

# Finsolnet

## Finsolnet CPI + 2% Portfolio

August 14

### 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: 0.68% as at 30 June 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	3.1%	15.9%
Downside Deviation	2.9%	9.9%
% Positive Months	90.9%	65.9%
% Negative Months	9.1%	34.1%
Best Month	4.2%	12.5%
Worst Month	-2.8%	-13.2%
Avg Negative Return	-0.6%	-3.3%
Maximum Drawdown	-2.8%	-40.4%

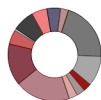
\*Risk statistics are calculated since inception of the strategy

### ASSET ALLOCATION



- Domestic Equities - 18.2%
- Domestic Bonds - 22.5%
- Domestic Property - 3.1%
- Domestic Cash Plus - 5.4%
- Domestic Money Market - 19.7%
- Absolute Return - 10.0%
- Int Equities - 15.9%
- Int Fixed Interest - 3.9%
- Cash - 0.4%
- Africa - 0.9%

### MANAGER HOLDINGS



- 36ONE - 2.9%
- Bateleur - 2.9%
- Cadiz - 3.0%
- Coronation - 19.3%
- Investec - 14.5%
- Prudential - 5.0%
- Steyn Capital - 0.7%
- Sygnia - 7.5%
- Tantalum - 5.4%
- Taquanta - 4.8%
- Visio - 2.7%
- International - 20.7%
- Cash - 10.5%

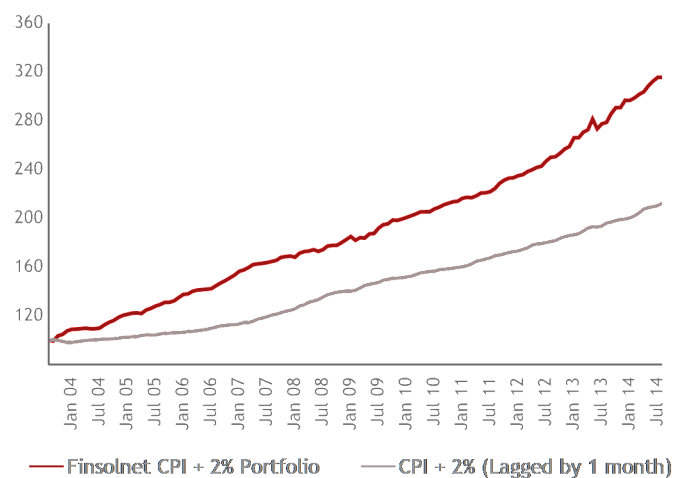
### TOP 10 EQUITY HOLDINGS

	VALUE
Naspers	1.5%
Sasol	1.2%
MTN Group	1.1%
British American Tobacco	0.9%
Growthpoint Properties	0.9%
Anglo American Plc	0.7%
Steinhoff	0.6%
Firststrand Limited	0.6%
Compagnie Richemont	0.6%
Redefine Properties	0.5%

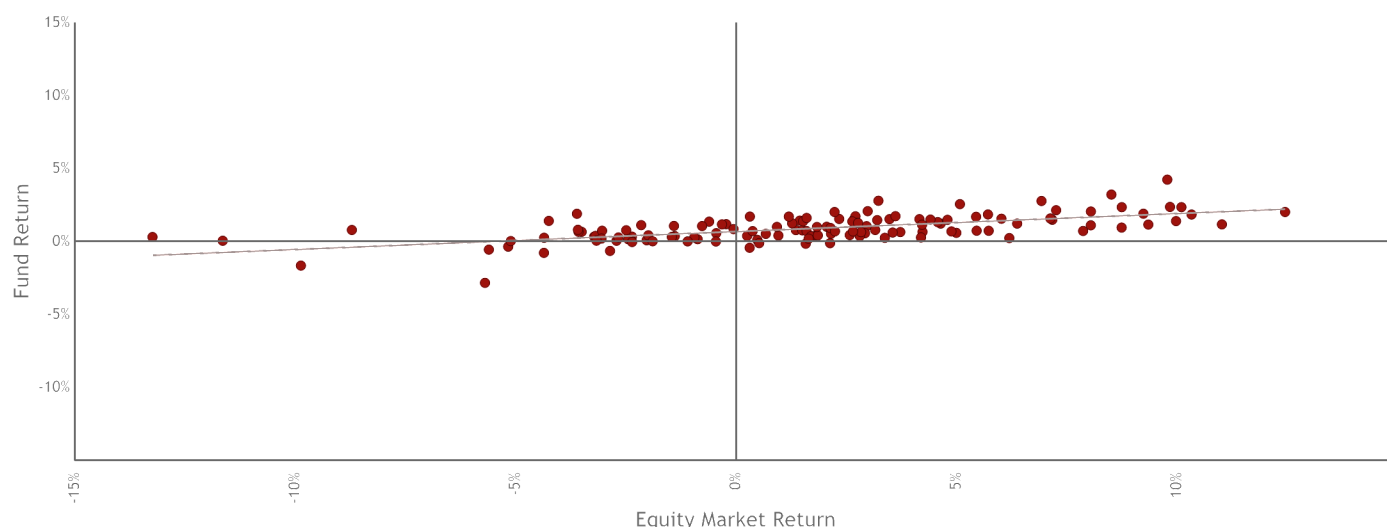
### PERFORMANCE ANALYSIS

YEAR	STRATEGY	BENCHMARK	DIFFERENCE
1 month	0.0%	1.0%	-1.0%
3 month	2.3%	1.8%	0.5%
6 month	5.6%	5.2%	0.5%
Year to date	6.3%	6.5%	-0.2%
1 year	13.2%	8.3%	4.9%
2 year	12.3%	8.3%	4.0%
3 year	12.0%	7.9%	4.2%
5 year	10.1%	7.3%	2.8%
10 year	10.9%	7.7%	3.1%
Since Inception	11.0%	7.1%	3.9%
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%
2013	14.7%	7.3%	7.3%

### CUMULATIVE PERFORMANCE



## FUND SENSITIVITY TO 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

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
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%	1.7%	0.0%	2.1%	14.7%
2014	0.0%	0.7%	1.0%	0.7%	1.6%	1.3%	1.0%	0.0%					6.3%

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