Finsolnet

Finsolnet CPI + 2% Portfolio

May 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: 0.76% as at 31 March 2014

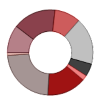
*TER is for Class B fund only. The TER of the Class A fund includes an additional advisor fee of 0.65% plus VAT.

RISK STATISTICS

	FUND	ALSI
Standard Deviation	3.1%	16.1%
Downside Deviation	2.9%	9.9%
% Positive Months	91.5%	65.9%
% Negative Months	8.5%	34.1%
Best Month	4.2%	12.5%
Worst Month	-2.8%	-13.2%
Avg Negative Return	-0.7%	-3.3%
Maximum Drawdown	-2.8%	-40.4%

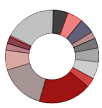
**Risk statistics are calculated since inception of the strategy*

ASSET ALLOCATION



- Domestic Equities - 14.8%
- Domestic Bonds - 22.9%
- Domestic Property - 1.0%
- Domestic Cash Plus - 10.6%
- Domestic Money Market - 16.2%
- Absolute Return - 9.8%
- Int Equities - 17.9%
- Int Fixed Interest - 4.7%
- Africa - 2.0%

MANAGER HOLDINGS



- Coronation - 18.3%
- Investec - 15.9%
- Sygnia - 6.9%
- 36ONE - 2.3%
- Bateleur - 2.3%
- Steyn Capital - 0.6%
- OMIGSA - 17.9%
- Taquanta - 5.2%
- Tantalum - 5.3%
- Stanlib - 5.3%
- PIMCO - 2.4%
- Cadiz - 3.4%
- Prudential - 4.9%
- Cash - 5.9%
- Int Cash - 3.3%

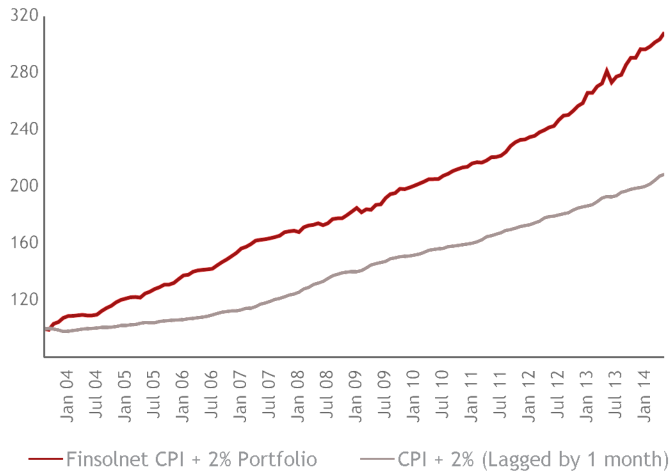
TOP 10 EQUITY HOLDINGS

	VALUE
Sasol	1.0%
Naspers	1.0%
MTN Group	0.9%
British American Tobacco	0.8%
Anglo American Plc	0.7%
SAB Miller	0.5%
Firstrand Limited	0.5%
BHP Billiton	0.5%
Compagnie Richemont	0.5%
Standard Bank	0.4%

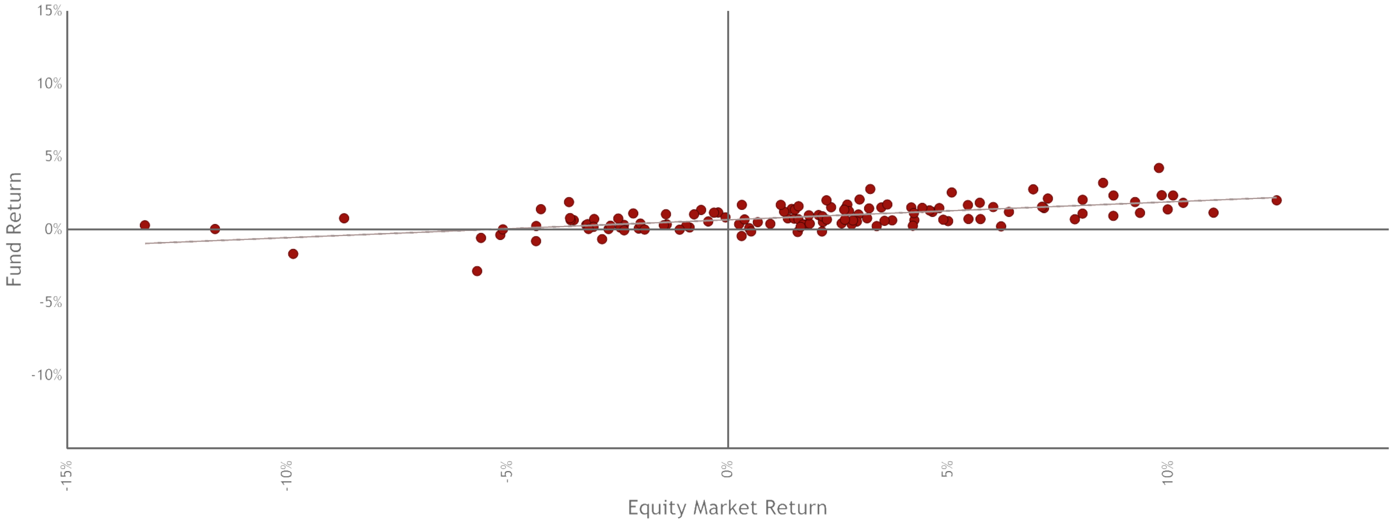
PERFORMANCE ANALYSIS

YEAR	STRATEGY	BENCHMARK	DIFFERENCE
1 month	1.6%	0.6%	1.0%
3 month	3.3%	3.4%	-0.1%
6 month	6.1%	5.0%	1.2%
Year to date	4.0%	4.7%	-0.7%
1 year	9.7%	8.1%	1.5%
2 year	13.0%	8.0%	5.0%
3 year	11.8%	8.0%	3.8%
5 year	10.5%	7.4%	3.1%
10 year	10.9%	7.6%	3.3%
Since Inception	11.0%	7.1%	4.0%
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

The markets started the month muted as concerns increased amid softer Chinese manufacturing data and growing tensions in the Ukraine. However, focus shifted to the EU after the ECB indicated that it might ease monetary policy at the next policy meeting. The most likely scenario is an interest rate cut from 0.25% to 0.1%, supplemented by a potential cut of the deposit rate to below zero, a move designed to spur more lending.

The expectations of further liquidity triggered a flow of money into emerging markets and overshadowed the US Federal Reserve's taper of its own monthly bond-buying programme by another US$10 billion to US$45 billion a month.

The easing of monetary policy in the eurozone took on more urgency after the first quarter growth figures disappointed, with the eurozone economy expanding by a mere 0.2% quarter-on-quarter. A preliminary inflation reading of 0.7% in April came in well below expectations. The excitement about increased liquidity meant that weak economic data releases from the US and China were largely ignored.

The South African economy shrank by 0.6% over the first three months of 2014 on a massive decline in output from the platinum sector. On a year-on-year basis, the economy grew by 1.6% in the first quarter.

Consumer inflation increased by 6.1% year-on-year in April. The Reserve Bank kept the repo rate unchanged, but downgraded its growth forecasts for 2014 from 2.7% to 2.1%. Other economic data was equally troubling, with the Kagiso manufacturing PMI contracting to 49.4 in April and the unemployment rate rose to 25.5% in the first quarter. South Africa recorded a R13.0 billion trade deficit in April after a R11.4 billion deficit in March. Strikes in the platinum belt continued. The costliest strike in South Africa's history is estimated to have deducted 0.8% from GDP in 2014.

However net foreign buying meant that the FTSE/JSE All Share Index rose above the 50 000 level a number of times, but failed to hold onto the gains by month end. Foreign buying kept the rand surprisingly strong relative to the US dollar. The FTSE/JSE All Share Index rose by 1.6%, the BESA All Bond Index by 1.2% and the rand weakened by 0.6%. The Industrials sector was a large driver of returns at 5.1%, while the Resources lost 4.3% and Financials gained 1.9%.

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%								4.0%