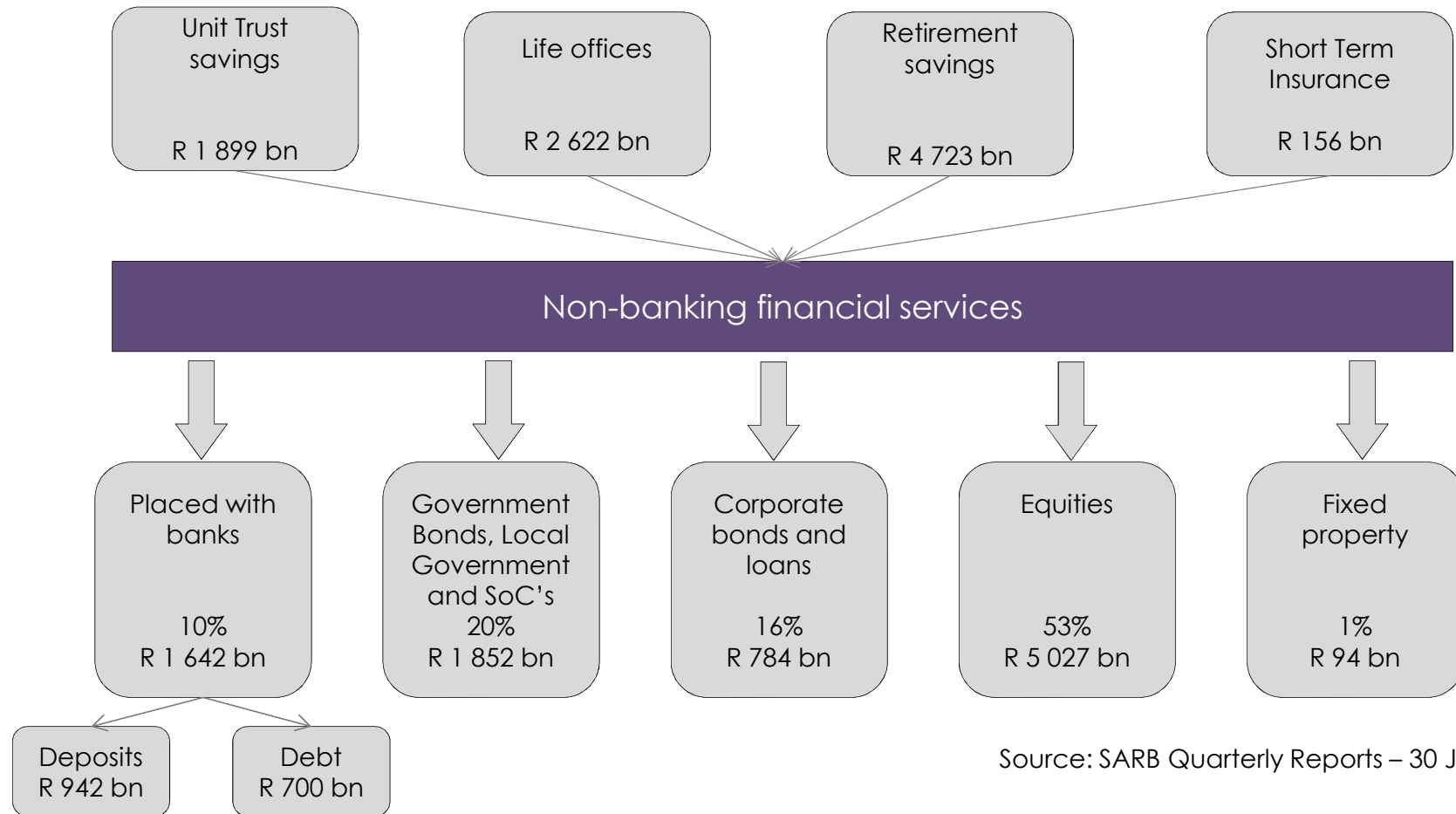
HEARINGS ON TRANSFORMATION

14 MARCH 2017

- An industry association representing the majority of South Africa's:
 - asset managers,
 - collective investment scheme management companies,
 - life insurance companies,
 - linked investment service providers and
 - multi-managers
- ASISA comprises 127 member firms

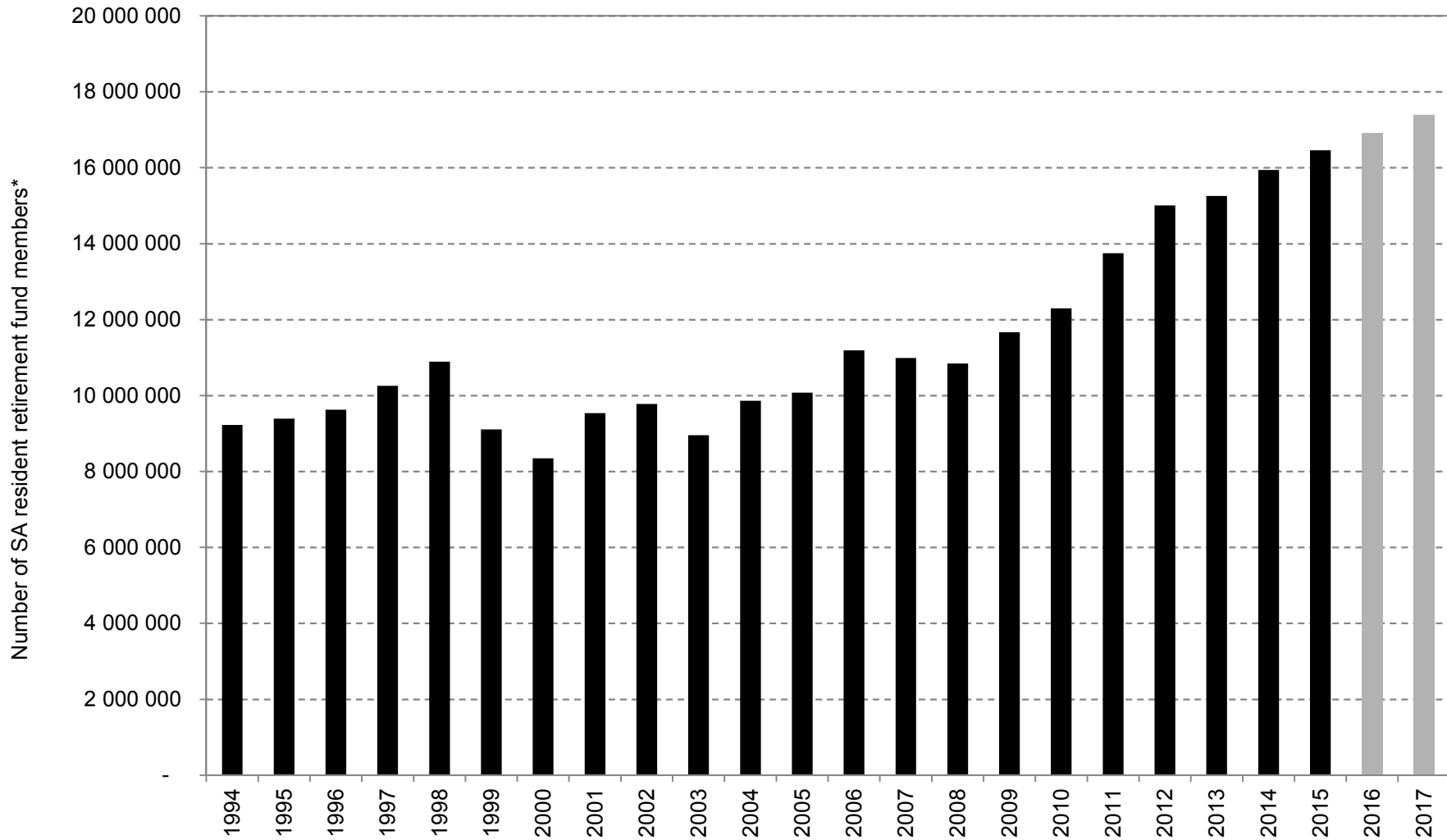
Rating factor	RANK (out of)
Efficiency, Trustworthiness, Confidence	7 (144)
Availability of financial services	6 (140)
Regulations of security exchanges	2 (140)
Attracts foreign capital: <ul style="list-style-type: none"> • 39% of listed JSE companies • 30% of all bonds in issue 	R 2 trillion R 1 trillion
SA up 7 places to 49 in 2016 from 56 in 2015	

FINANCIAL SECTOR FLOWS



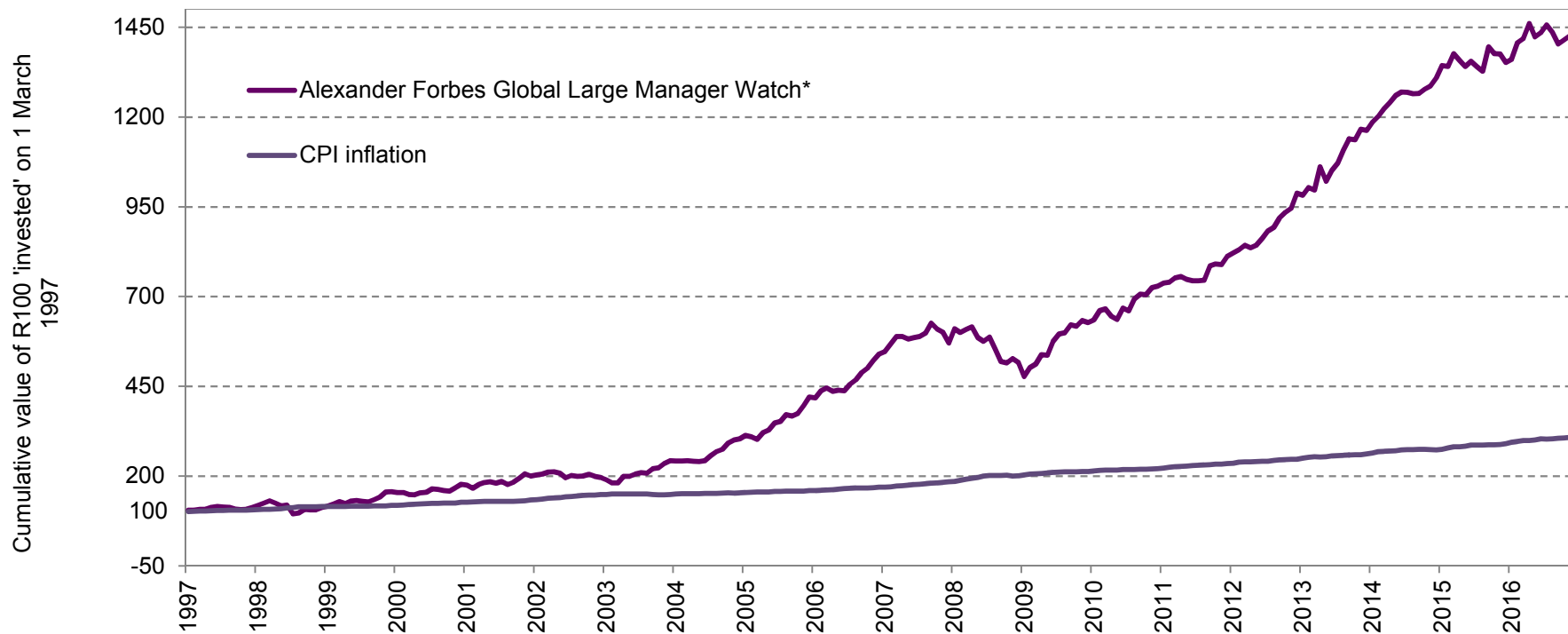
Source: SARB Quarterly Reports – 30 June 2016

Pension fund members:	16 million
Policies in issue:	33 million
Unit trust account holders:	5.7 million



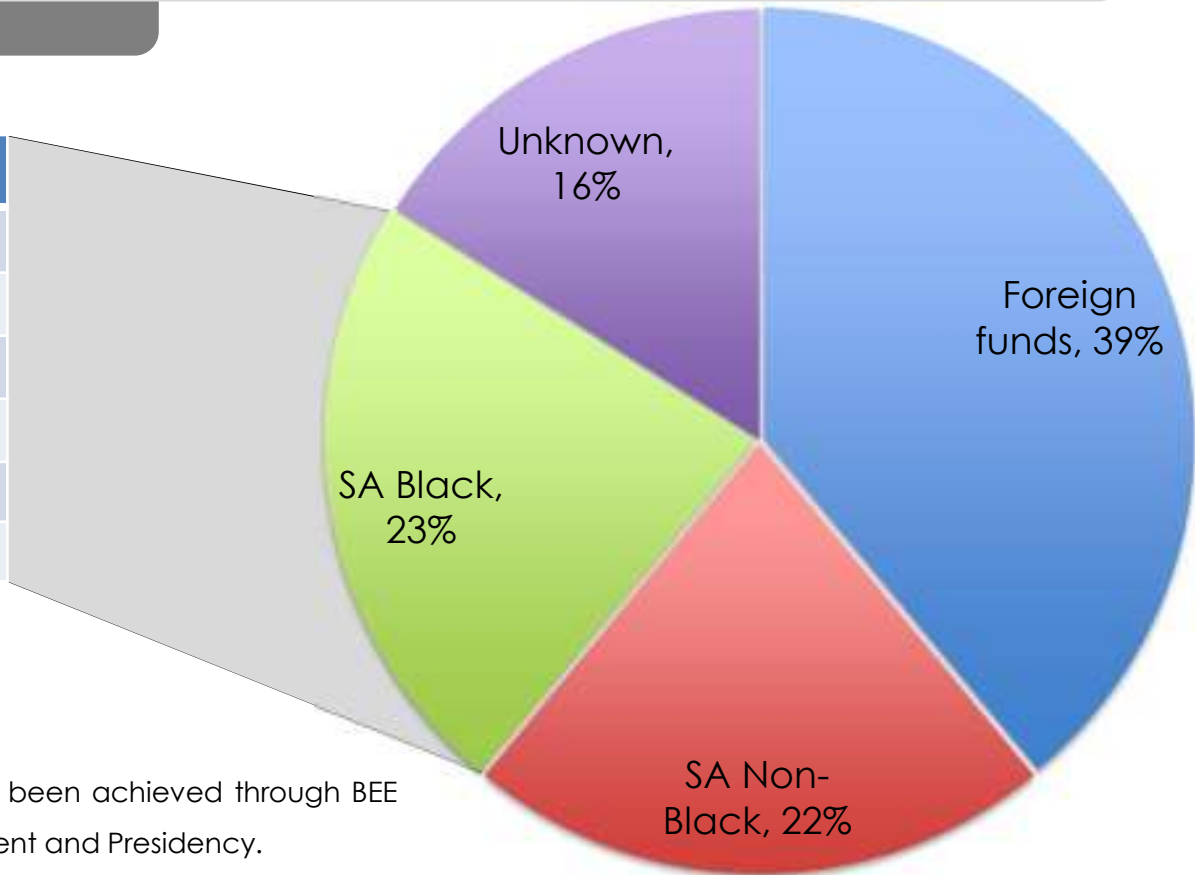
AVERAGE MANAGER RETURNS FOR GLOBAL FUND versus INFLATION

To 31 January 2017	Alexander Forbes Global Large Manager Watch*	Willis Towers Watson Industry Median	CPI inflation
3 years	7.6	8.8	5.7
5 years	12.3	12.9	5.7
10 years	10.4	10.8	6.2
20 years	14.3	-	5.8



JSE OWNERSHIP (Top 100 companies)

SA BLACK OWNERSHIP (23%)	
DIRECT OWNERS (10%)	
Strategic Partners	6.0%
Community Schemes	2.5%
Employee Schemes	1.5%
INDIRECT OWNERS (13%)	
Savings pool	13.0%



The direct ownership component has largely been achieved through BEE deals, the stat has been quoted by the President and Presidency.

The 23% quoted in the graphic, becomes 39% when the foreign operations are excluded as required by BEE legislation.

The unknown component mostly relates to small pension funds. Only 7% of the JSE is owned by white individuals.

	LIFE OFFICES		
	ACTUAL 2005	ACTUAL 2015	TARGET 2015
SA BLACK OWNERSHIP *	16%	31%	25%
MANAGEMENT and CONTROL			
Black Board	30%	49%	50%
Black Executive Directors	22%	47%	50%
Black Senior Top Management	n/a	39%	40%
Employment Equity			
Black senior management	16%	● 35%	60%
Black middle management	32%	● 48%	75%
Black junior management	45%	75%	80%
Skills development	1.2%	4.9%	3%

* The listed members in our sector are on average 41% foreign owned

All Statistics based on draft 2015 FSC Council report. To facilitate progression through junior management up to middle and senior management, up to 8% of payroll committed to skills development of this cohort in revised FSC. 2005 for illustrative purposes as this is when the FSC process commenced

ASSET MANAGERS

	ACTUAL 2005	ACTUAL 2015	TARGET 2015
SA BLACK OWNERSHIP *	16%	31%	25%
MANAGEMENT and CONTROL			
Black Board	30%	43%	50%
Black Executive Directors	22%	● 39%	50%
Black Senior Top Management	n/a	39%	40%
Employment Equity			
Black senior management	16%	● 34%	60%
Black middle management	32%	● 45%	75%
Black junior management	45%	67%	80%
Skills development	1.2%	4.7%	3%

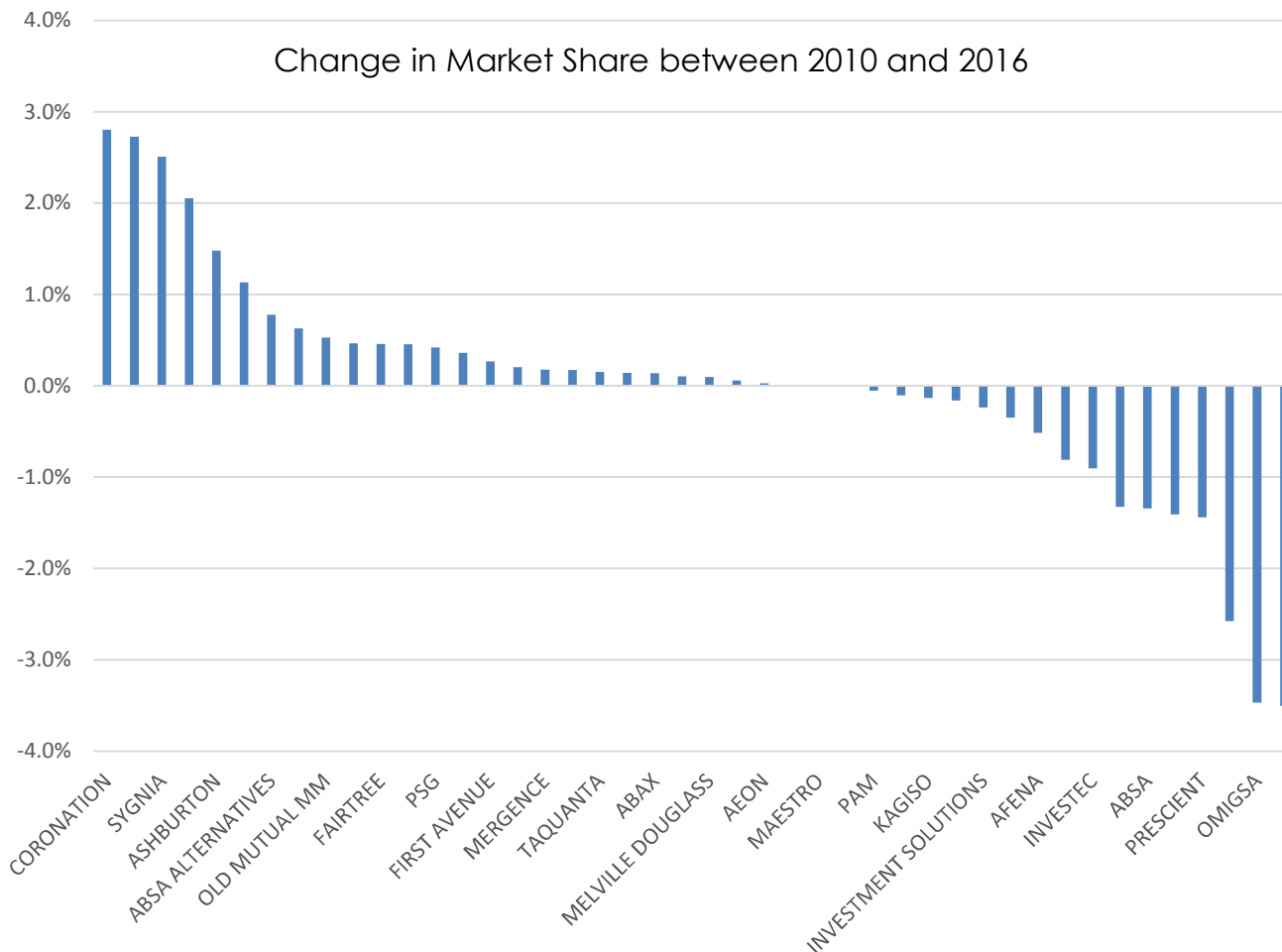
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- Large size does not equate to monopolistic tendency
 - Large size facilitates the mobilisation of large pools of capital for the funding of major projects
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- ASISA members include 33 Life Offices
 - Their long term liabilities amount to R 2.4 trillion
 - Growth in these businesses requires shareholders from collective savings pools (they become shareholders of reference)

HIGH DEGREE OF COMPETITION IN ASSET MANAGEMENT INDUSTRY

There have been large changes in market share over the last six years



A competitive industry:

1. Many players
2. Share of top 10 continues to fall
3. Low Herfindahl-Hirschman index (HHI) of 650

(The Herfindahl-Hirschman index (HHI) is a commonly accepted measure of market concentration, and ranges from 0 to 10 000. The SA Asset Management industry scores 650)

- ASISA Foster the Future
 - ASISA Academy
 - ASISA Foundation
 - ASISA ESD Fund
- Deployed by ASISA members: R 550 million
- Black business support under new FSC: R 27 billion (together with the banks this amounts to R 100 billion)

ASISA

THANK YOU