

Tyranny of the Fees

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Purpose

This project consists of recreating the figures found at <https://www.fmx.nfkatzke.com/posts/2020-08-05-practical-1/> which display the cumulative return of the FTSE JSE Allshare Index since January 2002 and January 2010 under different management fees structures.

Fee Impact on Cumulative returns since 2002

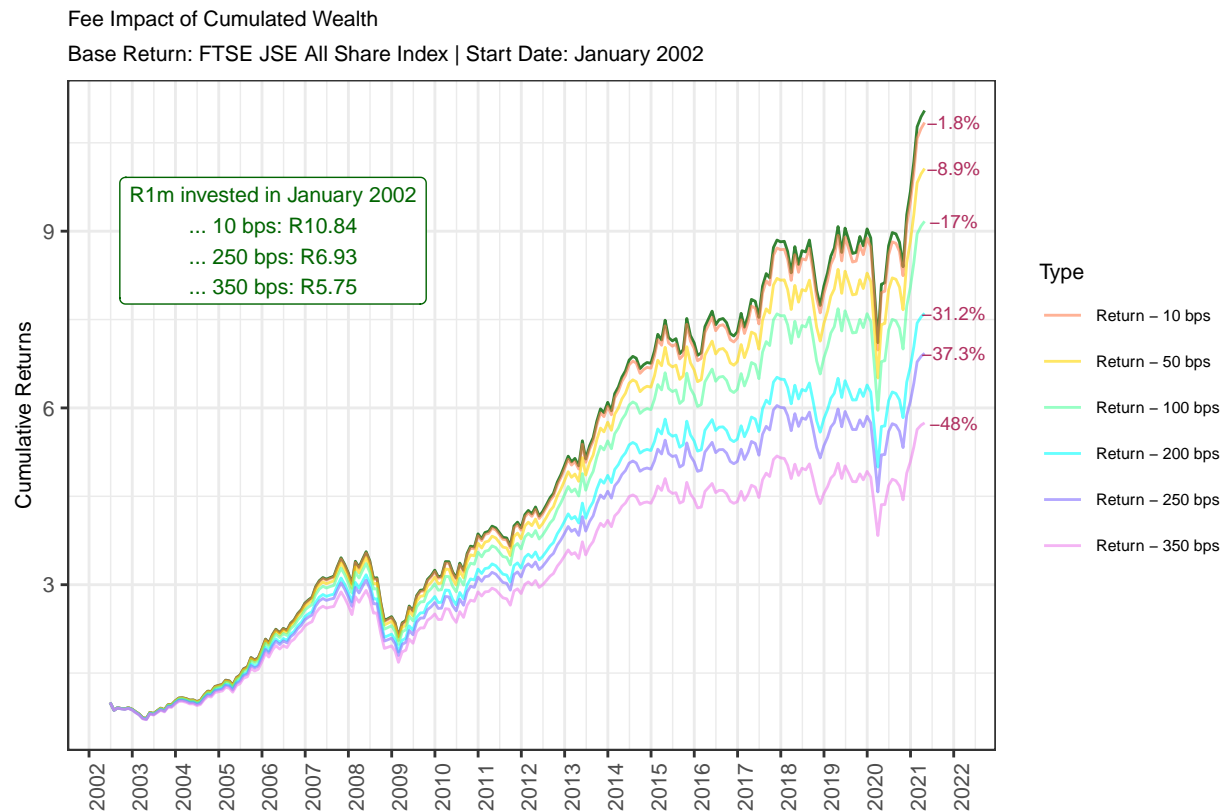


Figure 1: Fee Impact on Cumulative Returns since January 2002

Table 1: Relative Impact of Fees on Wealth since 2002

bp	prop
Return - 10 bps	-1.8%
Return - 50 bps	-8.9%
Return - 100 bps	-17%
Return - 200 bps	-31.2%
Return - 250 bps	-37.3%
Return - 350 bps	-48%

The above figure illustrates the impact that different fees structures have on cumulative returns since 2002. The figure shows the impact of a fee of 10, 50, 100, 200, 250, and 350 bps per annum on the cumulative returns of the FTSE JSE All Share Index since January 2002. The table shows the cumulative effect on the proportion lost due to fees over the time period.

Fee Impact of Cumulative returns since 2010

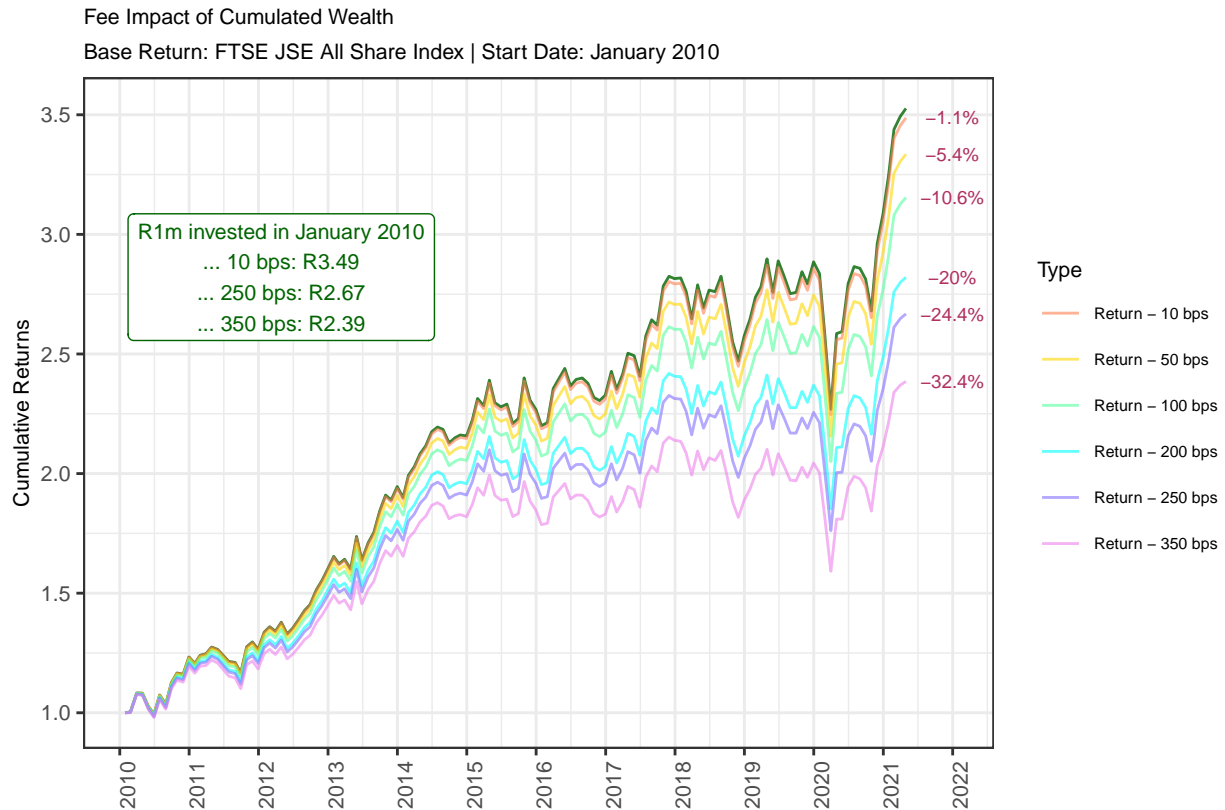


Figure 2: Fee Impact on Cumulative Return since January 2010

The above figure similarly illustrates the impact that different fees structures have on cumulative returns but since 2010. The figure shows the impact of a fee of 10, 50, 100, 200, 250, and 350 bps per annum on the

Table 2: Relative Impact of Fees on Wealth since 2010

bp	prop
Return - 10 bps	-1.1%
Return - 50 bps	-5.4%
Return - 100 bps	-10.6%
Return - 200 bps	-20%
Return - 250 bps	-24.4%
Return - 350 bps	-32.4%

cumulative returns of the FTSE JSE All Share Index since January 2010. The table shows the cumulative effect on the proportion lost due to fees over the time period.