

# Finsolnet

## Finsolnet CPI + 4% Portfolio

July 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: 0.90%

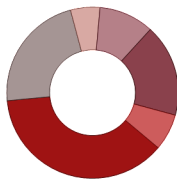
\*TER is for Class B fund only. The TER of the Class A fund includes an additional advisor fee of 0.65% plus VAT.

### RISK STATISTICS

	FUND	ALSI
Standard Deviation	7.1%	16.6%
Downside Deviation	5.1%	10.1%
% Positive Months	70.6%	64.7%
% Negative Months	29.4%	35.3%
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%

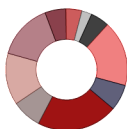
\*Risk statistics are calculated since inception of the fund

### ASSET ALLOCATION



Equities - 37.4%   Bonds - 22.3%   Property - 5.5%  
Money Market - 10.4%   Int Equities - 17.5%   Int Cash - 6.9%

### MANAGER HOLDINGS



Coronation - 21.5%   Allan Gray - 7.9%   Investec - 13.8%  
Sygnia - 14.9%   Mazi Capital - 5.6%   Absa AM - 4.3%  
Prescient - 2.7%   Cash - 5.0%   OMIGSA - 17.5%  
Int Cash - 6.9%

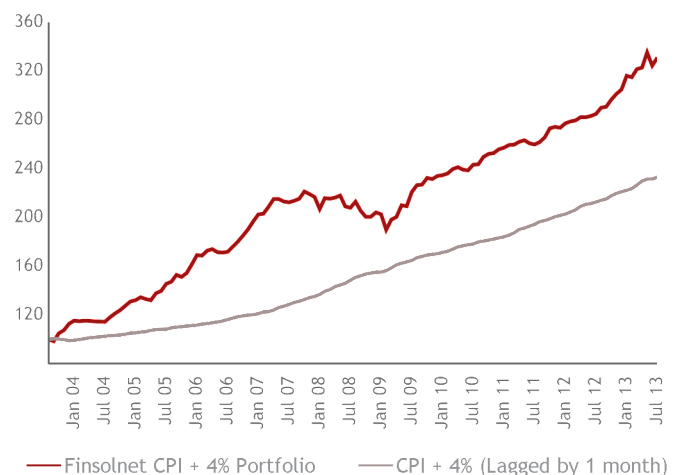
### TOP 10 EQUITY HOLDINGS

	VALUE
Sasol	2.6%
SAB Miller	2.2%
British American Tobacco	2.0%
MTN Group	2.0%
Naspers	1.8%
Anglo	1.5%
Stanbank	1.4%
Growthpoint	1.4%
BHP Billiton	1.0%
Redefine Properties	0.9%

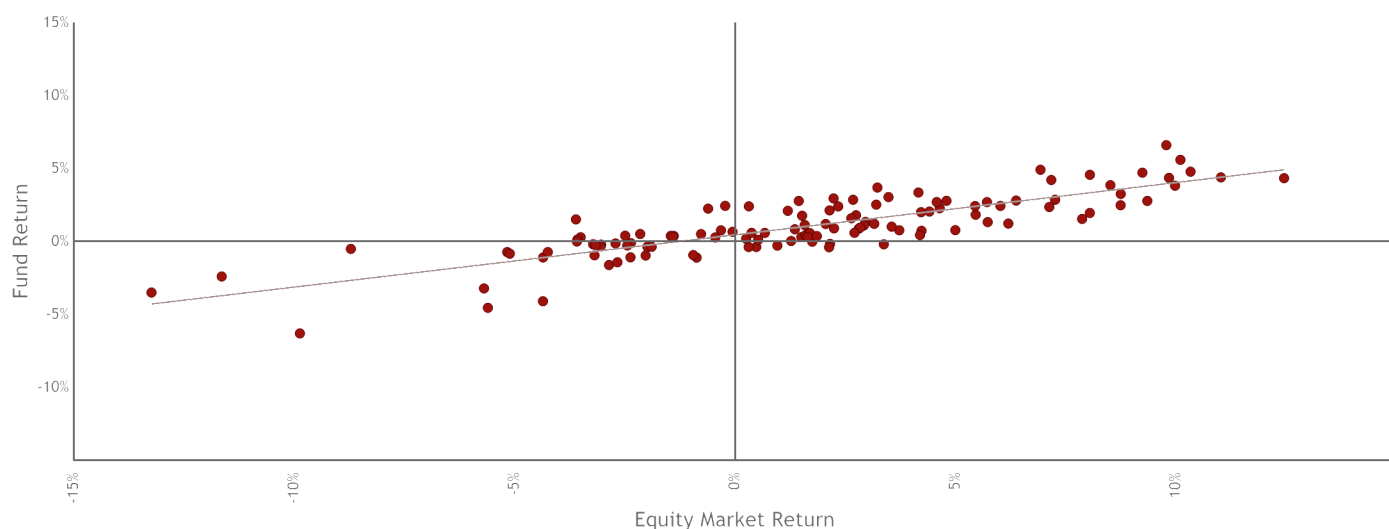
### PERFORMANCE ANALYSIS

YEAR	STRATEGY	BENCHMARK	DIFFERENCE
1 month	2.0%	0.6%	1.4%
3 month	2.6%	1.4%	1.2%
6 month	4.7%	4.8%	-0.1%
Year to date	8.6%	5.4%	3.2%
1 year	16.3%	9.5%	6.7%
2 year	12.9%	9.5%	3.4%
3 year	10.8%	9.3%	1.5%
5 year	9.8%	9.4%	0.3%
Since Inception	12.8%	8.9%	3.9%
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

A temperate July followed a ferocious June as bargain hunters returned to the market and risk aversion lessened. Political upheaval in Portugal and Egypt introduced some turbulence, but a number of positive economic surprises from the US, Japan and the euro zone stabilised the mood. By mid-month, political issues faded as the US earnings reporting season kicked-off with more than 70% of reporting companies exceeding profit forecasts. China continued to slow down with second quarter GDP growth coming in at 7.5%. This finally forced the government to drip feed the economy with some easy reforms. But at the same time the government clamped down on excess production capacity in its continuing effort to shift the economy towards a more sustainable demand-driven growth path. China committed to ensuring that economic growth does not fall below 7% in 2013.

Gold had a volatile month, pushed down by prospects of an end to quantitative easing in the US, boosted again after the US Fed indicated that the timeline has not as yet been set, and pulled down by better than expected US economic data at month end. The ECB and the Bank of England pledged to keep interest rates low, counterbalancing the news that the IMF has cut its global growth forecasts for 2013 and 2014 to 3.1% and 3.8%, respectively.

Markets have become more difficult to read in recent months. Until recently, any economic weakness has been viewed as positive for the continuation of quantitative easing, and hence positive for equities. Now that the end of quantitative easing is looming, investors are looking for a stronger US economy, hence the irrational volatility.

In South Africa the feared gold mining wage negotiations were put on hold after NUM, Solidarity and UASA declared an official wage dispute. Prospects for peaceful negotiation are negligible as mining companies are offering a 5% wage increase against the 100% demanded by workers. On the economic front, the Kagiso manufacturing PMI stayed above the 50 mark for the third month in a row. Other positive surprises included stronger retail sales and growth in private sector credit demand numbers, a lower June trade account deficit and slower headline consumer inflation (5.5% year-on-year in June). The Reserve Bank kept interest rates unchanged while cutting its outlook for GDP growth to 2% this year and 3.3% in 2014.

The FTSE/JSE All Share Index rose by 4.4%, driven mostly by the Resources sector which returned 9.1%. Bonds dropped by 0.7% as foreign buyers continued to shun emerging markets and the rand strengthened marginally.

## 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%						8.6%

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