

Finsolnet

Finsolnet CPI + 4% Portfolio

March 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: 0.96% as at 31 December 2013

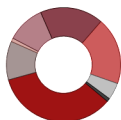
*TER is for Class B fund only. The TER of the Class A fund includes an additional advisor fee of 0.65% plus VAT.

RISK STATISTICS

	FUND	ALSI
Standard Deviation	6.9%	16.2%
Downside Deviation	5.0%	9.9%
% Positive Months	70.9%	65.4%
% Negative Months	29.1%	34.6%
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%

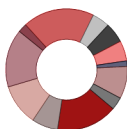
*Risk statistics are calculated since inception of the strategy

ASSET ALLOCATION



Domestic Equities - 34.6%	Domestic Bonds - 11.0%
Domestic Property - 1.0%	Domestic Cash Plus - 10.8%
Domestic Money Market - 17.9%	Int Equities - 19.0%
Int Fixed Interest - 4.8%	Africa - 0.9%

MANAGER HOLDINGS



Coronation - 16.3%	Allan Gray - 7.0%	Investec - 11.1%
Sygnia - 15.4%	Absa AM - 2.4%	OMIGSA - 19.0%
Taquanta - 4.7%	Tantalum - 5.4%	Stanlib - 5.4%
PIMCO - 1.5%	Cash - 8.6%	Int Cash - 3.3%

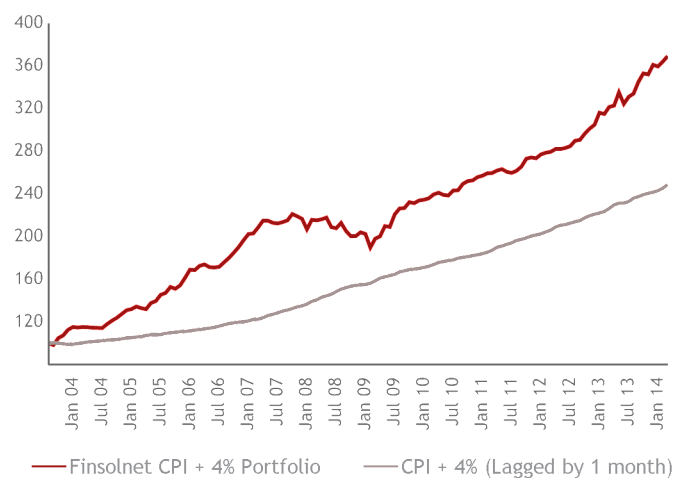
TOP 10 EQUITY HOLDINGS

	VALUE
Sasol	2.4%
Naspers	1.9%
SAB Miller	1.8%
British American Tobacco	1.8%
Anglo American Plc	1.8%
MTN Group	1.8%
Standard Bank	1.6%
BHP Billiton	1.1%
Old Mutual Plc	1.0%
Compagnie Richemont	0.8%

PERFORMANCE ANALYSIS

YEAR	STRATEGY	BENCHMARK	DIFFERENCE
1 month	1.4%	1.4%	0.0%
3 month	2.3%	3.0%	-0.8%
6 month	7.0%	4.8%	2.2%
Year to date	2.3%	3.0%	-0.8%
1 year	14.8%	9.9%	4.9%
2 year	14.9%	9.9%	5.0%
3 year	12.5%	10.0%	2.5%
5 year	13.3%	9.4%	3.8%
10 year	12.3%	9.5%	2.8%
Since Inception	13.1%	9.0%	4.1%
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 quarter of 2014 ended on a flat note after a month of volatility brought about by concerns about Chinese growth, a shortened timeline for US interest rate increases and Russia’s aggressive annexation of Crimea. Concerns about the impact of the recent bout of cold weather on the US economy also lingered. On the political front, in the worst confrontation since the end of the Cold War, Russia annexed Crimea. Geopolitical risk played havoc with market sentiment.

Market sentiment took another beating after the US Fed decided to trim bond purchases by a further US\$10 billion to US\$55 billion a month. The US Fed also signalled that the first interest rate hike could come as soon as six months after the end of quantitative easing. Concerns about a shortened timeline were further exacerbated by positive US economic data through the month. However, markets gained ground on the last day of the month after the US Fed’s chair, Janet Yellen, defended the extraordinary measures taken to support the US economy, a move taken as an indication that interest rates will stay low for longer despite previous announcements, and after China indicated that it was ready to support the cooling economy.

Eurozone inflation fell to 0.5% year-on-year in March, its lowest since November 2009, adding to speculation that the ECB will cut interest rates in April. In addition, geopolitical tensions appeared to ease as Russia began pulling back some troops from Ukraine’s eastern border. Gold price fell below US\$1 300/oz level as an improving US economic outlook bolstered appetite for risk.

South Africa had a turbulent month with Eskom imposing rolling blackouts for the first time since 2008, the continuation of strikes in the platinum sector, the release of the perception-damaging Nkandla report and a record rainfall in Gauteng which is likely to cause further damage to the economy.

The consumer inflation figure came in at a higher than expected 5.9% year-on-year. The Reserve Bank kept the repo rate on hold at 5.5%, but it indicated that interest rates will be increased in the future. This helped the rand to strengthen to R10.55 to the US dollar. The GDP growth forecast has been cut to 2.6% for 2014. The FTSE/JSE All Share Index rose by 1.8%, with the Financial sector rebounding by 6.4%, Industrials by 1.1% and Resources flat at 0.1%. The BESA All Bond Index rose by 1.8%, while the rand strengthened by 2.1% relative to 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%										2.3%

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