

Finsolnet

Finsolnet CPI + 4% Portfolio

October 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: 0.90% 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	6.8%	15.9%
Downside Deviation	5.0%	9.8%
% Positive Months	71.6%	65.7%
% Negative Months	28.4%	34.3%
Best Month	6.6%	12.5%
Worst Month	-6.3%	-13.2%
Avg Negative Return	-1.1%	-3.2%
Maximum Drawdown	-14.2%	-40.4%

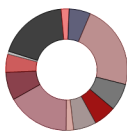
*Risk statistics are calculated since inception of the strategy

ASSET ALLOCATION



Domestic Equities - 36.5%	Domestic Bonds - 12.6%
Domestic Property - 6.0%	Domestic Money Market - 11.5%
Absolute Return - 9.7%	Commodities - 0.9%
Int Equities - 17.7%	Int Fixed Interest - 4.3%
Africa - 0.9%	

MANAGER HOLDINGS



36ONE - 5.9%	Bateleur - 6.1%	Cadiz - 2.0%
Coronation - 16.7%	Investec - 7.4%	Prudential - 4.9%
Steyn Capital - 0.8%	Sygnia - 18.7%	Taquanta - 2.1%
Visio - 5.7%	International - 22.6%	Cash - 7.2%

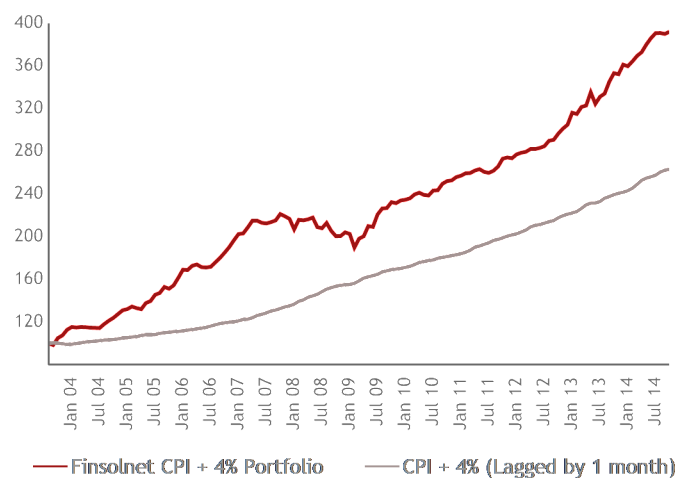
TOP 10 EQUITY HOLDINGS

	VALUE
Naspers	3.1%
Sasol	2.2%
MTN Group	2.0%
British American Tobacco	1.7%
Steinhoff	1.4%
Growthpoint Properties	1.3%
Firststrand Limited	1.2%
Anglo American Plc	1.1%
SAB Miller	1.0%
Compagnie Richemont	1.0%

PERFORMANCE ANALYSIS

YEAR	STRATEGY	BENCHMARK	DIFFERENCE
1 month	0.5%	0.3%	0.2%
3 month	0.4%	2.1%	-1.8%
6 month	5.1%	4.1%	1.1%
Year to date	8.5%	8.9%	-0.4%
1 year	11.0%	9.9%	1.1%
2 year	15.0%	9.9%	5.0%
3 year	12.8%	9.8%	3.0%
5 year	11.0%	9.2%	1.8%
10 year	12.2%	9.8%	2.4%
Since Inception	13.0%	9.0%	4.0%
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	18.5%	9.3%	9.2%

CUMULATIVE PERFORMANCE



FUND SENSITIVITY TO EQUITY MARKET



COMMENTARY

Stock markets fell for most of October, spooked by economic weakness in the eurozone and China, war in the Middle East, the standoff in Ukraine, street protests in Hong Kong and the spread of Ebola. Investors sought the safety of US government bonds at the expense of riskier assets such as emerging markets equities. The situation changed dramatically shortly before month-end on expectations that interest rates in the US will stay lower for longer and that the ECB will unveil further easing measures. Strong third quarter US GDP growth and the Bank of Japan upping stimulus added to the positive momentum. The US Federal Reserve ended its quantitative easing programme as expected.

The third quarter GDP growth numbers showed the US economy expanding above the expected 3.4%, while China's GDP grew by a disappointing 7.3%, putting in doubt the 7.5% growth target set for 2014. The IMF cut its global growth forecasts to 3.3% for 2014 and to 3.8% for 2015.

Commodities tumbled, driven down by the hawkish stance of the US Fed on the US economy and the underlying weakness in demand from China.

The gold price closed below US\$1 200 on the back of a strong US dollar, while Brent crude oil fell to its weakest level since December 2010 at below US\$90 a barrel. It is rumoured that OPEC is resisting pressure to cut oil production to test how low prices must go to make US shale oil unprofitable.

South Africa released a more prudent than expected medium-term budget, with fiscal tightening as the central theme.

On the economic front, the Kagiso manufacturing PMI rose to 50.7 in September but the trade deficit widened to its highest level in seven months, consumer confidence weakened and the leading indicator of economic activity points to subdued growth in the coming months. Consumer inflation came in at 5.9% in September, down from 6.4% in August.

The FTSE/JSE All Share Index ended the month 1.0% up, with the Industrial and Financial sectors delivering 4.0% and 7.0% respectively. The Resources sector on the other hand fell by a massive 9.8%. The BEASSA All Bond Index ended 3.4% up, while the rand strengthened by 2.3% 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%	18.5%
2014	-0.4%	1.3%	1.4%	1.0%	1.9%	1.6%	1.2%	0.0%	-0.2%	0.5%			8.5%

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