

Finsolnet

Finsolnet CPI + 2% Portfolio

September 13

INVESTMENT OBJECTIVE

Inception Date: 22 September 2003

The objective of this strategy is to target an annual return of CPI plus 2% over a rolling 24-month period and not to lose capital over a rolling 12-month period.

INVESTMENT VEHICLE

Fund: Sygnia CPI + 2% Portfolio
Fund Category: South African - Multi Asset - Low Equity

MANAGEMENT FEES

Sygnia CPI + 2% Total Expense Ratio: 0.71% as at 31 August 2013

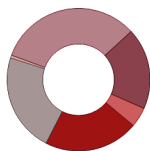
*TER is for Class B fund only. The TER of the Class A fund includes an additional advisor fee of 0.65% plus VAT.

RISK STATISTICS

	FUND	ALSI
Standard Deviation	3.2%	16.5%
Downside Deviation	3.0%	10.1%
% Positive Months	91.7%	65.3%
% Negative Months	8.3%	34.7%
Best Month	4.2%	12.5%
Worst Month	-2.8%	-13.2%
Avg Negative Return	-0.8%	-3.4%
Maximum Drawdown	-2.8%	-40.4%

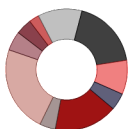
*Risk statistics are calculated since inception of the strategy

ASSET ALLOCATION



Domestic Equities - 21.4%	Domestic Bonds - 22.4%
Domestic Property - 0.6%	Domestic Money Market - 32.6%
Int Equities - 18.4%	Int Cash - 4.5%

MANAGER HOLDINGS



Coronation - 16.9%	Allan Gray - 4.2%	Investec - 23.1%
Sygnia - 5.1%	Mazi Capital - 4.3%	Absa AM - 2.7%
Prescient - 11.7%	OMIGSA - 18.4%	Cash - 9.1%
Int Cash - 4.5%		

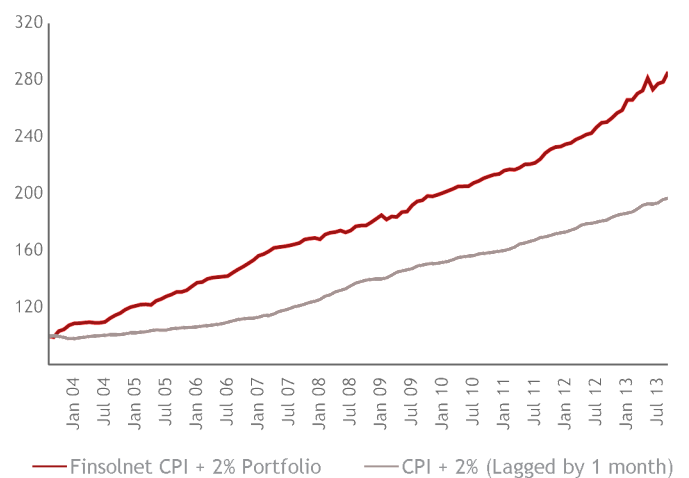
TOP 10 EQUITY HOLDINGS

	VALUE
Sasol	1.5%
SAB Miller	1.3%
Naspers	1.2%
MTN Group	1.1%
British American Tobacco	1.1%
Anglo American Plc	1.0%
Standard Bank	0.9%
BHP Billiton	0.6%
Old Mutual Plc	0.6%
Compagnie Richemont	0.5%

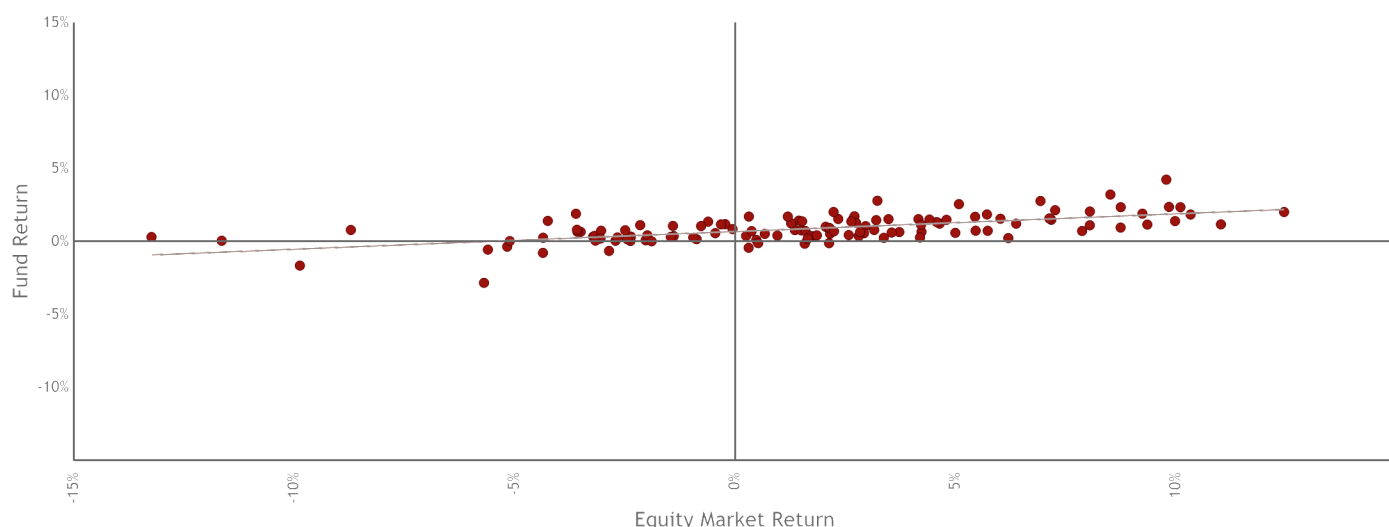
PERFORMANCE ANALYSIS

YEAR	STRATEGY	BENCHMARK	DIFFERENCE
1 month	2.6%	0.4%	2.1%
3 month	4.5%	2.1%	2.4%
6 month	5.6%	3.9%	1.7%
Year to date	10.4%	6.0%	4.4%
1 year	14.1%	8.4%	5.7%
2 year	11.8%	7.7%	4.1%
3 year	10.6%	7.6%	3.1%
5 year	10.0%	7.3%	2.6%
10 year	11.1%	7.0%	4.2%
Since Inception	11.0%	7.0%	4.0%
2007	10.2%	10.5%	-0.4%
2008	8.0%	12.6%	-4.7%
2009	9.3%	7.8%	1.4%
2010	7.3%	5.6%	1.7%
2011	9.0%	8.1%	0.9%
2012	11.0%	7.6%	3.3%

CUMULATIVE PERFORMANCE



FUND SENSITIVITY TO EQUITY MARKET



COMMENTARY

September brought another market rally, supported by positive manufacturing PMI data from China, Japan and the eurozone, a delay in US military action against Syria and no cuts to monetary stimulus by the US Federal Reserve. However the month ended with a massive sell-off driven by the threat of a US government shut-down and a crisis in Italian politics.

As the likelihood of any immediate US military action waned, investors re-focused their attentions on the US Fed's meeting and the likelihood of tapering of the US\$85 billion-a-month bond-buying programme. Mixed economic data from the US kept everyone guessing until the last minute. The final decision to postpone the wind-down and wait for more evidence of solid economic growth caught markets by surprise. Stock prices spiked and the gold price rose on the news. Markets rose even further after Janet Yellen became the most likely successor to Ben Bernanke in February 2014. Yellen is seen to be more concerned with unemployment than inflation, and hence less likely to advocate interest rate hikes and the withdrawal of stimulus measures.

By month-end, however, the attention shifted to the US's debt ceiling. The US will reach its current borrowing limit of US\$16.7 trillion on 17 October. Republicans are demanding a delay in the implementation of Obamacare from the Democrats in exchange for lifting the debt ceiling. Given the tight deadline for any negotiation, a temporary government shutdown became a certainty, bringing with it a global sell-off in stocks and a jump in the gold price. The destabilisation of the Italian government did not help matters.

In South Africa the anticipated prolonged strike action fizzled out sooner than expected as employers capitulated, handing out above-inflation wage increases to avoid protracted work disruptions. On the economic front, the Kagiso manufacturing PMI rose to 56.6, its highest level since August 2007. However, other indicators were weaker, with headline inflation rising by 6.4% in the year to August. The Reserve Bank left its key lending rate unchanged, but revised its 2014 inflation outlook up to an average of 5.8%. The effects of a weaker rand came through in the current account deficit which widened to 6.5% of GDP in the second quarter from 5.8% in the first quarter. The FTSE/JSE All Share Index rose by 5.1%, the bond market delivered 3.9% as foreign buying turned positive and the Rand strengthened by 2.4% against the US dollar.

HISTORICAL PERFORMANCE

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
2009	1.4%	-1.7%	1.2%	-0.2%	1.8%	0.2%	2.3%	1.5%	0.4%	1.6%	-0.1%	0.6%	9.3%
2010	0.7%	0.7%	0.7%	0.8%	0.0%	0.0%	1.1%	0.7%	0.9%	0.6%	0.6%	0.2%	7.3%
2011	1.1%	0.4%	-0.1%	0.7%	1.1%	0.1%	0.4%	1.2%	1.9%	1.2%	0.7%	0.1%	9.0%
2012	0.7%	0.3%	1.1%	0.6%	0.8%	0.4%	1.7%	1.3%	0.2%	1.1%	1.4%	0.8%	11.0%
2013	2.8%	0.0%	1.7%	0.8%	3.2%	-2.8%	1.5%	0.4%	2.6%				10.4%

DISCLAIMER: Sygnia Collective Investments (RF) Proprietary Limited ("the Company") is a member of the Association for Savings & Investment SA (ASISA). Sygnia Asset Management (Proprietary) Limited, an authorised financial services provider, is the appointed investment manager of the Company. The Company is incorporated and registered under the laws of South Africa and is supervised by the Financial Services Board. Unit trust prices are calculated on a net asset value basis, which is the total market value of all assets in the portfolio including any income accruals and less any permissible deductions from the portfolio divided by the number of units in issue. Forward pricing is used and Fund valuations take place at approximately 16:00 each business day. Purchase and redemption requests must be received by the manager by 14:00 each business day to receive that day's price. A schedule of fees, charges and maximum commissions is available on request from the Company. Commission and incentives may be paid and if so, would be included in the overall costs. Permissible deductions may include management fees, brokerage, STT, auditor's fees, bank charges and trustee fees. Unit trusts are traded at ruling prices and the Fund may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. Collective Investment Schemes in Securities (unit trusts) are generally medium- to long-term investments. The value of units may go down as well as up and past performance is not necessarily a guide to the future.