

# Finsolnet

## Finsolnet CPI + 4% Portfolio

August 13

### INVESTMENT OBJECTIVE

Inception Date: 22 September 2003

The objective of this strategy is to target an annual return of CPI plus 4% over a rolling 36-month period and not to lose capital over a rolling 24-month period.

### INVESTMENT VEHICLE

Fund: Sygnia CPI + 4% Portfolio  
Fund Category: South African - Multi Asset - Medium Equity

### MANAGEMENT FEES

Sygnia CPI + 4% Total Expense Ratio: 0.88%

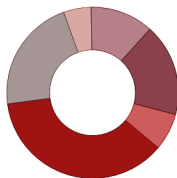
\*TER is for Class B fund only. The TER of the Class A fund includes an additional advisor fee of 0.65% plus VAT.

### RISK STATISTICS

	FUND	ALSI
Standard Deviation	7.0%	16.5%
Downside Deviation	5.1%	10.1%
% Positive Months	70.8%	65.0%
% Negative Months	29.2%	35.0%
Best Month	6.6%	12.5%
Worst Month	-6.3%	-13.2%
Avg Negative Return	-1.2%	-3.4%
Maximum Drawdown	-14.2%	-40.4%

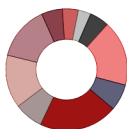
\*Risk statistics are calculated since inception of the strategy

### ASSET ALLOCATION



Equities - 36.8%   Bonds - 21.6%   Property - 5.2%  
Money Market - 11.9%   Int Equities - 17.4%   Int Cash - 7.0%

### MANAGER HOLDINGS



Coronation - 20.9%   Allan Gray - 7.6%   Investec - 14.2%  
Sygnia - 14.5%   Mazi Capital - 5.6%   Absa AM - 4.2%  
Prescient - 3.4%   Cash - 5.2%   OMIGSA - 17.4%  
Int Cash - 7.0%

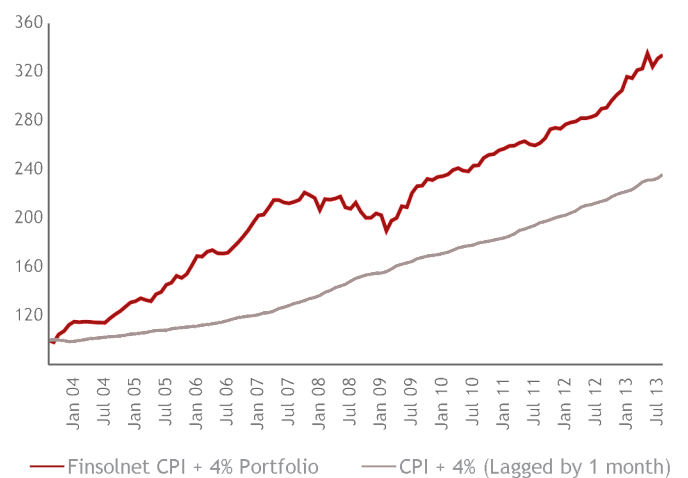
### TOP 10 EQUITY HOLDINGS

	VALUE
Sasol	2.6%
SAB Miller	2.1%
British American Tobacco	2.0%
MTN Group	1.9%
Naspers	1.8%
Anglo American Plc	1.6%
Standard Bank	1.5%
Growthpoint Properties	1.3%
BHP Billiton	1.0%
Old Mutual Plc	0.9%

### PERFORMANCE ANALYSIS

YEAR	STRATEGY	BENCHMARK	DIFFERENCE
1 month	0.9%	1.4%	-0.5%
3 month	-0.4%	2.0%	-2.4%
6 month	6.1%	5.6%	0.5%
Year to date	9.6%	6.8%	2.8%
1 year	15.2%	10.3%	4.9%
2 year	13.0%	9.6%	3.4%
3 year	11.1%	9.5%	1.6%
5 year	9.4%	9.4%	0.1%
10 year	12.8%	9.0%	3.8%
Since Inception	12.8%	9.0%	3.8%
2007	10.2%	12.5%	-2.3%
2008	-5.8%	14.7%	-20.5%
2009	14.6%	9.8%	4.8%
2010	9.4%	7.6%	1.8%
2011	6.9%	10.1%	-3.2%
2012	11.5%	9.6%	1.9%

### CUMULATIVE PERFORMANCE



## FUND SENSITIVITY TO EQUITY MARKET



## COMMENTARY

August brought little micro-level excitement as European and US investors enjoyed their summer holidays. At macro-level, however, market behaviour could be split into two halves; the first, a strong rally fuelled by a renewed interest in resource stocks and signs of a timeous economic recovery in the euro zone, and the second, a sharp downturn as the US and its allies prepared for military strikes against Syria in the wake of the alleged chemical attacks by President Bashar al-Assad against civilians. Capital outflows from emerging markets continued unabated, while the South African rand battled the duel forces of negative foreign sentiment and continued labour unrest.

The first indicators of global economic activity, manufacturing PMIs, surprised on the upside with the US, China and the euro zone PMIs rising from their June levels. Positive euro zone data was taken as an indication that the recession may be nearing its end. This was re-inforced after the second quarter GDP in the 17-nation euro area expanded by 0.3% quarter-on-quarter. The US data came in mixed. The US economy is particularly closely watched with any weakness interpreted as supportive of longer term quantitative easing and vice versa.

Market sentiment turned negative in the latter half of the month as the situation in Syria deteriorated, with emerging markets currencies coming under severe pressure. Concerns that any involvement in the conflict could spiral into deeper unrest in the Middle East led the gold price to hit a 15-week high, while oil prices rose to US\$110 a barrel. Month-end brought a minor recovery as the UK Parliament voted against military involvement in Syria, while the US indicated that it was considering a "limited, narrow" military strike.

South Africa's GDP expanded by a seasonally-adjusted annualised 3.0% in the second quarter. The number, although strong in absolute terms, came in below expectations. The one-year anniversary of the Marikana tragedy, strikes in auto manufacturing, construction and aviation services and the stalled gold mining sector negotiations kept labour issues topical, adding pressure to the rand. Inflation came in at 6.3% year-on-year in July, with the Reserve Bank warning that the inflation outlook is deteriorating due largely to the fall of the rand. 10-year bond yields spiked to their highest levels in 19 months on the emerging markets sell-off, pushing the BESSA All Bond Index down by 1.3%. The rand ended the month at R10.24 to the US dollar. The FTSE/JSE All Share Index delivered 2.6%, driven largely by the Resources sector which rose by 7.3%.

## HISTORICAL PERFORMANCE

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
2009	-0.7%	-6.3%	4.4%	1.1%	4.8%	-0.4%	5.6%	2.5%	0.2%	2.4%	-0.4%	1.1%	14.6%
2010	0.3%	0.6%	1.5%	0.7%	-0.8%	-0.2%	1.9%	0.1%	2.5%	1.0%	0.3%	1.2%	9.4%
2011	0.5%	0.9%	0.1%	0.9%	0.5%	-1.0%	-0.4%	0.8%	1.5%	2.8%	0.4%	-0.3%	6.9%
2012	1.3%	0.6%	0.3%	0.9%	0.0%	0.4%	0.6%	1.8%	0.3%	2.0%	1.6%	1.2%	11.5%
2013	3.7%	-0.4%	2.1%	0.4%	3.9%	-3.2%	2.0%	0.9%					9.6%

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