

# FINSOLNET

## LIBOR (USD 3-Months) Plus 4 Targeted Return Strategy

November/2014

### STRATEGY OBJECTIVE

The objective of this strategy is to target an annual return of LIBOR (USD 3 months) plus 4% over a rolling 60-month period and not to lose capital over a rolling 24-month period in USD terms.

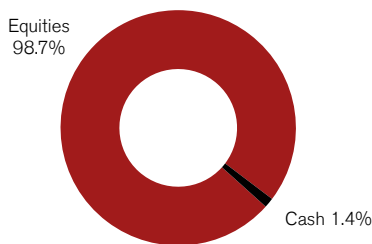
### LAUNCH DATE

31 May 2005

### TOTAL EXPENSE RATIO

2.11%

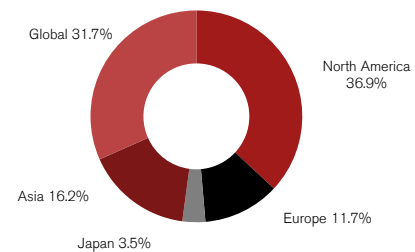
### ASSET ALLOCATION



### TOP 5 EQUITY HOLDINGS

Orbis Global Equity Fund  
 Netease.com  
 Samsung Electronics  
 Motorola Solutions  
 eBay  
 Microsoft  
 Coronation Global Opportunities Equity Fund  
 Egerton Capital European Fund  
 Vulcan Value Partners Fund  
 Coronation Global Emerging Markets Fund  
 Magellan Global Fund  
 Sands Capital Growth Fund

### GEOGRAPHIC EXPOSURE



### PERFORMANCE ANALYSIS

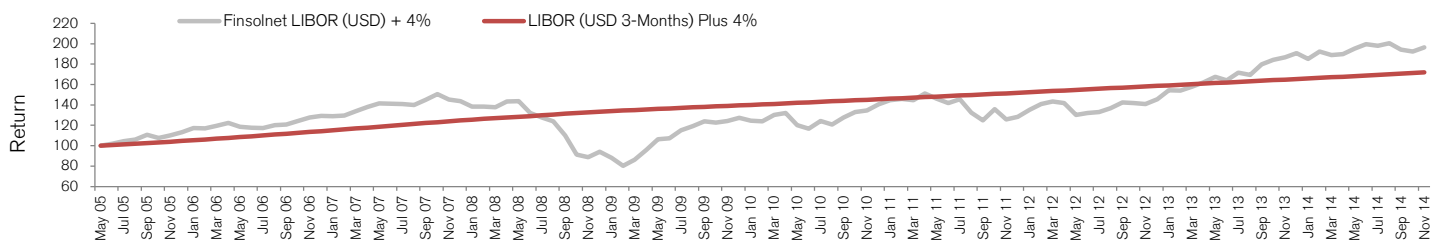
| YEAR | FUND (USD) | LIBOR + 4% (USD) | DIFF   |
|------|------------|------------------|--------|
| 2006 | 14.0%      | 9.2%             | 4.8%   |
| 2007 | 11.2%      | 9.3%             | 2.0%   |
| 2008 | -34.6%     | 6.8%             | -41.4% |
| 2009 | 35.5%      | 4.7%             | 30.8%  |
| 2010 | 10.3%      | 4.3%             | 6.0%   |
| 2011 | -8.7%      | 4.3%             | -13.0% |
| 2012 | 13.4%      | 4.4%             | 9.0%   |
| 2013 | 31.2%      | 4.3%             | 26.9%  |

### RISK ANALYSIS

|                        | FUND (USD) | MSCI (USD) |
|------------------------|------------|------------|
| % Positive Months      | 59.6%      | 61.4%      |
| % Negative Months      | 40.4%      | 38.6%      |
| Best Month             | 11.5%      | 11.2%      |
| Worst Month            | -17.0%     | -19.0%     |
| Average Negative Month | -3.2%      | -3.8%      |
| Max Drawdown           | -46.7%     | -54.0%     |
| Standard Deviation     | 15.0%      | 16.3%      |
| Downside Deviation     | 12.4%      | 13.7%      |

\* Risk statistics are calculated since inception of the fund

### CUMULATIVE PERFORMANCE GRAPH

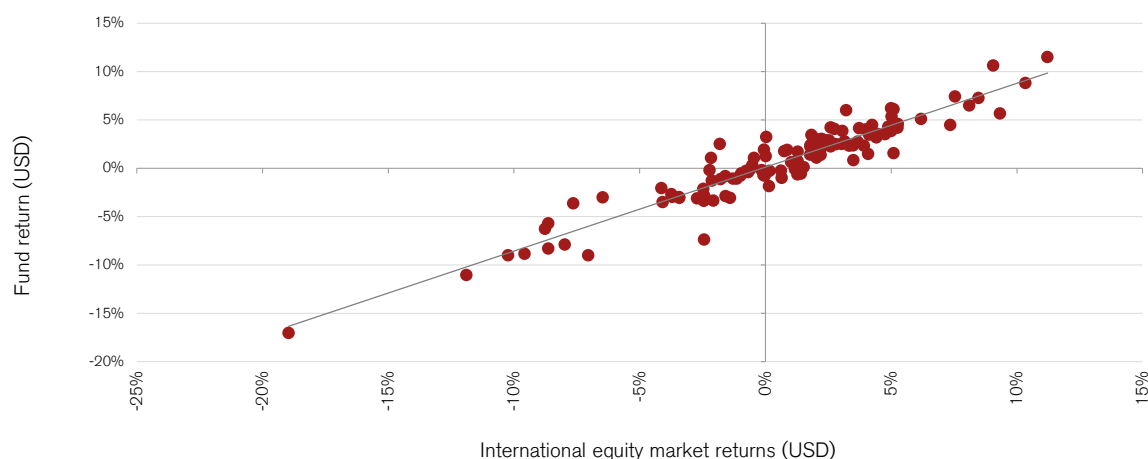


| Portfolio                                   | Allocation | 1 Month     | 3 Months     | 1 Year      | 3 Years      | 5 Years     | Since Inception |
|---|------------|-------------|--------------|-------------|--------------|-------------|-----------------|
| Orbis Global Equity Fund (USD)              | 50.0%      | 0.4%        | -4.8%        | 2.8%        | 17.9%        | 10.6%       |                 |
| Coronation Global Opportunities Equity Fund | 50.0%      | 3.1%        | 0.9%         | 7.8%        | 17.7%        | 10.6%       |                 |
| <b>Finsolnet LIBOR (USD) + 4%</b>           |            | <b>2.1%</b> | <b>-2.1%</b> | <b>5.3%</b> | <b>16.0%</b> | <b>9.6%</b> | <b>7.4%</b>     |
| LIBOR + 4% USD                              |            | 0.4%        | 1.1%         | 4.2%        | 4.3%         | 4.3%        | 5.9%            |
| LIBOR USD                                   |            | 0.0%        | 0.1%         | 0.2%        | 0.3%         | 0.3%        | 1.9%            |

Unit trusts are medium to long-term investments. The value of units may go down as well as up and past performance is not necessarily a guide to the future. Unit trust prices are calculated on a net asset value basis, which is the total value of all assets in the portfolio including any income accrual and less any permissible deductions from the portfolio. Unit trusts are traded at ruling prices and can engage in borrowing and scrip lending. A schedule of fees and charges and maximum commission is available from the management company / scheme. Different classes of units apply to this fund and are subject to different fees and charges. Commission and incentives may be paid and if so, would be included in the overall costs. It should also be noted that as a result of the nature of wrap fund portfolios, an investor's underlying portfolio holdings and/or portfolio performance may differ slightly from the information reflected above. Therefore, performance figures presented on the fact sheet are approximate figures and may differ from actual performances of client accounts.

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## FUND SENSITIVITY TO EQUITY MARKET



This scatter plot indicates the sensitivity of the fund returns to those of the equity market. This analysis shows that the fund exhibits little sensitivity to the direction of the equity market.

## COMMENTARY

The month started with the JSE soaring above the 50 000 level again on the back of a surprise stimulus injection from the Bank of Japan. The rest of the month was fairly volatile on renewed political risk in the Ukraine, economic slowdown in the eurozone and the uncertainty created by falling oil prices. OPEC's decision not to cut production sent oil prices tumbling further, with the JSE eventually closing below the 50 000 level on the last trading day of the month.

The eurozone continued in an economic slump with inflation rising marginally to 0.4% year-on-year in October with the unemployment rate at 11.5%. The EU downgraded its own growth forecast for the eurozone for 2014 to 0.8%.

In the US, Republicans gained control of the Senate in a mid-term election that served as a public referendum on President Obama's job performance. Whilst the US economy continued to recover, the Chinese economy lost further momentum, forcing the People's Bank of China to cut interest rates.

Japan, the world third-largest economy, slipped into a recession with third-quarter GDP contracting by an annualised 1.6%, after shrinking by 7.3% in the second quarter, prompting Prime Minister Shinzo Abe to call an early election in a bid to extend his term in office and to defer the introduction of a second VAT increase.

The Brent crude oil price fell to US\$72 a barrel, a four-year low, as a mounting oil glut created by the US shale boom continued to outweigh concerns about supplies from Libya, Iran and Syria, while the slowdown in China cast doubt on future demand and OPEC decided not to reduce output.

Moody's cut South Africa's credit rating by one notch, citing poor growth prospects and rising debt. This leaves the rating just two notches above junk status. Domestic economic data was mixed, with consumer spending under pressure. Growth remains elusive, with the seasonally adjusted annualised third-quarter GDP increasing by 1.4% quarter-on-quarter, up from a revised 0.5% rise in the second quarter. The consumer price index rose by 5.9% year-on-year in October, unchanged from September. The FTSE/JSE All Share Index rose by 0.5% in November, with Financials returning 3.0% and Industrials 1.9%. The Resources sector dropped by 6.3% on the back of lower gold and oil prices. The risk-on attitude towards emerging markets helped the BEASSA All Bond Index to deliver a 2.4% return, while the rand weakened by a marginal 0.2% against the US dollar.

## HISTORICAL PERFORMANCE (USD)

|      | Jan   | Feb   | Mar   | Apr   | May   | Jun   | Jul    | Aug   | Sep   | Oct   | Nov   | Dec  | Year         |
|------|-------|-------|-------|-------|-------|-------|--------|-------|-------|-------|-------|------|--------------|
| 2010 | -2.1% | -0.6% | 5.1%  | 1.2%  | -8.8% | -3.0% | 6.5%   | -2.7% | 5.7%  | 4.1%  | 1.1%  | 4.5% | <b>10.3%</b> |
| 2011 | 3.0%  | 0.8%  | -0.8% | 4.5%  | -3.3% | -2.9% | 2.5%   | -9.0% | -5.7% | 8.8%  | -7.4% | 1.9% | <b>-8.7%</b> |
| 2012 | 5.3%  | 4.3%  | 1.7%  | -1.1% | -8.3% | 1.6%  | 0.7%   | 2.9%  | 4.1%  | -0.4% | -0.6% | 3.3% | <b>13.4%</b> |
| 2013 | 6.1%  | -0.3% | 2.6%  | 2.8%  | 3.2%  | -2.1% | 4.6%   | -1.3% | 6.2%  | 2.3%  | 1.4%  | 2.3% | <b>31.2%</b> |
| 2014 | -3.0% | 3.8%  | -1.9% | 0.6%  | 2.8%  | 2.2%  | -0.83% | 1.4%  | -3.1% | -1.0% | 2.1%  |      | <b>3.0%</b>  |

## HISTORICAL PERFORMANCE (RANDS)

|      | Jan   | Feb   | Mar   | Apr   | May   | Jun   | Jul   | Aug   | Sep   | Oct   | Nov   | Dec   | Year         |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------------|
| 2010 | 0.8%  | 0.4%  | -0.4% | 2.5%  | -5.4% | -2.9% | 1.2%  | -1.6% | -0.3% | 4.5%  | 2.6%  | -2.5% | <b>-1.3%</b> |
| 2011 | 11.7% | -2.2% | -3.8% | 1.4%  | 0.3%  | -3.5% | 1.4%  | -4.8% | 9.1%  | 6.9%  | -5.4% | 1.3%  | <b>11.3%</b> |
| 2012 | 1.7%  | 0.0%  | 4.3%  | 0.3%  | 0.4%  | -2.8% | 2.2%  | 4.4%  | 3.0%  | 4.0%  | 2.0%  | -2.5% | <b>18.0%</b> |
| 2013 | 13.2% | 0.5%  | 5.0%  | -0.1% | 15.9% | -4.1% | 4.4%  | 2.9%  | 3.7%  | 2.7%  | 2.3%  | 4.3%  | <b>61.7%</b> |
| 2014 | 4.2%  | 0.5%  | -3.9% | 0.4%  | 3.3%  | 2.8%  | -0.2% | 1.0%  | 2.5%  | -3.3% | 2.3%  |       | <b>9.8%</b>  |