# Finsolnet

## Finsolnet CPI + 4% Portfolio

April 13

## 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: Domestic - Asset Allocation - Medium Equity

## MANAGEMENT FEES

Sygnia CPI + 4% Total Expense Ratio: 0.97%

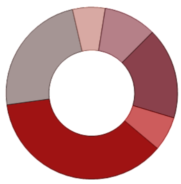
*TER is for Class B fund only. The TER of the Class A fund includes an additional advisor fee of 0.65% plus VAT.

## RISK STATISTICS

| | FUND | ALSI |
|---|---|---|
| Standard Deviation | 7.0% | 16.5% |
| Downside Deviation | 5.0% | 10.1% |
| % Positive Months | 70.7% | 64.7% |
| % Negative Months | 29.3% | 35.3% |
| Best Month | 6.6% | 12.5% |
| Worst Month | -6.3% | -13.2% |
| Avg Negative Return | -1.1% | -3.3% |
| Maximum Drawdown | -14.2% | -40.4% |

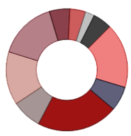
*Risk statistics are calculated since inception of the fund*

## ASSET ALLOCATION



Equities - 36.7% Bonds - 23.5% Property - 6.2%
Money Market - 10.0% Int Equities - 17.2% Int Cash - 6.5%

## MANAGER HOLDINGS



Coronation - 21.6% Allan Gray - 7.9% Investec - 14.2%
Sygnia - 15.6% Mazi Capital - 5.4% Absa AM - 4.2%
Prescient - 2.5% Cash - 5.0% OMIGSA - 17.2%
Int Cash - 6.5%

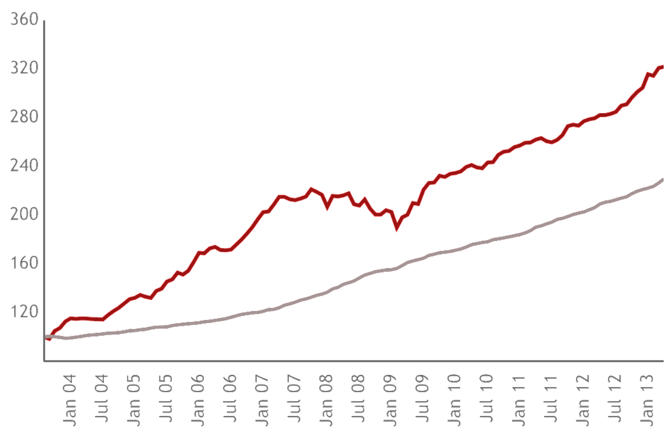
## TOP 10 EQUITY HOLDINGS

| | VALUE |
|---|---|
| Sasol | 2.2% |
| SAB Miller | 2.1% |
| MTN Group | 1.9% |
| British American Tobacco | 1.6% |
| Growthpoint Properties | 1.6% |
| Anglo American Plc | 1.5% |
| Naspers | 1.4% |
| Standard Bank | 1.2% |
| BHP Billiton | 1.1% |
| Redefine Properties | 0.9% |

## PERFORMANCE ANALYSIS

| YEAR | STRATEGY | BENCHMARK | DIFFERENCE |
|---|---|---|---|
| 1 month | 0.3% | 1.5% | -1.1% |
| 3 month | 2.0% | 3.4% | -1.5% |
| 6 month | 8.5% | 5.6% | 3.0% |
| Year to date | 5.7% | 4.0% | 1.7% |
| 1 year | 14.1% | 9.9% | 4.2% |
| 2 year | 10.8% | 9.9% | 0.9% |
| 3 year | 10.1% | 9.3% | 0.8% |
| 5 year | 8.3% | 9.9% | -1.6% |
| Since Inception | 12.9% | 9.0% | 3.9% |
| 2007 | 10.2% | 12.5% | -2.3% |
| 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 | 11.4% | 9.6% | 1.8% |

## CUMULATIVE PERFORMANCE




Finsolnet CPI + 4% Portfolio    CPI + 4% (Lagged by 1 month)

## FUND SENSITIVITY TO EQUITY MARKET


## COMMENTARY

April brought an abrupt end to the bull market in commodities, and in particular gold, as commodity prices fell on rising concerns about slowing growth prospects in the US and China.

The FTSE/JSE All Share Index declined 2.5%, pulled down by the Resources sector which fell by 8.5%. The Gold Mining sector lost a massive 19.3%, while the Platinum Mining sector fell by 10.2%. The BESA All Bond Index, on the other hand, came in at a strong 4.1% on the resumption of foreign interest, while the Rand strengthened by 2.8% against the US dollar. In Europe, both the Bank of England and the ECB kept interest rates on hold despite mounting evidence that the eurozone is slipping deeper into recession. However, expectations that the ECB will act in May helped to revive markets at month-end.

The magnitude of new stimulus measures announced by Japan's central bank, at three times the US Federal Reserve's stimulus as a share of the economy, caught the market by surprise. The Bank aims to double the amount of money in circulation to boost inflation to 2% within 2 years. If nothing else, the injection of money is expected to reignite the yen "carry trade" as Japan's institutions seek higher yields offshore.

The gold price started to slide mid-month after Cyprus's central bank announced a US$400 million sale of gold reserves, setting an uncomfortable precedent for other heavily indebted nations such as Italy and Portugal. It deteriorated further after the announcement of a slowdown in China's economic growth to an annualised 7.7% in the first quarter. The gold price sank to a low of US$1 321.35/oz by 16 April, before rebounding to US$1 476.75/oz by month-end after the first estimate of US first quarter GDP growth came in at a lower-than-expected annualised rate of 2.5%.

In South Africa labour unrest continued against a backdrop of lacklustre economic data with labour relations expected to remain fraught through 2013. The bus industry is already on strike, while the motor and mining industries are preparing for negotiations. This is not great news for the rand, which has had a turbulent time of late. The currency has fallen by 5.9% against the US dollar since the start of 2013 on the back of massive current account deficit numbers. However, the currency strengthened to R8.97/US dollar at month-end on the positive news that South Africa's trade deficit had narrowed to R7.8 billion in March. Consumer inflation was unchanged at 5.9% year-on-year in March, slightly below expectations.

## HISTORICAL PERFORMANCE

| | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC | YEAR |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2009 | -0.7% | -6.3% | 4.4% | 1.1% | 4.8% | -0.4% | 5.6% | 2.5% | 0.2% | 2.4% | -0.4% | 1.1% | 14.6% |
| 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% | 0.4% | 1.9% | 1.5% | 1.1% | 11.4% |
| 2013 | 3.6% | -0.4% | 2.1% | 0.3% | | | | | | | | | 5.7% |