

## **Morningstar South Africa**

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# Morningstar Rating Analysis of South African Domiciled Asset Managers

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## Morningstar Rating Analysis of South African Asset Managers

The Morningstar South African Rating Analysis of unit trusts is designed to compare managed fund ranges across South African asset managers by aggregating their Morningstar Ratings. The research format is calculated on a quarterly basis. It provides a quantitative assessment of the risk-adjusted return of all South African domiciled unit trusts carrying a Morningstar Rating.

The Morningstar Rating for funds, often called the “Star Rating”, debuted in 1985 and was quickly embraced by investors. The Morningstar Rating is a quantitative assessment of a fund’s past performance and is measured from a minimum of one to a maximum of five stars. The methodology rates funds based on an enhanced Morningstar Risk-Adjusted Return measure that takes both return and risk into account.

The Morningstar South African Rating Analysis aggregates the rankings of providers by brand name and thus provides a useful insight into the strengths and weaknesses of a firm’s fund range. It is, however, not designed as a forward-looking tool and does not indicate the future positioning of asset managers. This follows the line that the Morningstar Rating is intended for use as the first step in the fund evaluation process.

The Morningstar South African Rating Analysis is a quantitative calculation. It delivers an Overall-Weighted and an Asset-Weighted ranking of asset managers and their rated range of South African domiciled funds. The rankings also show the percentage of 4 and 5 Star rated funds across all rated funds for an asset manager.

The rankings by Overall-Weighted and Asset-Weighted Ratings both have their merits. The ranking by Overall-Weighted Morningstar Rating mirrors the average quality of the overall fund range given that all funds are weighted equally. The Asset-Weighted ranking gives an assessment of an asset manager’s weakness and strength, in light of how investors allocated assets between available investment options within the fund range.

The Morningstar Rating Analysis of Unit Trusts includes all South African retail domiciled funds with a Morningstar Rating. This implies that funds belonging to several broad categories are excluded since they are not eligible for a Morningstar Rating. This includes, amongst others, alternative funds, money market funds and commodity funds.

Link to: [Morningstar Rating Methodology](#)



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The Morningstar South African Rating Analysis includes 2 tables updated quarterly.

**Table 1** shows the top asset managers in South Africa, ranked by **Asset-Weighted Rating**. Assets include rated South African domiciled **Unit Trusts**. The columns showing the Asset-Weighted Rating represent the asset-weighted Morningstar Rating average by the broad categories of equity, fixed income and allocation.

**Table 2** shows the top asset managers in South Africa, ranked by **Equal-Weighted Rating**. Assets include rated South African domiciled **Unit Trusts**. The column Equal-Weighted Rating shows the simple arithmetic mean of the overall Morningstar Rating.

For **both tables** the column at the far right shows the percentage of assets sitting in 4 and 5 Star rated funds as a percentage of total rated assets.

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**Table 1**

Top Asset Managers (minimum ZAR 5 Billion) in South Africa  
Sorted by Asset-Weighted Rating

Rank	Asset Manager	Rated Assets Bn ZAR	Equal Weighted Rating	Asset Weighted Rating	Equity	Fixed Income	Allocation	% Assets 4 & 5 star
↑ 1	Allan Gray Unit Trust Mgmt	234.4	4.50	4.65	4.29	4.00	4.77	100%
↓ 2	Food Unit Trusts	77.2	4.50	4.30	5.00	-	4.17	100%
↑ 3	Prudential Investment Managers	76.9	3.64	4.28	3.98	2.34	4.72	87%
↓ 4	Truffle Asset Management	8.5	4.33	4.26	4.00	-	4.31	100%
↓ 5	Investec Fund Mgrs SA	117.9	3.37	4.06	3.83	3.01	4.40	72%
↑ 6	Prescient Management Co	27.9	3.27	3.98	3.00	4.50	3.04	49%
↑ 7	Coronation Management Co	228.7	3.45	3.97	3.76	4.70	3.90	86%
↓ 8	Sygnia Collective Investments	10.4	3.33	3.97	3.82	-	4.00	97%
↓ 9	Personal Trust Intl Mgmt Co	6.3	3.00	3.94	1.00	2.00	4.36	69%
— 10	PSG Collective Investments	60.1	3.20	3.67	3.34	3.10	3.81	68%
↑ 11	Ashburton Management Company	8.7	3.50	3.59	3.47	3.86	3.45	45%
↓ 12	First Global Group	5.7	3.40	3.58	3.00	3.00	3.66	58%
↓ 13	Nedgroup Collective Investments	115.6	3.62	3.58	3.53	3.05	3.86	62%
↑ 14	STANLIB	118.4	2.96	3.24	3.10	3.45	3.15	31%
↑ 15	Momentum Collective Investments	31.2	2.83	3.22	2.99	3.73	2.95	41%
↑ 16	Marriott Unit Trust Mgmt Co	14.6	2.42	3.22	4.19	1.05	3.08	52%
↑ 17	Sanlam Collective Investments	82.4	2.81	3.14	3.02	2.70	3.42	46%
↓ 18	Old Mutual Unit Trust Mgrs	108.2	2.78	3.10	3.66	2.07	2.73	28%
↑ 19	Investment Solutions UTs Ltd	18.1	2.92	2.98	3.05	2.92	2.98	9%
↓ 20	ABSA Fund Managers	34.4	2.72	2.95	3.76	3.07	2.71	13%
↓ 21	Discovery Life Collective Inv	27.5	3.00	2.94	2.44	3.00	3.08	3%
— 22	Oasis Crescent Management Co	5.0	2.88	2.61	2.60	4.00	2.10	19%

**\*This table should not be viewed as an investment recommendation.**

**Table 1** shows the top asset managers in South Africa, ranked by **Asset-Weighted Rating**. Assets include rated South African domiciled unit trusts. The columns showing the Asset-Weighted Rating represent the asset-weighted Morningstar Rating average by the broad categories of equity, fixed income and allocation. The column at the far right shows the percentage of assets sitting in 4 and 5 Star rated funds as a percentage of total rated assets.

**Table 2**

Top Asset Managers (minimum ZAR 5 Billion) in South Africa  
Sorted by Equal-Weighted Rating

Rank		Asset Manager	Rated Assets Bn ZAR	Equal Weighted Rating	Asset Weighted Rating	Equity	Fixed Income	Allocation	% Assets 4 & 5 star
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## Methodology

The Morningstar Rating is a global comparison of funds with similar investment exposure taking into account funds' risk-adjusted return. Morningstar assigns ratings based on comparisons of all funds within a specific Morningstar Category. The Morningstar Category system for funds is designed to help investors make meaningful comparisons between Investment funds. Morningstar regularly reviews the category structure and the funds within each category to ensure that the system meets the needs of investors and keeps pace with market developments.

Criteria for inclusion:

- Asset Manager must have a minimum of three Morningstar Star Rated unit trusts available to retail investors.
- Asset Manager must have a minimum of R5 billion under management across all share classes in their South African domiciled Unit Trust range.



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