

# Finsolnet

## Finsolnet CPI + 6% Portfolio

December 13

### INVESTMENT OBJECTIVE

Inception Date: 22 September 2003

The objective of this strategy is to target an annual return of CPI plus 6% over a rolling 60-month period and not to lose capital over a rolling 36-month period.

### INVESTMENT VEHICLE

Fund: Sygnia CPI + 6% Portfolio  
Fund Category: South African - Multi Asset - High Equity

### MANAGEMENT FEES

Sygnia CPI + 6% Total Expense Ratio: 0.99% as at 30 September 2013

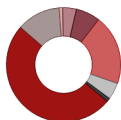
\*TER is for Class B fund only. The TER of the Class A fund includes an additional advisor fee of 0.65% plus VAT.

### RISK STATISTICS

	FUND	ALSI
Standard Deviation	9.0%	16.4%
Downside Deviation	6.1%	10.0%
% Positive Months	70.2%	65.3%
% Negative Months	29.8%	34.7%
Best Month	7.8%	12.5%
Worst Month	-7.2%	-13.2%
Avg Negative Return	-1.5%	-3.3%
Maximum Drawdown	-20.8%	-40.4%

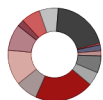
\*Risk statistics are calculated since inception of the strategy

### ASSET ALLOCATION



Domestic Equities - 50.3%	Domestic Bonds - 12.3%
Domestic Property - 1.0%	Domestic Cash Plus - 3.9%
Domestic Money Market - 6.9%	Int Equities - 19.9%
Int Cash - 4.7%	Africa - 1.0%

### MANAGER HOLDINGS



Coronation - 20.5%	Investec - 7.6%	Sygnia - 12.3%
Mazi Capital - 9.1%	Absa AM - 2.4%	36ONE - 6.6%
Bateleur - 6.6%	OMIGSA - 19.9%	Taquanta - 0.5%
Tantalum - 2.1%	Stanlib - 1.7%	Cash - 5.9%
Int Cash - 4.7%		

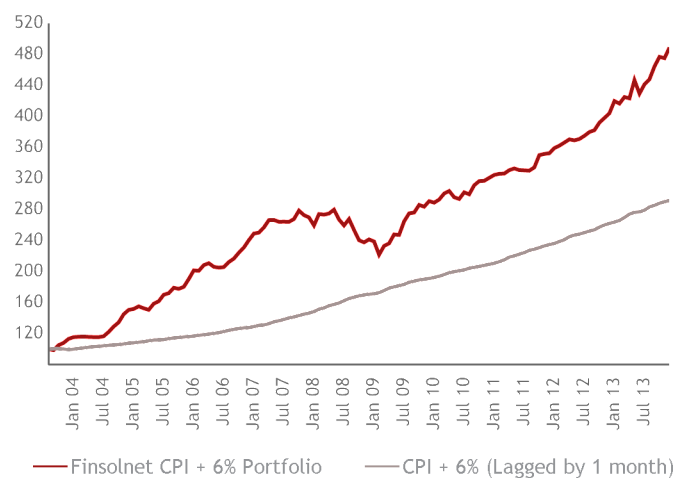
### TOP 10 EQUITY HOLDINGS

	VALUE
Naspers	4.0%
MTN Group	3.1%
Sasol	2.7%
British American Tobacco	2.3%
SAB Miller	2.2%
Anglo American Plc	2.0%
Firststrand	1.5%
Standard Bank	1.4%
BHP Billiton	1.4%
Compagnie Richemont	1.0%

### PERFORMANCE ANALYSIS

YEAR	STRATEGY	BENCHMARK	DIFFERENCE
1 month	2.9%	0.6%	2.3%
3 month	5.3%	2.2%	3.1%
6 month	13.9%	5.3%	8.5%
Year to date	21.0%	11.3%	9.7%
1 year	21.0%	11.3%	9.7%
2 year	17.8%	11.5%	6.3%
3 year	15.1%	11.7%	3.4%
5 year	15.2%	11.3%	3.9%
10 year	15.7%	11.3%	4.4%
Since Inception	16.6%	10.9%	5.7%
2008	-10.5%	16.7%	-27.2%
2009	20.4%	11.8%	8.6%
2010	10.3%	9.6%	0.8%
2011	9.9%	12.1%	-2.3%
2012	14.6%	11.6%	3.0%
2013	21.0%	11.3%	9.7%

### CUMULATIVE PERFORMANCE



## FUND SENSITIVITY TO EQUITY MARKET



## COMMENTARY

The FTSE/JSE All Share Index gained 3.0% in December, the BESA All Bond Index 1.1% and the MSCI World Index 4.1%, aided by the 2.0% depreciation of the rand relative to the US dollar. The gold price fell by 3.8% over the month. Global stock markets ended 2013 at new highs as the US Federal Reserve's tapering announcement was heavily sweetened by the promise of lower interest rates for longer, while a weary US Senate signed off on a budget deal without protracted negotiations. Emerging markets came under pressure as both Turkey and Egypt contributed to the political noise. The rand bore the brunt of the sell-off despite credit rating agencies re-affirming South Africa's rating.

The US Fed announced it would cut its monetary easing programme in January 2014 to US\$75 billion a month, while undertaking to maintain interest rates at record lows well beyond when unemployment reduces to 6.5% and bond purchases end. The US Fed is expected to reduce its bond purchases in US\$10 billion increments over the next seven meetings. After an initial negative reaction, markets picked up again as investors digested the news and judged it to be less impactful than expected.

The gold price tumbled in response, bringing to a close the worst year for the metal in 32 years, with the price down 28% in 2013, and 37% below a record high of US\$1 920 achieved in 2011. The oil price ended the year at US\$112 a barrel, supported by escalating unrest in South Sudan and Libya.

The rand lost 23.2% against the US dollar and 30.4% against the euro over 2013. General negative sentiment towards emerging markets was compounded by domestic strikes in the mining and manufacturing sectors. December brought further bad news in the form of a widening current account deficit figure for the third quarter.

After all the numbers have been tallied, the 2013 winner is Japan. The Nikkei 225 index rallied 56.7% over 2013, its biggest annual gain since 1972. Shares were bolstered by a weaker yen and hopes for Prime Minister Shinzo Abe's monetary policies. China has the honour of having the worst performing stock market of the major economies, with the benchmark Shanghai Composite Index down 7.6% from a year earlier as disillusioned investors moved their assets into cash and property. The S&P 500 was up 29.6% in 2013, its best performance since 1997, the FTSE100 14.4%, Germany's DAX 22.8%, Australia's S&P/ASX 200 14.8% and South Africa's ALSI 21.4%.

## HISTORICAL PERFORMANCE

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
2009	-1.1%	-7.2%	5.1%	1.4%	4.9%	-0.2%	7.1%	3.9%	0.4%	3.6%	-0.8%	2.5%	20.4%
2010	-0.7%	1.4%	2.7%	1.1%	-2.7%	-0.8%	2.9%	-0.8%	3.9%	1.7%	0.1%	1.2%	10.3%
2011	1.2%	0.4%	0.1%	1.3%	0.7%	-0.6%	-0.1%	-0.1%	1.3%	4.7%	0.5%	0.2%	9.9%
2012	1.9%	0.9%	1.1%	1.1%	-0.3%	0.5%	1.1%	1.3%	0.6%	2.6%	1.5%	1.5%	14.6%
2013	3.9%	-0.8%	2.0%	-0.4%	5.6%	-3.9%	2.8%	1.5%	3.7%	2.7%	-0.4%	2.9%	21.0%

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