

Finsolnet

Finsolnet CPI + 4% Portfolio

September 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	71.4%	65.4%
% Negative Months	28.6%	34.6%
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%

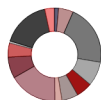
*Risk statistics are calculated since inception of the strategy

ASSET ALLOCATION



Domestic Equities - 35.1%	Domestic Bonds - 14.3%
Domestic Property - 4.0%	Domestic Cash Plus - 3.4%
Domestic Money Market - 11.3%	Absolute Return - 9.8%
Commodities - 1.0%	Int Equities - 18.6%
Int Fixed Interest - 1.5%	Africa - 0.9%

MANAGER HOLDINGS



36ONE - 5.7%	Bateleur - 5.7%	Cadiz - 2.4%
Coronation - 16.9%	Investec - 7.4%	Prudential - 4.9%
Steyn Capital - 0.7%	Sygnia - 16.9%	Tantalum - 3.4%
Taquanta - 1.4%	Visio - 5.2%	International - 21.1%
Cash - 8.5%		

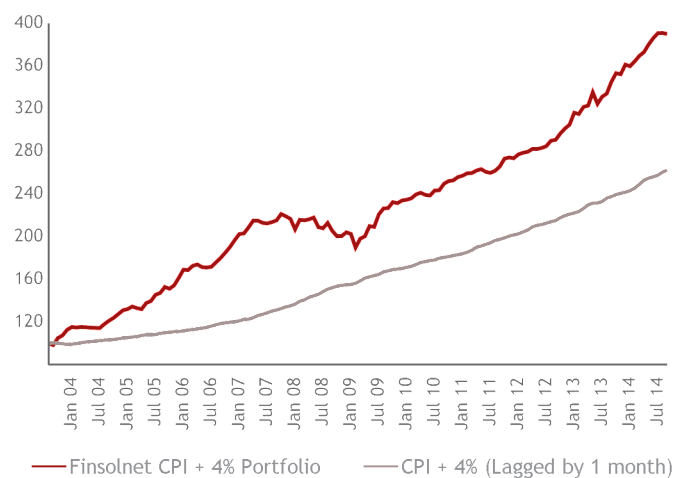
TOP 10 EQUITY HOLDINGS

	VALUE
Naspers	3.0%
Sasol	2.3%
MTN Group	2.0%
British American Tobacco	1.7%
Steinhoff	1.4%
Anglo American Plc	1.1%
Firststrand Limited	1.1%
SAB Miller	1.1%
Growthpoint Properties	1.1%
Compagnie Richemont	1.0%

PERFORMANCE ANALYSIS

YEAR	STRATEGY	BENCHMARK	DIFFERENCE
1 month	-0.2%	0.7%	-0.9%
3 month	1.0%	2.4%	-1.4%
6 month	5.6%	5.4%	0.2%
Year to date	8.0%	8.5%	-0.6%
1 year	13.0%	10.4%	2.6%
2 year	15.8%	10.4%	5.4%
3 year	13.6%	9.9%	3.7%
5 year	11.4%	9.3%	2.1%
10 year	12.4%	9.8%	2.6%
Since Inception	13.1%	9.1%	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

Geopolitical tensions and the outlook for interest rates in the US loomed large through September, with emerging markets bearing the brunt of the uncertainty and speculation. Continuing tensions in the Ukraine, Middle East and Hong Kong, and the emotion-charged independence referendum in Scotland destabilised market confidence.

In the first half of September the risk on/off switch was largely in the hands of the ECB which, under pressure to restore growth in the eurozone, cut its refinancing rate to a new low of 0.05% and its deposit rate to -0.20%. ECB President Mario Draghi pledged to increase the ECB's balance sheet to the €2.7 trillion level. His main liquidity-injection strategy centres on buying asset-based securities and on driving a significant depreciation of the euro.

The second half of the month belonged to the US Federal Reserve and the concerns that interest rates might increase sooner than anticipated. The US dollar rallied against peer group currencies, while commodity prices retreated, despite assurances from the US Fed that they will use broad measures to assess the health of the job market. The strong US dollar weighed on the rand which fell to a low of R11.28/\$ by month end. Emerging markets currencies were further hit by the continuing flow of weak economic data from China and Europe.

Oil also had a poor month with Brent crude falling below US\$100 a barrel for the first time since June 2013 amid a slowdown in exports to China and abundant supplies.

South African markets remained at the mercy of global events throughout September. The first half of the month saw the JSE hit a new high above 52 000 on the ECB's decision to cut interest rates, before retreating sharply on weak commodity prices and outflows from emerging markets. The economic indicators came in slightly better-than-expected after a bruising strike season. The Kagiso manufacturing PMI increased to 49.0, business sentiment improved and retail sales numbers strengthened. Unfortunately, the current account deficit deteriorated to 2.8% of GDP in the second quarter.

Consumer prices increased by 6.4% year-on-year in August. The Reserve Bank kept its interest rate unchanged at 5.75%, but revised its growth forecasts down to 1.5% for 2014 and 2.8% for 2015.

The FTSE/JSE All Share Index shed 2.6%, with the Resources sector falling by 5.9%, Financials by 1.8% and Industrials by 1.3%. The bond market delivered a -1.6% return on foreign outflows, while the rand depreciated by 5.8% against 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%				8.0%

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