

# Finsolnet

## Finsolnet CPI + 6% Portfolio

April 14

### 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: 1.05% as at 31 March 2014

\*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	8.9%	16.2%
Downside Deviation	6.0%	9.9%
% Positive Months	70.3%	65.6%
% Negative Months	29.7%	34.4%
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%

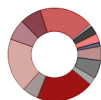
\*Risk statistics are calculated since inception of the strategy

### ASSET ALLOCATION



- Domestic Equities - 43.6%
- Domestic Bonds - 7.6%
- Domestic Property - 1.0%
- Domestic Cash Plus - 6.1%
- Domestic Money Market - 7.8%
- Absolute Return - 9.8%
- Int Equities - 18.9%
- Int Fixed Interest - 3.1%
- Africa - 2.0%

### MANAGER HOLDINGS



- Coronation - 19.9%
- Investec - 5.6%
- Sygnia - 18.8%
- 36ONE - 7.3%
- Bateleur - 7.3%
- OMIGSA - 18.9%
- Taquanta - 0.7%
- Tantalum - 3.1%
- Stanlib - 3.1%
- PIMCO - 1.4%
- Prudential - 4.9%
- Cash - 6.3%
- Int Cash - 2.7%

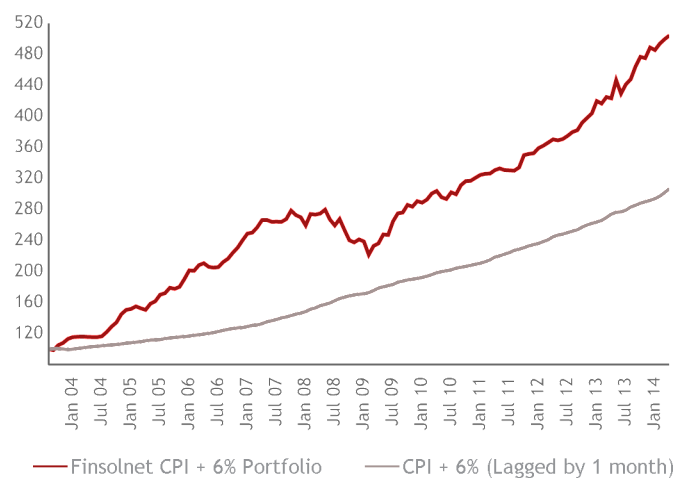
### TOP 10 EQUITY HOLDINGS

	VALUE
Sasol	2.9%
Naspers	2.6%
MTN Group	2.5%
British American Tobacco	2.2%
Anglo American Plc	2.1%
SAB Miller	1.7%
BHP Billiton	1.6%
Compagnie Richemont	1.6%
Firststrand Limited	1.4%
Standard Bank	1.1%

### PERFORMANCE ANALYSIS

YEAR	STRATEGY	BENCHMARK	DIFFERENCE
1 month	1.0%	1.7%	-0.8%
3 month	3.9%	4.5%	-0.6%
6 month	5.8%	6.6%	-0.8%
Year to date	3.2%	5.3%	-2.1%
1 year	19.2%	12.1%	7.1%
2 year	16.7%	12.0%	4.7%
3 year	15.1%	12.0%	3.1%
5 year	16.4%	11.4%	4.9%
10 year	15.9%	11.6%	4.3%
Since Inception	16.4%	11.1%	5.3%
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 second quarter started on a more upbeat note after the Chinese manufacturing activity index rebounded from an eight-month low. Market sentiment improved further after the US Federal Reserve chair, Janet Yellen, emphasised that unemployment remained a big challenge and that the US Fed would maintain its monetary stimulus and keep interest rates low until the jobless rate improved.

The eurozone saw little change, but a lot of noise. Inflation slowed to 0.5% year-on-year in March, the weakest pace in more than four years. A prolonged period of low inflation is the biggest risk facing the currency bloc, a fact motivating more assurances from the ECB that more quantitative easing would be deployed if necessary. Volatility returned to the markets as the conflict between Russia and the Ukraine flared up, leading the US to impose more sanctions against Russia. However, the Ukraine was soon forgotten on more positive economic data releases, including flash HSBC/Markit PMIs for April for China and the eurozone which came in above expectations. In the US, the Nasdaq recovered from the sharp sell-off earlier in the month after both Apple and Facebook published exceptional first quarter earnings results.

The US Fed cut quantitative easing by a further US\$10 billion to US\$45 billion a month, but indicated that the US recovery is picking up after an unusually cold winter.

In South Africa the strike in the platinum sector continued with Amplats, Impala and Lonmin all indicating that they may need to declare a force majeure event. Economic indicators all pointed to a weaker first quarter GDP growth number, with the manufacturing activity and retail sales indicators coming in lower-than-expected. Consumer inflation breached the 6% year-on-year level, while producer inflation also surprised on the upside, accelerating to 8.2%. Both figures increase the likelihood of an interest rate hike sooner rather than later. The IMF downgraded its 2014 GDP growth forecast for South Africa to 2.3% from a previous level of 2.8%, warning that strikes and policy uncertainty are weighing on growth. On a positive note, the rand strengthened relative to the US dollar on the prospects of a longer time horizon for interest rate increases in the US. The FTSE/JSE All Share Index delivered a healthy 2.7%, driven up by the Resources and Financials sectors which both rose by 3.8%. The Industrial sector edged up by 1.3%, weighted down by a further sell-off of Naspers shares. The bond market returned a disappointing 0.3% on net foreign outflows while the rand strengthened by 0.2% relative to the US dollar.

## HISTORICAL PERFORMANCE

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
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%
2014	-0.7%	1.7%	1.2%	1.0%									3.2%

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