# FINSOLNET

## LIBOR (USD 3-Months) Plus 4 Targeted Return Strategy

August/2014

### STRATEGY OBJECTIVE

The objective of this strategy is to target an annual return of LIBOR (USD 3 months) plus 4% over a rolling 60-month period and not to lose capital over a rolling 24-month period in USD terms.

### LAUNCH DATE

31 May 2005

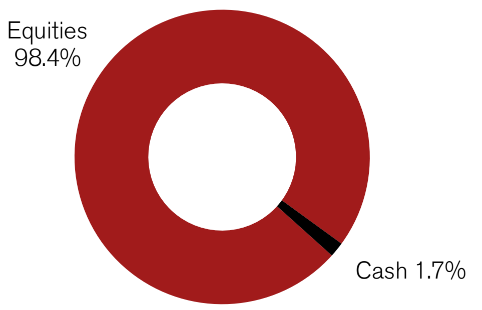
### TOTAL EXPENSE RATIO

2.11%

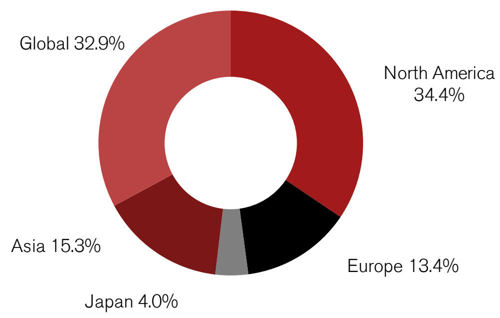
### TOP 5 EQUITY HOLDINGS

*Orbis Global Equity Fund*
Samsung Electronics
Netease.com
Weatherford International
Motorola Solutions
Sberbank of Russia
*Coronation Global Opportunities Equity Fund*
Coronation Global Emerging Markets Fund
Egerton Capital European Fund
Magellan Global Fund
Vulcan Value Partners Fund
Cantillon GV Fund

### ASSET ALLOCATION




### GEOGRAPHIC EXPOSURE




### PERFORMANCE ANALYSIS

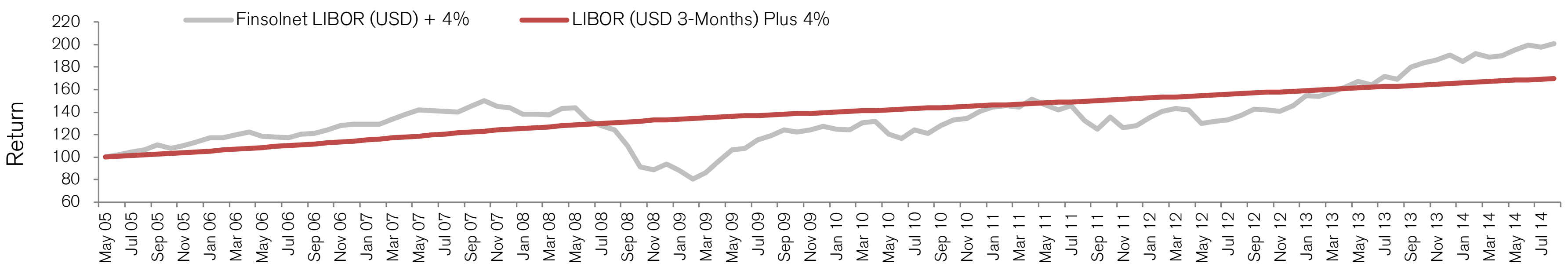
| YEAR | FUND (USD) | LIBOR + 4% (USD) | DIFF |
|---|---|---|---|
| 2006 | 14.0% | 9.2% | 4.8% |
| 2007 | 11.2% | 9.3% | 2.0% |
| 2008 | -34.6% | 6.8% | -41.4% |
| 2009 | 35.5% | 4.7% | 30.8% |
| 2010 | 10.3% | 4.3% | 6.0% |
| 2011 | -8.7% | 4.3% | -13.0% |
| 2012 | 13.4% | 4.4% | 9.0% |
| 2013 | 31.2% | 4.3% | 26.9% |

### RISK ANALYSIS

| | FUND (USD) | MSCI (USD) |
|---|---|---|
| % Positive Months | 60.4% | 61.3% |
| % Negative Months | 39.6% | 38.7% |
| Best Month | 11.5% | 11.2% |
| Worst Month | -17.0% | -19.0% |
| Average Negative Month | -3.3% | -3.8% |
| Max Drawdown | -46.7% | -54.0% |
| Standard Deviation | 15.1% | 16.5% |
| Downside Deviation | 12.6% | 13.8% |

* Risk statistics are calculated since inception of the fund

### CUMULATIVE PERFORMANCE GRAPH




| Portfolio | Allocation | 1 Month | 3 Months | 1 Year | 3 Years | 5 Years | Since Inception |
|---|---|---|---|---|---|---|---|
| Orbis Global Equity Fund (USD) | 50.0% | 1.3% | 2.2% | 19.4% | 18.4% | 12.3% | |
| Coronation Global Opportunities Equity Fund | 50.0% | 1.5% | 2.7% | 18.0% | 15.5% | 11.4% | |
| Finsolnet LIBOR (USD) + 4% | | 1.4% | 2.8% | 18.5% | 14.9% | 11.0% | 7.8% |
| LIBOR + 4% USD | | 0.4% | 1.1% | 4.2% | 4.3% | 4.3% | 5.9% |
| LIBOR USD | | 0.0% | 0.1% | 0.2% | 0.3% | 0.3% | 1.9% |



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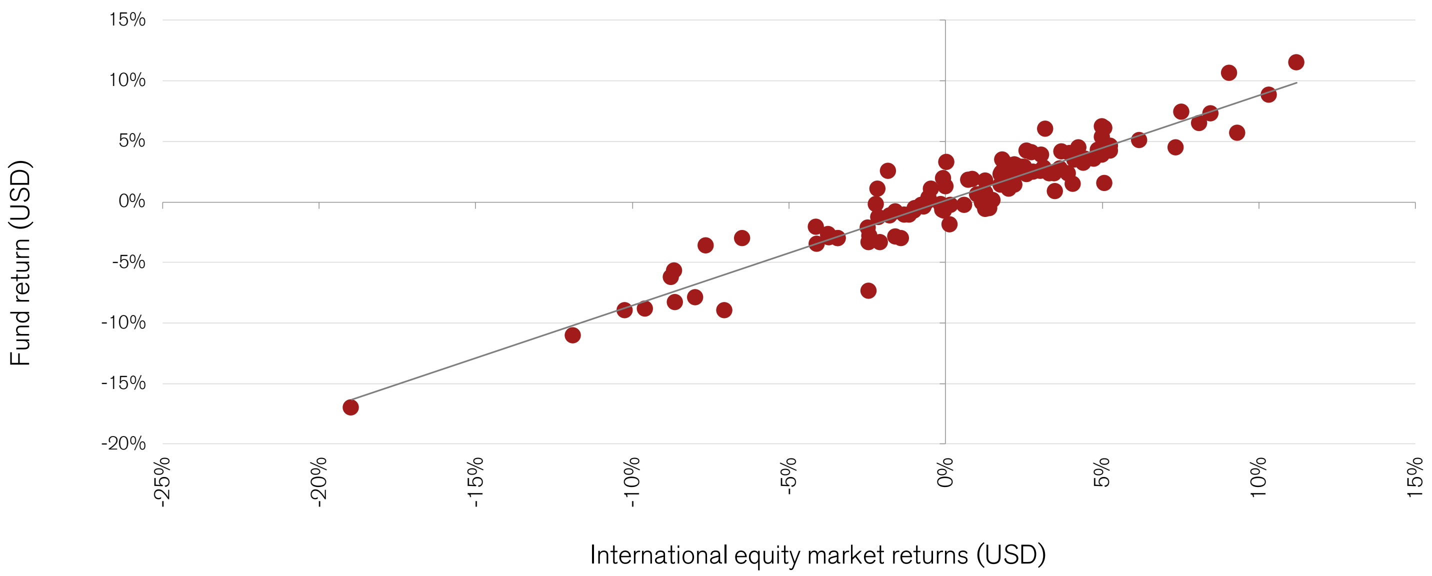
THE SUM OF ALL THINGS

## FUND SENSITIVITY TO EQUITY MARKET




This scatter plot indicates the sensitivity of the fund returns to those of the equity market. This analysis shows that the fund exhibits little sensitivity to the direction of the equity market.

## COMMENTARY

Volatility in the markets continued through August on the back of disappointing economic growth data releases and geopolitical unrest in the Ukraine, Syria, Iraq and the Gaza Strip. On the economic front, Japan suffered its biggest quarterly contraction since the 2011 tsunami, China continued to slow down and the eurozone stagnated, with Italy falling into a triple-dip recession, France registering zero growth and even the German economy contracted. Inflation in the eurozone fell to 0.4% over the year to July, a five year low, with Portugal, Spain and Italy reporting deflation. Combined with the stubbornly high unemployment rate, and the threat posed by the escalating stand-off with Russia, the pressure on the ECB to leverage monetary policy is growing. Mid-month brought more positivity as investors used earlier market weakness as a buying opportunity and found misplaced reassurances in President Vladimir Putin's statement about the Ukraine.

The annual economic conference in Jackson Hole, Wyoming, devoted its agenda to the labour markets rather than the pursuit of lower inflation. The summit's "thunder" was stolen by ECB President, Mario Draghi, who used the opportunity to hint that the ECB is ready to deploy more quantitative easing. The announcement benefitted flows into emerging markets. The risk-on attitude also helped to keep the rand relatively strong against the US dollar despite weak domestic economic data releases.

Markets ended the month on edge over geopolitical tensions and falling commodity prices.

The South African headlines were dominated by the collapse of African Bank and the chaos that ensued as both equity and fixed interest funds suffered losses. On the economic front SACCI's business confidence index fell to a 15-year low as strikes took their toll on manufacturing figures. Inflation moderated to 6.3% for the year to July. And the economy avoided falling into a recession by expanding by an annualised 0.6% in the second quarter. However, the shift towards negative growth is accelerating, with Finance Minister Nhlanhla Nene, warning of a cut in the government's growth projection for 2014 to 1.8% from 2.7% estimated in February.

The FTSE/JSE All Share Index delivered a negative 0.5%, dragged lower primarily by the Resources sector which fell by 5.6%, whilst Financials and Industrials delivered gains of 0.7% and 1.6% respectively. The BEASSA All Bond Index returned 2.8%, the SA Listed Property Index rose by 3.0% and the rand strengthened by 0.4% against the US dollar.

## HISTORICAL PERFORMANCE (USD)

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Year |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2010 | | | | | | | | | | | | | |
| | -2.1% | -0.6% | 5.1% | 1.2% | -8.8% | -3.0% | 6.5% | -2.7% | 5.7% | 4.1% | 1.1% | 4.5% | **10.3%** |
| 2011 | | | | | | | | | | | | | |
| | 3.0% | 0.8% | -0.8% | 4.5% | -3.3% | -2.9% | 2.5% | -9.0% | -5.7% | 8.8% | -7.4% | 1.9% | **-8.7%** |
| 2012 | | | | | | | | | | | | | |
| | 5.3% | 4.3% | 1.7% | -1.1% | -8.3% | 1.6% | 0.7% | 2.9% | 4.1% | -0.4% | -0.6% | 3.3% | **13.4%** |
| 2013 | | | | | | | | | | | | | |
| | 6.1% | -0.3% | 2.6% | 2.8% | 3.2% | -2.1% | 4.6% | -1.3% | 6.2% | 2.3% | 1.4% | 2.3% | **31.2%** |
| 2014 | | | | | | | | | | | | | |
| | -3.0% | 3.8% | -1.9% | 0.6% | 2.8% | 2.2% | -0.83% | 1.4% | | | | | **5.1%** |

## HISTORICAL PERFORMANCE (RANDS)

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Year |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2010 | | | | | | | | | | | | | |
| | 0.8% | 0.4% | -0.4% | 2.5% | -5.4% | -2.9% | 1.2% | -1.6% | -0.3% | 4.5% | 2.6% | -2.5% | **-1.3%** |
| 2011 | | | | | | | | | | | | | |
| | 11.7% | -2.2% | -3.8% | 1.4% | 0.3% | -3.5% | 1.4% | -4.8% | 9.1% | 6.9% | -5.4% | 1.3% | **11.3%** |
| 2012 | | | | | | | | | | | | | |
| | 1.7% | 0.0% | 4.3% | 0.3% | 0.4% | -2.8% | 2.2% | 4.4% | 3.0% | 4.0% | 2.0% | -2.5% | **18.0%** |
| 2013 | | | | | | | | | | | | | |
| | 13.2% | 0.5% | 5.0% | -0.1% | 15.9% | -4.1% | 4.4% | 2.9% | 3.7% | 2.7% | 2.3% | 4.3% | **61.7%** |
| 2014 | | | | | | | | | | | | | |
| | 4.2% | 0.5% | -3.9% | 0.4% | 3.3% | 2.8% | -0.2% | 1.0% | | | | | **8.2%** |