

# Finsolnet

## Finsolnet CPI + 2% Portfolio

November 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: 0.72% as at 30 September 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%	15.8%
Downside Deviation	2.9%	9.8%
% Positive Months	91.1%	65.9%
% Negative Months	8.9%	34.1%
Best Month	4.2%	12.5%
Worst Month	-2.8%	-13.2%
Avg Negative Return	-0.6%	-3.2%
Maximum Drawdown	-2.8%	-40.4%

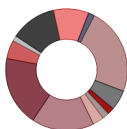
\*Risk statistics are calculated since inception of the strategy

### ASSET ALLOCATION



Domestic Equities - 11.6%	Domestic Bonds - 22.7%
Domestic Property - 7.3%	Domestic Money Market - 24.1%
Absolute Return - 9.9%	Commodities - 0.9%
Int Equities - 19.3%	Int Fixed Interest - 3.4%
Africa - 0.9%	

### MANAGER HOLDINGS



36ONE - 1.8%	Bateleur - 1.8%	Cadiz - 3.0%
Coronation - 16.6%	Investec - 18.6%	Prudential - 5.0%
Steyn Capital - 1.4%	Sygnia - 12.2%	Taquanta - 9.4%
Visio - 1.6%	International - 23.2%	Cash - 5.3%

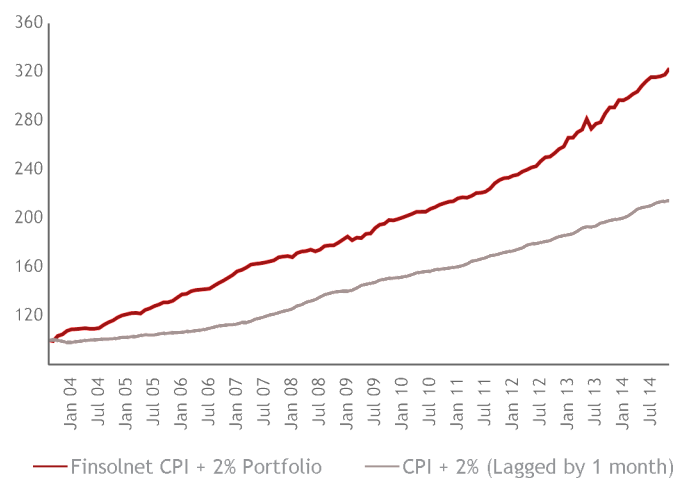
### TOP 10 EQUITY HOLDINGS

	VALUE
Growthpoint Properties	1.8%
Redefine Properties	1.1%
Naspers	1.0%
Hyprop Investments Limited	0.8%
Sasol	0.7%
Resilient Property Income Fund	0.7%
MTN Group	0.6%
Capital Property Fund Limited	0.6%
British American Tobacco	0.6%
New Europe Property Investments	0.5%

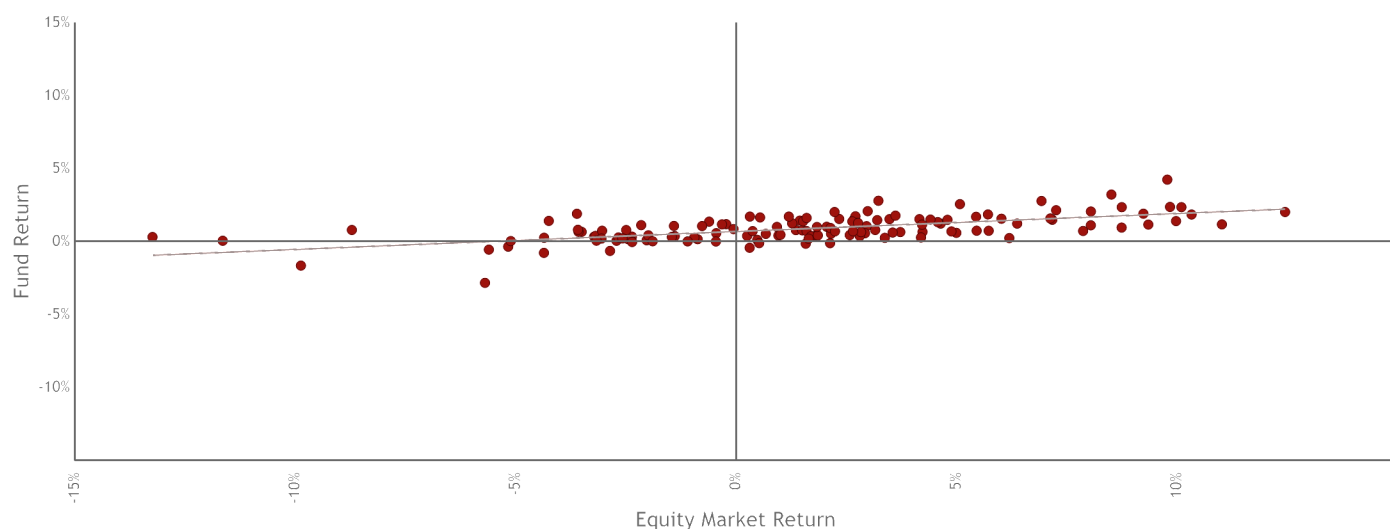
### PERFORMANCE ANALYSIS

YEAR	STRATEGY	BENCHMARK	DIFFERENCE
1 month	1.6%	0.3%	1.3%
3 month	2.3%	1.0%	1.3%
6 month	4.6%	2.8%	1.8%
Year to date	8.8%	7.6%	1.2%
1 year	11.0%	7.9%	3.1%
2 year	12.2%	7.7%	4.4%
3 year	11.5%	7.7%	3.8%
5 year	10.3%	7.3%	3.0%
10 year	10.5%	7.8%	2.8%
Since Inception	11.0%	7.0%	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%	7.4%

### CUMULATIVE PERFORMANCE



## FUND SENSITIVITY TO 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.

This prompted 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

	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%	1.8%	0.0%	2.1%	14.7%
2014	0.0%	0.7%	1.0%	0.7%	1.6%	1.3%	1.0%	0.0%	0.2%	0.4%	1.6%		8.8%

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