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Are some fund managers better than others? Manager characteristics and fund performance

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The research objective has been to find out whether fund manager characteristics help explain fund performance and propensity to risk taking. Eight independent variables; manager age, tenure of the manager with the fund, years of education, whether the manager holds a MBA or CA/CFA qualification, management team size, fund age and fund objective are regressed on measures of fund performance and riskiness.

The findings of the study are highly significant and show that fund performance and riskiness are impacted upon by managers' qualifications. One can expect better risk-adjusted performance from a fund manager who holds a CA/CFA qualification. Results show that these managers outperform managers without these qualifications, while taking on less risk than managers with MBA qualifications.

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Introduction

Fund managers are generally regarded as individuals with specialised knowledge of the market and fund managing is one of the occupations where being average is not good enough. Skilful fund managers are what investors are looking for.

Investors identify manager skill on the basis of fund performance and their level of consistency in performance, where superior investment performance depends on the ability to be in the 'right' securities at the right time. Their ability, however, to outperform the market on a consistent basis, be it through their market timing or asset allocation skill, is the desirable trait. But, failure to exceed the benchmark may result as an indicator of lack of skill for future investment periods.

Investors also want to evaluate the performance of fund managers to assess how much risk a manager takes relative to the benchmark. Powerful tools like the tracking error and information ratio can be used in assessing the skill of an active manager.

To date, research effort has mostly been dedicated to fund performance and fund persistence, and addressed the related question of whether some mutual funds are better than others by looking for evidence of persistence over time in mutual fund performance. Only a few papers have studied the relationship between fund performance and manager characteristics. However also until now, this is the only such study that has been conducted in South African context.

The aim of this paper is to determine whether and why some fund managers perform better than others, if one assumes

that fund managers make investment decisions based on their personal abilities, experience and risk preference. It thus examines whether fund performance is related to personal characteristics of fund managers, which may indicate ability, knowledge, or effort. If one thinks of a fund manager as a skilled professional whose duty involves gathering and analysing data, it seems reasonable to assume that some managers may perform better than others.

The approach followed in this paper is similar to that of Golec (1996) and Chevalier and Ellison (1999). We focus firstly on fund managers instead of funds. Secondly, rather than looking at the correlation over time of each manager's performance, we look cross-sectionally at how performance is related to observable characteristics of the fund manager. This approach has the disadvantage of requiring data on manager characteristics that leaves us with a much smaller sample of fund-years, however, it has the potential advantage that power may be gained by pooling information across managers rather than treating each manager separately.

The study is limited to South African Regulated Unit Trusts. Further, only the actively managed funds classified as domestic equity general funds and domestic asset allocation flexible and prudential funds are investigated.

The study first reviews related literature with the emphasis on fund manager performance. This is followed by a description of the data, the models and methodology used to establish if performance is related to fund manager characteristics. The study concludes with the analyses of the test results and a summary of the findings.

Literature review

Fund performance

Performance evaluation is perhaps the most frequently studied topic in mutual funds research.

The economic assessment of the performance of managed funds is at best problematic and the debate as to the appropriate method of examining performance of funds continues. The developments of the Capital Asset Pricing Model (CAPM) and Arbitrage Pricing Theory (APT) have led to extensive empirical research into the performance of managed portfolios. Following the groundwork of Jensen (1968), most studies have found that the universe of mutual funds do not outperform its benchmark after expenses. Since then, numerous authors have proposed and enhanced alternative statistical procedures in an effort to explain fund performance, with very different results.

For example, Baks (2001) examined the performance of mutual fund managers and found that the fund and not the manager mainly drives performance. He found that approximately 30 percent of performance could be attributive to managers, and 70 percent to funds. This study lends strong support to the conventional wisdom that the track record of a fund manager contains information about future performance and also suggests that investors are better off, on average, in buying a low-expense index fund, rather than investing into actively managed funds.

In order to understand the scope and complexity of this highly debated topic, the related literature on persistence on performance, market timing, and stock picking ability of fund managers is briefly investigated in an effort to explain portfolio performance.

Persistence in performance

Persistence of performance indicates how likely it is that an outperforming manager will continue to outperform the market in the future. Persistence in mutual funds (USA) is well documented in the finance literature. Carhart (1997), Brown and Goetzmann (1995), and Grinblatt and Titman (1992), found that some evidence exists of persistence in mutual fund performance.

The analysis done by Carhart (1997) found that the evidence was consistent with market efficiency and found only slight evidence consistent with skilled or informed mutual fund managers. He stated the following: 'Persistence in mutual funds performance does not reflect superior stock-picking skill. Rather, common factors in stock returns and persistence differences in mutual fund expenses and transaction costs explain almost all of the predictability in mutual fund returns'.

Earlier studies found evidence of persistence in mutual fund performance over short-term horizons and attributed the persistence to common investment strategies. A study done by Brown and Goetzmann (1995) found that the phenomena is strongly dependent on the time period of study, and is correlated across managers. They suggested that future investigations of persistence effects should concentrate upon a search for these common investment strategies. In

contrast, other studies suggest that it is the momentum strategies themselves that generate short-term persistence. Studies conducted over longer horizons also documented persistence and attributed this to differential information or stock-picking ability.

In South Africa, researchers have come to different conclusions regarding evidence of persistence of performance of South African unit trusts. Smith and Chapman (1994), and Oldfield and Page (1994) suggest that there is little evidence of persistence in performance amongst fund managers. They could not find any evidence of skill involved amongst South African fund managers when selecting securities or switching securities within asset classes. However, Meyer (1997) found that some persistence in performance does exist and that the time period of evaluation does impact on the results. Von Wielligh (1998) confirmed this finding and concluded that persistence is strongly dependent on the time period of study.

Market timing

Market timing refers to the fund manager's macro forecasting ability - the ability to forecast and exploit anticipated movements in the market as a whole, or to increase a fund's exposure to the market index prior to market advances and to decrease exposure prior to market declines. The success of a market timing strategy is dependent on how accurately fund managers can predict the future returns of the different asset classes.

An earlier study by Jensen (1968) looked at market timing ability and found that there appears to be little value associated with attempts to forecast the market. More recently, Bollen and Busse (2001) found that mutual funds might possess more timing ability than previously documented. They demonstrated that using daily data rather than monthly data, as in previous studies, conclusions regarding the market timing ability of mutual fund managers become more positive.

Firer, Ward and Teeuwisse (1987) looked at market timing and the JSE and concluded that real skill is demanded from portfolio managers who hope to 'beat the market' by utilising their ability, seeing that the achievement of superior returns requires a forecasting ability well above that which would be obtained from a random switching process.

Smith and Chapman (1994) found little evidence of market timing ability for the portfolio managers of South African unit trusts. They could not find any evidence of the skills of the managers in selecting and switching securities within each asset class. Oldfield and Page (1996) support this evidence. They attempted to identify the timing and selection skills of seventeen South African unit trusts over a period of seven years. Results indicated that managers did not manage to adjust the composition of the portfolios and switch between the different asset classes in a way that would yield higher returns.

Stock picking ability

Stock picking or asset selection/allocation skills refers to a manager's micro forecasting ability - the ability to select specific securities that are undervalued by the market.

Grinblatt and Titman (1989, 1993) and Wermers (1997) concluded that fund managers that actively trade, possess significant stock picking ability, thus, that mutual fund managers have the ability to choose stocks that outperform their benchmarks before expenses are deducted. Wermers (2000) also found that mutual fund managers hold stocks that beat the market portfolio by almost enough to cover their expenses and transaction costs. Furthermore, his result over the 1975 to 1994 period indicates that mutual funds held stock portfolios that outperform a broad market index by 1,3 percent per year, where about 70 basis points are due to talents in picking stocks that beat their characteristic benchmark portfolios, and about 60 basis points are due to the characteristics of stocks held by the fund. Meanwhile, Daniel *et al.* (1997) studied mutual fund performance with characteristic-based benchmarks (trend-chasing) and contributed much of this performance to the characteristics of the stocks held by the fund.

However, according to Wermers (2000), the majority of studies contradict the conclusion of his study and the above-mentioned studies and find that actively managed funds, on average, underperform their passively managed counterparts. A study by Gruber (1996) confirmed this statement by concluding that the average mutual fund underperforms passive market indexes.

Fund manager performance

An alternative approach is to focus on fund managers instead of funds and to look cross-sectionally at how performance is related to observable characteristics of the fund manager.

Golec (1996) studied the relationship and impact of a manager's characteristics on fund performance (yield and alpha), risk and fees simultaneously. Results of his study indicated that an investor could expect better risk-adjusted performances (alpha's) from a fund manager who is relatively young (less than 46 years) and has managed a fund for a relatively longer time (more than 7 years). Funds that kept their expenses low (less than 0,80 percent) produced better performances, but larger managements fees (above 0,73 percent) are also associated with better performance. Thus, investors should avoid funds with large operating expenses but not necessarily those with large management fees.

The results also indicated that managers with a MBA degree outperformed those without this particular qualification. Fund managers with MBA's are on average younger and less tenured (time a manager has managed his fund), and they manage larger and older funds. Thus, the competitive strength of MBA's probably explains why they manage 64 percent of all funds.

Chevalier and Ellison (1999) followed a similar approach to that of Golec (1996) in examining the relationship between a manager's age, tenure, and possession of a MBA qualification, risk-taking and expenses. They examined

whether mutual fund performance is related to characteristics of fund managers. Their analysis of behaviour differences is fairly similar to that of Golec, however, Chevalier and Ellison tried to account for selection effects and also included a college quality variable, and suggest that this is the only variable that clearly predicts risk-adjusted excess returns.

Data and models

The South African Unit Trust Industry

Unit trusts were first introduced in 1965 and the industry has changed enormously over the next 30 years.

The unit trust industry, regulated by the Association of Collective Investments (ACI) has developed from the desire of the small investor to have access to the stock exchange, because of its higher returns. The Association of Collective Investments (ACI) was established in 1967 as The Association of Units Trusts (AUT) and represents the collective interests of South African management companies, registered foreign collective investment schemes and their investors.

The thirty unit trust Management Companies in South Africa offer over 400 different unit trusts. Each unit advertises a specific objective and investment guidelines within which the fund manager may use his discretion. Often a market index, such as the JSE All-share Index, will be targeted, which the fund will attempt to track and outperform.

Unit trusts should be viewed as medium-to-long term investments, reducing an investor's exposure to short-term volatility and risk and allowing them to take advantage of the underlying trends in the market sectors. With unit trusts, resources are pooled into a fund, which is then invested in a variety of products. Investors benefit by gaining access to the stock exchange and have access to the professional knowledge and expertise of the fund manager.

Data collection and variable definition

Monthly performance data of 57 unit trusts and their benchmarks were obtained from the MoneyMate database for the seven-year period, January 1996 to 31 December 2002. The process yielded 20, 15 and 22 unit trusts in the domestic equity general, domestic fixed asset allocation flexible and prudential categories respectively. The remaining 88 unit trusts in these various categories were excluded, as it was not possible to obtain all the required information on the fund managers. Also, funds were excluded from the sample if they had less than one year of performance history.

A list of all the unit trusts selected is attached as Appendix A. The 57 unit trusts include characteristics of 50 fund managers.

Dependent variables

- Performance measure: The market excess return is a measure of the performance of a fund's portfolio relative to a benchmark portfolio.
- Risk measure: The portfolio beta is a measure of the fund's market related risk. It is defined as the responsiveness of a fund's return to movements in the return on the market portfolio. Beta is the slope coefficient and thus measures the volatility of the fund's price that is related to the overall market volatility.

Independent variables

- Manager age measures experience.
- Tenure of the manager with the fund, or time with the fund measures survivorship.
- Years of education measure accumulated general knowledge that might reflect the manager's ability or quality of training.
- Whether or not the manager has an MBA degree, measures business-specific knowledge. A MBA dummy variable is utilised that takes the value of one for a MBA qualification and zero otherwise.
- Whether or not the manager has a CA or CFA qualification, measure financial-specific knowledge. A CFA/CA dummy variable is utilised that takes the value of one for a CFA/CA qualification and zero otherwise.
- Management team size measures the number of managers who make investment decisions for the fund.
- Fund age measures fund survivorship.
- Fund objective, were unit trusts are classified according to their investment objective. In this study the equity general funds and asset allocation flexible funds represent growth funds, because of their primary goal to maximise capital appreciation. Asset allocation prudential funds on the other hand, represent growth-and-income funds, because these funds seek to combine long-term capital growth and current. A dummy variable is utilised that takes the value of zero for growth funds and one for growth-and-income funds.

Calculation of the variables

The variables were calculated as follows:

Dependent variables

- Beta: Monthly data of each fund and their respective benchmarks over the seven-year period were collected using the MoneyMate database available.

The risk-adjusted performance for each fund was calculated using the three-month Treasury Bills (TB) rate as the risk-free rate.

$$Rr_{pt} = R_{pt} - R_{ft}$$

where, Rr_{pt} is risk-adjusted performance for fund p for period t, R_{pt} is the return on the fund for period t, and R_{ft} is the risk-free rate for period t.

Regression analysis was then used to calculate the beta for each fund and fund year, using the risk adjusted performance as the dependant variable y and the respective market benchmark as the independent variable x. The model is represented by the following equation.

$$y = \beta_0 + \beta_1x + \epsilon$$

where, y is the dependent variable, x is the independent variable, β_0 is the y-intercept, β_1 is the slope of the line and ϵ is the error term.

Some negative betas resulted from funds with inflation benchmarks and can be explained as follows: This is a clear indication of negative correlation between the fund and the respective benchmark and found mainly between the market and short-term interest bearing instruments. Diversification, with the aim of lower volatility, is essentially based on this negative correlation. The data was not adjusted.

▪ Excess returns:

Firstly, monthly fund and benchmark (market) performances had to be calculated. Monthly data was supplied by the MoneyMate database. Monthly performances (returns) were then calculated for the fund and the benchmark by

$$R_p = (v_t - v_{t-1}) / v_{t-1} \quad \text{or} \quad R_{ME} = (v_t - v_{t-1}) / v_{t-1}$$

where R_{pt} is the monthly return of the fund, R_{ME} is the monthly return on the market or benchmark, v_t is the value at period t, and v_{t-1} the value at period t-1.

These performances were then adjusted for risk by subtracting the monthly risk-free rate.

$$Rr_{Mt} = R_{Mt} - R_{ft}$$

where Rr_{Mt} is the return of the market portfolio adjusted for risk for period t, R_{Mt} is the return on market portfolio for period t, and R_{ft} is the risk-free rate for period t, and,

$$Rr_{pt} = R_{pt} - R_{ft}$$

where Rr_{pt} is the return of the fund portfolio adjusted for risk for period t, R_{pt} is the return on fund portfolio for period t, and R_{ft} is the risk-free rate for period t.

In order to compute the risk-adjusted excess returns, the risk-adjusted return of the benchmark of that particular fund was subtracted from the risk-adjusted return of the fund.

$$ER_{pt} = Rr_{pt} - Rr_{Mt}$$

where ER_{pt} is the excess return of the fund portfolio adjusted for risk for period t, Rr_{pt} is the return on the fund portfolio

for period t , and $R_{R_{Mt}}$ is the return on the benchmark portfolio for period t .

Excess return for a portfolio is expressed as a positive percentage if the fund outperformed the related benchmark in that particular period, or negative otherwise.

Independent variables

- Manager age, tenure of the manager with the fund, manager qualifications, management team size, fund age and fund classification are supplied by the MoneyMate database. Questionnaires were faxed or e-mailed to all fund managers to confirm that the data supplied by the MoneyMate database was correct and to collect information on fund managers that were incomplete on the database and to provide details on funds that had several fund managers since inception, seeing that the database only provided information on current fund managers.
- Manager age, tenure of the manager with the fund, years of education, and fund age are measured in years, with 2002 as the end-year.

Research objectives and methodology

The objective is twofold, in order to answer the question of 'are some fund managers better than other?'

Firstly, to find evidence whether fund managers characteristics help to explain fund performance, in order to establish if there is a relationship between education, age and performance. Secondly, to find evidence that managers with different characteristics systematically produce very different returns.

An approach similar to that of Chevalier and Ellison (1999) is used, by examining whether fund performance is related to the characteristics of the fund manager through multiple regression.

We assume that k independent variables are potentially related to the dependent variable. The model is represented by the following equation.

$$y = \beta_0 + \beta_1x_1 + \beta_2x_2 + \dots + \beta_kx_k + \epsilon$$

where y is the dependent variable, x_1, x_2, \dots, x_k are the independent variables, $\beta_0, \beta_1, \dots, \beta_k$ are the coefficients, and ϵ is the error variable. Due to the presence of multicollinearity, a stepwise regression approach is applied.

This study investigates two dependent variables. Excess returns, which is explained by performance, and beta, which is explained risk.

In order to examine whether the fund's performance in a particular year is related to the characteristic of the fund manager who is in charge of the fund in that year, simple excess returns are regressed for each fund year on a set of manager characteristics. After examining the results, this exercise is repeated by replacing the excess return data with the beta of each fund year.

Excess returns as the dependent variable

First, the dependent variable, calendar year simple excess return, is regressed on a set of manager characteristics. The observations are fund-years. For each fund year in the sample, the risk-adjusted excess return of the fund is calculated. The manager characteristics of the fund manager responsible for the fund in that year are then recorded. When more than one manager is involved in the fund, the manager with the most years of education or the more senior manager's characteristics is used. Where more than one manager is recorded per fund year, the characteristics of the manager who managed the fund for more than six months in that fund year are recorded.

Beta as the dependent variable

The dependent variable, beta, is regressed on the same set of manager characteristics mentioned above. Here a beta is calculated for each fund year in the sample by regressing the fund's monthly returns in that year minus the risk-free rate on the monthly return of the market minus the risk-free rate. Although the twelve-month horizon yields fewer data points, benefits are gained in avoiding longer horizons because of the possibility of a fund's riskiness changing over time. The observations are fund-years.

Areas of concern

This study investigates the monthly returns of South African unit trust funds and their respective benchmarks over a seven-year period. Because the South African Unit Trust industry is still in the rapid growth phase, many of the newer unit trusts have a very short fund age. Only two funds of our sample population were recorded with seven-years of available data, and 49 funds had a fund age of less than five years. This has produced a bias towards more recently established unit trusts in this study.

Results

Descriptive statistics

It is interesting to note that the average fund manager is about 40 years old, has slightly more than seven years of education, does not hold a CA/CFA or MBA qualification and has two and a half years tenure (see Table 1).

Table 1: Descriptive statistics

Variable	Means and standard deviations		
	Mean	Std.Dev	N
Team Size	1,13548	0,343349	155
MAge	39,75130	7,358037	155
MTenure	2,54260	1,492714	155
Edu	7,34194	3,282062	155
MBA	0,20000	0,401297	155
CAFA	0,40645	0,492763	155
FAge	2,83017	1,572670	155

The typical fund is just over two and a half years old and is managed by a team of just more than one person.

Regression summary results

Performance

The regression results indicate that only the CAFA variable is statistically significant. This manager characteristic variable reflects the manager's ability and insight into financial specific knowledge. This provides sufficient evidence to infer that fund managers with a CA and/or CFA qualification tend to outperform a fund manager without this qualification (see Table 2).

Table 2: Regression summary for dependent variable excess returns

N=155	B	Std.Err.	T(153)	p-level
Intercept	-0,028777	0,012750	-2,25706	0,025420
CAFA	0,062502	0,019998	3,12540	0,002125

The R^2 -value is small at 0,06 indicating the complexity of explaining excess returns and the Durbin-Watson test value of 1,644 indicates the absence of autocorrelation.

Risk

The regression results indicate that the CAFA and MBA variables are of significance. The CAFA manager characteristic variable reflects the manager's ability and insight into financial specific knowledge, where the MBA variable reflects business-specific knowledge.

The CAFA coefficient is negative which is an indication that managers with this qualification tend to take less risk. The MBA coefficient is positive which provides evidence to infer that fund managers with a MBA qualification tend to take more risk relative to fund managers without this qualification (see Table 3).

Table 3: Regression summary for dependent variable beta

N=155	B	Std.Err.	T(152)	p-level
Intercept	0,937792	0,042159	22,24410	0,000000
CAFA	-0,234800	0,061456	-3,82063	0,000194
MBA	0,177804	0,075463	2,35616	0,019741

The R^2 -value is relatively small at 0,11 and the Durbin-Watson test value of 1,755 indicates the absence of autocorrelation.

The relationship between risk and performance

The results of this study interestingly show that fund managers with a CA/CFA qualification produce better excess returns, although they tend to take on less risk. A simple correlation study between excess return and risk produces a correlation coefficient of -0,06 which is not statistically significant at the 5% level. This measurement supports the regression results. According to classical theory, however, risk and return should be positively related. Why did fund managers with a CA or CFA qualification, who took on less risk, outperformed the market or put differently, why did fund managers with MBA qualifications (who tend to take on more risk) not produce higher returns?

One explanation can be found in the efficient frontier theory according to which there is a set of possible returns for a specific level of risk (volatility). The optimal portfolio (on the efficient frontier) is that portfolio with the highest possible return for that specific level of risk. Similar to this, there is a set of possible risks for a specific level of return. The optimal portfolio (again on the efficient frontier) is that portfolio with the lowest possible risk for that specific level of return.

From this it is clear that the possible return of a portfolio can be increased without increasing the risk, but only up to the efficient frontier. To increase the return of the optimal portfolio any further will require a corresponding increase in risk (movement along the efficient frontier). Higher risk (volatility) does not always guarantee a higher return (portfolio may become non-optimal), but a higher risk will be a pre-requisite for a higher return of an optimal portfolio.

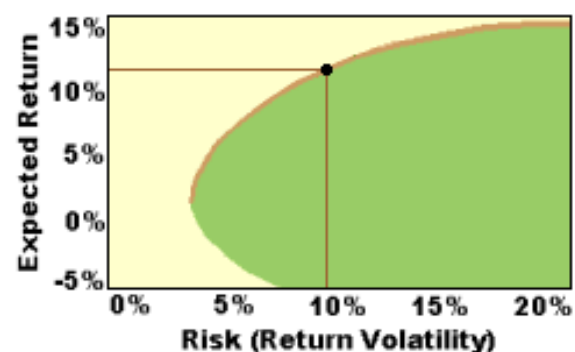


Figure 1: Efficient frontier

If a fund manager with a CA/CFA qualification produces better excess returns than a fund manager with a MBA qualification, it could simply mean that the portfolio of the fund manager with a MBA qualification is further away from the efficient frontier than the portfolio of the fund manager with the CA/CFA qualification. The fund manager with the MBA qualification must try to decrease the risk of his portfolio without a corresponding decrease in return, or to increase the return of his portfolio without a corresponding increase in risk. The fund manager with the CA/CFA qualification, on the other hand, will most probably have to accept higher risk in order to increase the return of his portfolio.

Another explanation can be derived from critique on the CAPM model. According to the CAPM, returns reflect risk. The model uses the measure beta – short for relative volatility - to compare the riskiness of one share with that of the whole market. Whether beta does predict returns has long been debated. Studies have found that market capitalisation, price/earnings ratios, leverage and book-to-market ratios do just as well. According to a study done by Fama and French (1992), differences in firm size and the ratio of book value to market value tend to explain differences in returns. They demonstrated that when shares were grouped by book-to-market ratios, the gap in returns between the portfolio with the lowest ratio and that with the highest was far wider than when shares were grouped by size. Lacking the theory to explain these intriguing results, they expressed the hope that size and book-to-market ratios are proxies for other fundamentals.

Summary

The purpose of this study was to test whether a unit trust fund manager's characteristics help to explain fund performance and risk. This study analysed unit trust fund performance (excess returns) and risk (beta) as dependent variables, in relation to fund manager characteristics, using multiple regression analysis.

The findings of this study demonstrate that a fund's performance and risk are impacted upon by the managers' qualifications. One can expect better risk-adjusted performance from a fund manager who holds a CA/CFA qualification. These managers will take on less risk, but will outperform managers holding an MBA qualification who are less risk averse.

Recommendations

A previous study by Golec (1996) suggests that fund managers characteristics simultaneously determine portfolio return performances and risk. It is argued that, according to the human capital theory, managers with greater human capital (intelligence) should produce better performances. Also, that manager's portfolio risk choices will partly depend upon the manager's risk-taking preference. The statistical approach thus accounts for the fact that performance and risk are interdependent.

This study does not account for any interdependence between performance and risk and it is suggested that future investigations of characteristic related performance should investigate this interdependence.

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Appendix A**APPENDICES****UNIT TRUSTS OBTAINED FROM THE MONEYMATE DATABASE****GENERAL EQUITY***Fund Objective: Growth Fund*

	Fund name	Fund Company
1	African Harvest Core Equity Fund	African Harvest
2	African Harvest Rainmaker Fund	African Harvest
3	Allan Gray Equity Fund	Allan Gray
4	BoE Aggressive Equity Fund	BoE
5	Coronation High Growth Fund	Coronation
6	Fraters Earth Equity Fund *	Fraters Asset Management
7	FTNIB Lifetime Wealth Fund	FTNIB
8	FTNIB Quants Core Equity Fund	FTNIB
9	Futuregrowth Core Equity Fund	Futuregrowth Unit Trusts
10	Gryphon Imperial General Equity Fund	Gryphon Imperial
11	Investec Equity Fund - A	Investec
12	Liberty Wealthbuilder Fund - A	Liberty Unit Trusts
13	M Cubed Equity FoF	M Cubed
14	NIBi MM Altitude Equity FoF- A	NIBi
15	NIBi MM Horizon Equity FoF- A	NIBi
16	Oasis Crescent Equity Fund	Oasis Management Company
17	Oasis General Equity Fund	Oasis Management Company
18	Prudential Portfolio Optimiser Fund	Prudential Portfolio Management
19	Sanlam Future Trends Fund	Sanlam
20	Woolworths Unit Trust	Woolworths

ASSET ALLOCATION FLEXIBLE

Fund Objective: Growth Fund

Fund name	Fund Company
1 African Harvest Women's Initiative Man. Flex.	African Harvest
2 Appleton Macro Active FoF - A	Appleton
3 Appleton Managed Flexible Fund	Appleton
4 BoE Flexible FoF	BoE
5 Coronation Capital Plus Fund - A	Coronation
6 Coronation Market Plus Fund - A	Coronation
7 Fraters Flexible Fund *	Fraters Asset Management
8 FTNIB Flexible Fund	FTNIB
9 Marriott Core Income Fund	Marriott
10 Metropolitan Flexible Managed Fund	Metropolitan
11 Prudential Portfolio Inflation Plus Fund - A	Prudential Portfolio Management
12 PSG Opportunities Fund	PSG Unit Trust Management
13 PSG RBK Active Fund - A *	PSG Unit Trust Management
14 RMB High Tide Fund	RMB
15 Sanlam Aggressive FoF	Sanlam

ASSET ALLOCATION PRUDENTIAL

Fund Objective: Growth & Income Fund

Fund name	Fund Company
1 Allan Gray Balanced Fund	Allan Gray
2 Allan Gray Stable Fund	Allan Gray
3 Alliance Capital Managed Fund *	Alliance Capital
4 Appleton Prudential FoF - A	Appleton
5 BoE Aggress Managed Prud FoF	BoE
6 BoE Balanced FoF	BoE
7 Coronation Balanced Fund	Coronation
8 Fairheads Balanced Fund - A *	Fairheads
9 FTNIB Balanced Fund	FTNIB
10 Gryphon Imperial Managed Prudential Fund	Gryphon Imperial
11 Investec Managed Fund - A	Investec
12 Liberty Stability Fund - A	Liberty Unit Trusts
13 M Cubed Balanced FoF	M Cubed
14 NIBi Horizon MM Bal FoF- A	NIBi
15 NIBi Horizon MM Inflation Beater	NIBi
16 Oasis Management Company Balanced Fund	Oasis Management Company
17 Old Mutual Stable Growth FoF - A	Old Mutual
18 Prudential Portfolio Prudent Allocator Fund	Prudential Portfolio Management
19 PSG Balanced Fund	PSG Unit Trust Management
20 PSG RBK Core Fund - A *	PSG Unit Trust Management
21 RMB Balanced Fund	RMB
22 Sanlam Managed Prudential FoF	Sanlam