

# Finsolnet

## Finsolnet CPI + 4% Portfolio

September 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% as at 31 August 2013

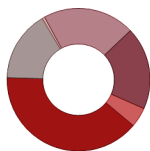
\*TER is for Class B fund only. The TER of the Class A fund includes an additional advisor fee of 0.65% plus VAT.

### RISK STATISTICS

	FUND	ALSI
Standard Deviation	7.1%	16.5%
Downside Deviation	5.1%	10.1%
% Positive Months	71.1%	65.3%
% Negative Months	28.9%	34.7%
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%

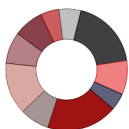
\*Risk statistics are calculated since inception of the strategy

### ASSET ALLOCATION



Domestic Equities - 39.3%	Domestic Bonds - 16.0%
Domestic Property - 0.6%	Domestic Money Market - 20.8%
Int Equities - 18.7%	Int Cash - 4.5%

### MANAGER HOLDINGS



Coronation - 18.9%	Allan Gray - 7.8%	Investec - 13.9%
Sygnia - 8.4%	Mazi Capital - 7.9%	Absa AM - 4.9%
Prescient - 5.9%	OMIGSA - 18.7%	Cash - 9.1%
Int Cash - 4.5%		

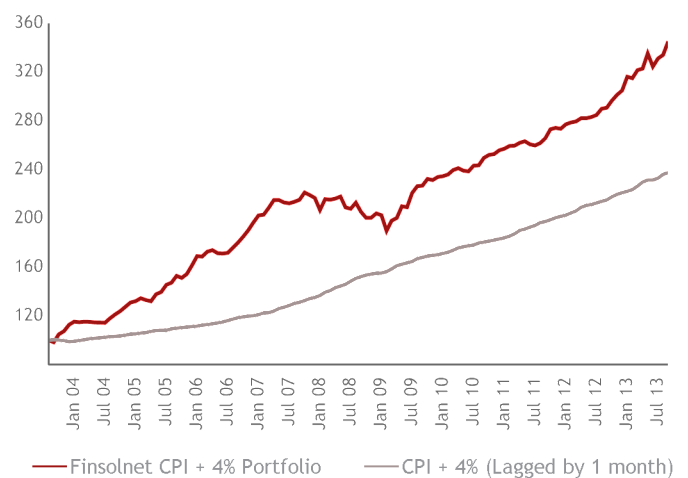
### TOP 10 EQUITY HOLDINGS

	VALUE
Sasol	2.7%
SAB Miller	2.3%
Naspers	2.2%
MTN Group	2.1%
British American Tobacco	2.0%
Anglo American Plc	1.8%
Standard Bank	1.6%
BHP Billiton	1.2%
Old Mutual Plc	1.1%
Mondi Plc	1.0%

### PERFORMANCE ANALYSIS

YEAR	STRATEGY	BENCHMARK	DIFFERENCE
1 month	3.3%	0.6%	2.7%
3 month	6.4%	2.6%	3.8%
6 month	7.3%	4.9%	2.4%
Year to date	13.2%	7.5%	5.7%
1 year	18.7%	10.4%	8.3%
2 year	14.0%	9.7%	4.3%
3 year	11.4%	9.6%	1.8%
5 year	10.9%	9.3%	1.6%
10 year	13.4%	9.0%	4.4%
Since Inception	13.1%	9.0%	4.1%
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

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	-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%	3.3%				13.2%

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