

# FIN SOLNET CPI + 6% PORTFOLIO



SEPTEMBER 2015

## INVESTMENT OBJECTIVE

Inception date of Finsolnet Solution: 22 September 2003  
Inception date of Sygnia CPI +6%: 20 December 2012

The objective of this strategy is to target an annual return of CPI plus 6% over a rolling 60-month period and not to lose capital over a rolling 36-month period.

## INVESTMENT VEHICLE

Registered name of the Fund: Sygnia CPI + 6% Portfolio  
Fund Category: South Africa - Multi Asset - High Equity

## MANAGEMENT FEES

Sygnia CPI + 6% Total Expense Ratio: 1.16% as at 30 September 2015

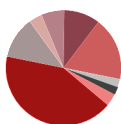
\*TER is for Class B fund only. The TER of the Class A fund includes an additional advice fee of 0.65% plus VAT, payable to the financial advisor.

## RISK STATISTICS

	FUND	ALSI
Standard Deviation	8.5%	15.5%
Downside Deviation	5.7%	9.5%
% Positive Months	71.0%	64.8%
% Negative Months	29.0%	35.2%
Best Month	7.8%	12.5%
Worst Month	-7.2%	-13.2%
Avg Negative Return	-1.5%	-3.1%
Maximum Drawdown	-20.8%	-40.4%

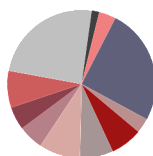
\*Risk statistics are calculated since inception of the strategy

## ASSET ALLOCATION



Domestic Equities - 42.1%	Int Equities - 17.8%
Domestic Bonds - 11.8%	Int Fixed Interest - 2.3%
Domestic Property - 3.7%	Int Property - 2.3%
Domestic Money Market - 6.5%	Africa - 3.4%
Absolute Return - 10.1%	

## MANAGER HOLDINGS



36ONE - 7.0%	Prudential - 5.1%	Visio - 3.7%
Bateleur - 7.3%	Steyn Capital - 8.0%	International - 25.3%
Coronation - 9.0%	Sygnia - 24.3%	Cash - 3.2%
Investec - 5.5%	Taquantia - 1.7%	

## TOP 10 EQUITY HOLDINGS

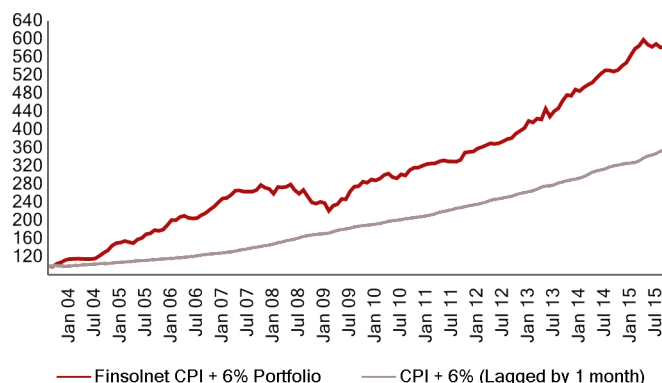
	VALUE
Naspers	4.3%
British American Tobacco	2.1%
Steinhoff	1.9%
MTN Group	1.6%
SAB Miller	1.5%
Old Mutual Plc	1.5%
Sasol	1.4%
Firststrand Limited	1.2%
Standard Bank	1.2%
Growthpoint Properties	1.0%

## PERFORMANCE ANALYSIS

YEAR	STRATEGY	BENCHMARK	DIFFERENCE
1 month	0.2%	0.5%	-0.3%
3 month	0.0%	2.9%	-2.9%
6 month	-0.4%	7.0%	-7.4%
Year to date	6.3%	8.8%	-2.5%
1 year	10.2%	10.6%	-0.4%
2 year	12.0%	11.5%	0.5%
3 year	15.1%	11.8%	3.3%
5 year	13.4%	11.5%	1.8%
10 year	12.5%	12.0%	0.5%
Since Inception	15.7%	11.0%	4.7%
2005	26.4%	7.8%	18.6%
2006	26.3%	10.0%	16.3%
2007	12.2%	14.5%	-2.3%
2008	-10.5%	16.7%	-27.2%
2009	20.4%	11.8%	8.6%
2010	10.3%	9.6%	0.8%
2011	9.9%	12.1%	-2.3%
2012	14.6%	11.6%	3.0%
2013	21.1%	11.3%	9.7%
2014	12.1%	11.8%	0.3%

\*The performance reflected before 20 December 2012 is not indicative of the performance of the Sygnia CPI Fund, but of the Finsolnet Solution.

## CUMULATIVE PERFORMANCE



SYGNIA COLLECTIVE INVESTMENTS Registration No. 2009/003063/07

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PLEASE NOTE: The performance figures above are based on the actual performances achieved by the appointed asset managers over the past five years. Past performance should not be used as an indication of future performance. This investment report is specifically composed for the Finsolnet Solution and the Sygnia CPI Minimum Disclosure Document is available on request.





## COMMENTARY

September brought to an end the worst quarter for global equities in the past six years. The combination of the Greek crisis, the Chinese stock market gyrations, its currency devaluation strategy and continuing economic slowdown, compounded by the uncertainty over the timing of US Federal Reserve's interest rate increases, has created a toxic mixture which has punished commodity prices, stocks and, in particular, emerging markets and their currencies. The Volkswagen emission test scandal and the continuing stream of weak economic data from China contributed to the negative sentiment throughout the month.

The US Federal Reserve described the US economy as continuing to grow modestly, despite unemployment falling to 5.1%, a level regarded as close to "full employment". In the migrant-swamped Europe the ECB cut its 2015 growth and inflation forecasts for the eurozone to 1.4% and 0.1% respectively and kept interest rates unchanged as deflation risk reared its head again.

The equity markets swung up and down on concern about the direction of US interest rates. The flight to safety of US Treasuries translated into a stronger US dollar, with the rand touching the R14.01/US\$ level. Commodity producers were badly hit as wave after wave of poor Chinese data hit the wires.

Concerns about South Africa's credit rating came into the spotlight after S&P downgraded Brazil's debt to a sub-investment grade status. The economy continued on a weak path with slowing manufacturing activity and plummeting business confidence. On a positive note consumer inflation slowed to 4.6% year-on-year in August on the back of lower fuel prices. The Reserve Bank left interest rates unchanged but downgraded economic growth prospects to 1.5% and 1.6% in 2015 and 2016 respectively. We expect the volatility to continue until such time as the US Federal Reserve increases interest rates, allowing speculation to settle. A negative sentiment towards emerging markets will continue until such time as China's economy shows signs of stabilising, punishing the rand and the South African equity market.

The All Share index returned 1.0%, boosted by SABMiller which is subject to a hostile take-over bid by its largest competitor. The SWIX index, with its lower exposure to SABMiller, returned -1.0%. The Resources sector fell by a massive 9.6%. The All Bond Composite fell by 0.1%, while the Listed Property sector returned 0.8%. The Rand weakened by 4.2% against the US dollar.

## HISTORICAL PERFORMANCE

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
2011	1.2%	0.4%	0.1%	1.3%	0.7%	-0.6%	-0.1%	-0.1%	1.3%	4.7%	0.5%	0.2%	9.9%
2012	1.9%	0.9%	1.1%	1.1%	-0.3%	0.5%	1.1%	1.3%	0.6%	2.6%	1.5%	1.5%	14.6%
2013	3.9%	-0.8%	2.0%	-0.4%	5.6%	-3.9%	2.8%	1.5%	3.7%	2.7%	-0.4%	2.9%	21.1%
2014	-0.7%	1.7%	1.2%	1.0%	2.0%	1.8%	1.4%	0.0%	-0.5%	0.6%	1.7%	1.3%	12.1%
2015	2.9%	2.6%	1.1%	2.3%	-1.7%	-0.9%	1.1%	-1.3%	0.2%				6.3%

The Fund may be closed to new investments at any time in order to be managed in accordance with its mandate. Sygnia Collective Investments (RF) Proprietary Limited ("the Company") is a member of the Association for Savings and Investment SA (ASISA). Sygnia Asset Management (Proprietary) Limited, an authorised financial services provider, is the appointed investment manager of the Company. The Company is incorporated and registered under the laws of South Africa and is registered under the Collective Investment Schemes Control Act, 2002 (Act No 45 of 2002). The Company does not provide any guarantee with respect to the capital or return of the portfolio. Nothing in this document will be considered to state or imply that the collective investment scheme or portfolio is suitable for a particular type of investor. All figures used are merely for illustrative purposes only.

#### UNIT PRICES

Unit trust prices are calculated on a net asset value basis, which is the total market value of all assets in the portfolio including any income accruals and less any permissible deductions from the portfolio divided by the number of units in issue. Forward pricing is used and Fund valuations take place at approximately 16:00 each business day. Purchase and redemption requests must be received by the manager by 14:00 each business day to receive that day's price.

Unit trusts are traded at ruling prices and can engage in borrowing and scrip lending to bridge insufficient liquidity. Collective Investment Schemes in Securities (unit trusts) are generally medium- to long-term investments. The value of units may go down as well as up and past performance is not necessarily an indicator of future performance.

#### FEES

The annual management fee comprises applicable basic fees paid to underlying managers, Sygnia's annual service fee and advice fees payable to financial advisors (where applicable). Any balance remaining after payment of these amounts is rebated back to the Fund.

A schedule of fees, charges and maximum commissions is available on request from the Company. Commission and incentives may be paid and if so, would be included in the overall costs. Permissible deductions may include management fees, brokerage, STT, auditor's fees, bank charges and trustee fees.

Initial and ongoing advice fees may be facilitated on agreement between the Client and Financial Advisor. The payment of these fees is facilitated by the LISP and not directly by Sygnia.

Performance based fees are calculated in terms of the supplemental deed for certain of our asset managers where they outperform the Fund's stated benchmark. This performance fee will be paid by the Fund to the underlying investment manager and only when the Fund's performance exceeds that of the benchmark.

#### TER

The TER is calculated as a percentage of the average net asset value of the portfolio incurred as charges, levies and fees in the management of the portfolio. The TER includes the annual management fees (both basic and performance fees), VAT and other expenses. The TER does not include transaction costs. Since unit trust expenses vary, the current TER cannot be used as an indication of future TERs. A higher TER ratio does not necessarily imply a poor return nor does a low TER imply a good return. The current disclosed TER cannot be regarded as an indication of future TER's. Instead, when investing, the investment objective of the Fund should be consistent with the investor's objective and the performance of the Fund should be compared to that objective. TERs should then be used to evaluate whether the Fund's performance offers value for money. Initial and ongoing advice fees may be facilitated on agreement between the Client and Financial Advisor.

#### PERFORMANCE

Collective Investment Schemes in Securities (unit trusts) are generally medium- to long-term investments. The value of units may go down as well as up and past performance is not necessarily an indicator of future performance.

#### INVESTMENT POLICY

The Sygnia CPI + 6% Fund is a multi-asset class fund managed with a high exposure to equities in order to seek long term returns of at least 6% per annum above inflation while still seeking to moderate the short term volatility of returns. The fund will have exposure to both domestic and foreign assets, which will include equities, fixed interest and money market assets and the fund will comprise a number of underlying portfolios managed by a range of different managers selected by Sygnia. The fund has a benchmark of CPI + 6% per annum and will maintain a total equity exposure of below 75% of the portfolio.