

# Finsolnet

## Finsolnet CPI + 4% Portfolio

June 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: 0.94% 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	6.9%	16.1%
Downside Deviation	5.0%	9.9%
% Positive Months	71.5%	66.2%
% Negative Months	28.5%	33.8%
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%

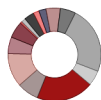
\*Risk statistics are calculated since inception of the strategy

### ASSET ALLOCATION



- Domestic Equities - 35.3%
- Domestic Bonds - 14.6%
- Domestic Property - 3.0%
- Domestic Cash Plus - 5.5%
- Domestic Money Market - 8.2%
- Absolute Return - 10.0%
- Int Equities - 19.6%
- Int Fixed Interest - 3.0%
- Africa - 0.9%

### MANAGER HOLDINGS



- Coronation - 20.0%
- Investec - 7.5%
- Sygnia - 11.8%
- 36ONE - 5.8%
- Bateleur - 5.7%
- Steyn Capital - 0.7%
- Taquanta - 1.5%
- Tantalum - 3.5%
- Stanlib - 2.0%
- Cadiz - 2.5%
- Prudential - 5.0%
- Visio - 5.4%
- International - 23.5%
- Cash - 5.3%

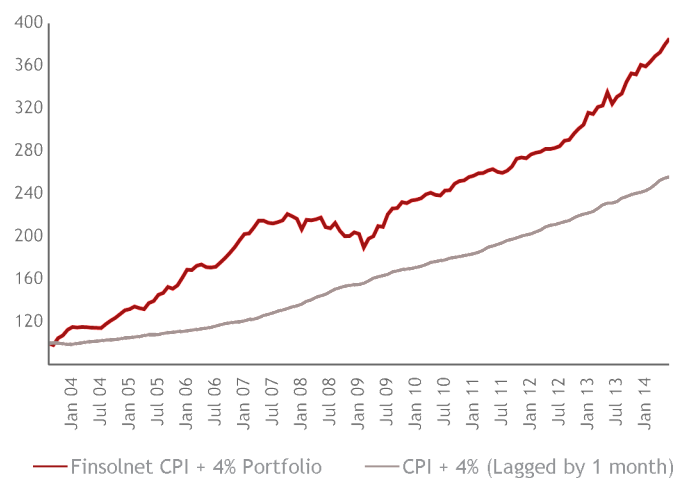
### TOP 10 EQUITY HOLDINGS

	VALUE
Naspers	2.5%
Sasol	2.4%
MTN Group	2.0%
British American Tobacco	1.8%
Anglo American Plc	1.4%
Compagnie Richemont	1.2%
Firststrand Limited	1.2%
SAB Miller	1.1%
Standard Bank	1.0%
BHP Billiton	1.0%

### PERFORMANCE ANALYSIS

YEAR	STRATEGY	BENCHMARK	DIFFERENCE
1 month	1.6%	0.5%	1.1%
3 month	4.5%	2.9%	1.6%
6 month	6.9%	6.0%	0.9%
Year to date	6.9%	6.0%	0.9%
1 year	18.9%	10.6%	8.3%
2 year	16.7%	10.1%	6.6%
3 year	14.0%	9.9%	4.0%
5 year	13.0%	9.4%	3.6%
10 year	12.9%	9.6%	3.3%
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 first half of June was dominated by the ECB's injection of monetary stimulus measures in order to spur inflation in the eurozone, which boosted market sentiment. The second half brought more volatility on the uncertainty around the timing of the US Federal Reserve's interest rate increases and increasing conflict in Iraq and the Ukraine.

The ECB cut interest rates to a record low of 0.15%, and introduced a negative interest rate of -0.1% on banks "parking" money at the ECB to encourage lending rather than hoarding. Markets soared, with the FTSE/JSE All Share Index rising above the 51 000 level, a new record. Mid-month the US Fed had to abate concerns of earlier than expected interest rate increases as US consumer inflation came in at 2.1% year-on-year in May, its highest level in two years. The US Fed reduced its monthly purchases on bonds by a further US\$10 billion to US\$35 billion.

By month end geopolitical risks caused increased volatility. Apart from the conflict in Iraq, Russia cut off gas supplies to the Ukraine in a dispute over payment. Tensions escalated further after the Ukraine signed a trade agreement with the EU.

The eurozone continued to battle falling inflation and signs of a slow down, while in the US the effects of the first quarter cold weather spell came through in the second quarter data, including a downward revision of its first quarter GDP figure to a 2.9% contraction. However China reported stronger figures, supporting the government's contention that the economy might avoid a hard landing.

In South Africa, AMCU finally agreed to end the five-month platinum strike, but NUMSA threatened to cripple the auto industry once again by striking over wages. On the economic front all indicators point to a slowdown, increasing the likelihood of a negative growth rate in the second quarter and an official recession. Most significantly the S&P downgraded South Africa's credit rating to BBB with a stable outlook, just one level above junk, while Fitch changed its rating outlook to negative. The World Bank has lowered South Africa's projected economic growth rate for 2014 to 2.0%, and its global growth forecast to 2.8%. The FTSE/JSE All Share Index rose by 2.8%, with the Resource sector rising by 3.5%, the Industrial sector by 2.8% and the Financial sector by 2.7%. The BEASSA All Bond Index delivered 1.0%, while the rand weakened against the US dollar by 0.6%.

## 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%							6.9%

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