

# Finsolnet

## Finsolnet CPI + 4% Portfolio

July 14

### 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: 0.84% 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	6.8%	16.0%
Downside Deviation	5.0%	9.9%
% Positive Months	71.8%	66.4%
% Negative Months	28.2%	33.6%
Best Month	6.6%	12.5%
Worst Month	-6.3%	-13.2%
Avg Negative Return	-1.1%	-3.3%
Maximum Drawdown	-14.2%	-40.4%

\*Risk statistics are calculated since inception of the strategy

### ASSET ALLOCATION



Domestic Equities - 35.7%	Domestic Bonds - 14.3%
Domestic Property - 3.0%	Domestic Cash Plus - 5.4%
Domestic Money Market - 8.8%	Absolute Return - 9.9%
Int Equities - 19.2%	Int Fixed Interest - 2.9%
Africa - 0.9%	

### MANAGER HOLDINGS



Coronation - 19.8%	Investec - 7.4%	Sygnia - 12.2%
36ONE - 5.6%	Bateleur - 5.7%	Steyn Capital - 0.7%
Taquanta - 1.4%	Tantalum - 3.4%	Stanlib - 1.9%
Cadiz - 2.4%	Prudential - 5.0%	Visio - 5.4%
Cash - 6.0%	International - 23.0%	

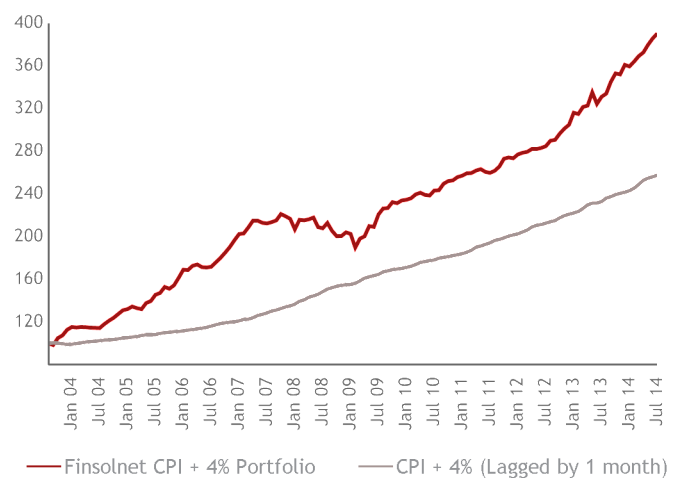
### TOP 10 EQUITY HOLDINGS

	VALUE
Naspers	2.7%
Sasol	2.4%
MTN Group	2.1%
British American Tobacco	1.8%
Anglo American Plc	1.5%
Firststrand Limited	1.2%
Steinhoff	1.2%
Compagnie Richemont	1.2%
BHP Billiton	1.1%
Standard Bank	1.0%

### PERFORMANCE ANALYSIS

YEAR	STRATEGY	BENCHMARK	DIFFERENCE
1 month	1.2%	0.6%	0.6%
3 month	4.8%	1.9%	2.9%
6 month	8.6%	6.0%	2.6%
Year to date	8.1%	6.6%	1.5%
1 year	17.9%	10.6%	7.3%
2 year	17.1%	10.1%	7.0%
3 year	14.5%	9.9%	4.7%
5 year	12.1%	9.4%	2.7%
10 year	13.1%	9.7%	3.4%
Since Inception	13.3%	9.1%	4.2%
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%
2013	18.4%	9.3%	9.1%

### CUMULATIVE PERFORMANCE



## FUND SENSITIVITY TO EQUITY MARKET



## COMMENTARY

The second half of 2014 started on an up, propelled by stronger US and Chinese economic data and the widespread belief that central banks will keep interest rates low for longer. The headline numbers for the US were a 4.0% annualised GDP growth rate in the second quarter and unemployment falling to 6.1%. The US Federal Reserve announced that it plans to stop its quantitative easing programme in October, while keeping interest rates low for a considerable time.

The eurozone looked less rosy, with inflation unchanged from May at 0.5% year-on-year. After launching a number of quantitative easing measures in June, the ECB left interest rates unchanged. European banking problems also reared their heads again after the parent company of one of Portugal's biggest banks failed to make payments on some short-term debt. The uncertainty translated into a spike in yields on Portugal's 10-year debt, with contagion spreading to Greek, Spanish and Italian debt markets. The geopolitical risks which dominated the headlines had relatively little impact on the markets. Violence in Ukraine, Iraq and Syria, and conflict between Israel and Palestine's Hamas militants did little to dent sentiment.

The accidental shooting-down of a Malaysian aircraft over the Ukraine however led to the US and the EU imposing wide-ranging sanctions on Russia. The IMF cut its global growth forecast for 2014 to 3.4% to take into account first quarter weakness in the US and China, warning that the dual crises in the Middle East and Ukraine could dent growth further.

In South Africa the season of strikes is far from over. Just as the platinum sector strike ended, Numsa embarked on a strike in the steel and engineering sector. The unemployment rate increased to 25.5% in the second quarter. Consumer inflation rose slightly less than expected to 6.6% year-on-year in June. The Reserve Bank increased rates by 0.25% to 5.75%, citing rising inflation concerns from precedent-setting double-digit wage settlements in the mining sector. The Bank also cut its growth forecast for 2014 to 1.7%. The inflation outlook has deteriorated with inflation now forecast to average 6.3% this year. The MPC indicated that future interest rate moves would be "gradual and highly data dependent".

The FTSE/JSE All Share Index rose by 0.9%, with the Resources sector rebounding by 5.1%. The Industrial sector fell by 1.3%, while Financials rose by 0.6%. The BEASSA All Bond Index delivered a 1.0% return, while the rand depreciated by 0.6% against the US dollar.

## HISTORICAL PERFORMANCE

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
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%	2.3%	-0.3%	2.5%	18.4%
2014	-0.4%	1.3%	1.4%	0.9%	1.9%	1.6%	1.2%						8.1%

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