

# Finsolnet

## Finsolnet CPI + 6% Portfolio

October 12

### INVESTMENT OBJECTIVE

Inception Date: 22 September 2003

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

Fund: Sygnia CPI + 6% Portfolio  
Fund Category: Domestic - Asset Allocation - High Equity

### MANAGEMENT FEES

Sygnia CPI + 6% Total Expense Ratio: 1.04%

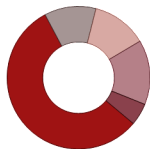
\*TER is for Class B fund only. The TER of the Class A fund includes an additional advisor fee of 0.65% plus VAT.

### RISK STATISTICS

	FUND	ALSI
Standard Deviation	9.2%	16.8%
Downside Deviation	6.2%	10.3%
% Positive Months	70.0%	64.5%
% Negative Months	30.0%	35.5%
Best Month	7.8%	12.5%
Worst Month	-7.2%	-13.2%
Avg Negative Return	-1.6%	-3.4%
Maximum Drawdown	-20.8%	-40.4%

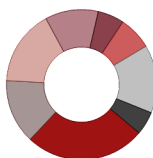
\*Risk statistics are calculated since inception of the fund

### ASSET ALLOCATION



Equities - 56.1%    Bonds - 11.7%  
Money Market - 12.5%    Int Equities - 14.7%  
Int Cash - 5.0%

### MANAGER HOLDINGS



Coronation - 25.9%    Allan Gray - 13.9%    Investec - 16.3%  
Sygnia - 11.4%    Mazi Capital - 5.7%    Cash - 7.2%  
OMIGSA - 14.7%    Int Cash - 5.0%

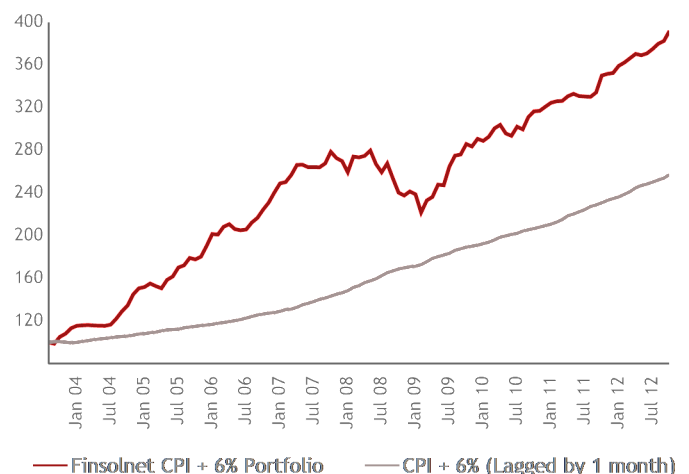
### TOP 10 EQUITY HOLDINGS

	VALUE
Sasol	3.8%
MTN Group	2.8%
SAB Miller	2.4%
Standard Bank	1.9%
Naspers	1.8%
Anglo American Plc	1.7%
British American Tobacco	1.6%
Remgro	1.5%
BHP Billiton	1.4%
Mondi Plc	1.2%

### PERFORMANCE ANALYSIS

YEAR	STRATEGY	BENCHMARK	DIFFERENCE
1 month	2.5%	1.3%	1.2%
3 month	4.5%	2.9%	1.7%
6 month	5.8%	5.1%	0.7%
Year to date	11.2%	9.6%	1.6%
1 year	12.0%	11.5%	0.5%
2 year	11.3%	11.6%	-0.3%
3 year	11.1%	10.8%	0.3%
5 year	7.1%	12.4%	-5.4%
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%

### CUMULATIVE PERFORMANCE



## FUND SENSITIVITY TO EQUITY MARKET



## COMMENTARY

October brought turmoil to South Africa in the strongest challenge yet to the ANC-led government, as a series of strikes in the mining and transport sectors triggered sovereign rating downgrades. Hard-charging markets, spurred by the expectations that Greece will not be kicked out of the euro and that the ECB and the US Fed will use their balance sheets to provide support, were rattled by Spain's resistance to ask for aid and an apparent back-peddling by Germany, Finland and the Netherlands over the recapitalisation of Spanish banks. In the US, the policy debates between President Barack Obama and the Republican-nominee, Mitt Romney, took centre stage as the polls indicated that the two are running neck and neck.

Third quarter US earnings reports were muted. Month-end brought havoc to the US as Hurricane Sandy swept through the East Coast, leading to a two-day close of the New York Stock Exchange. Third quarter GDP growth figures were a mixed bag. China came in at 7.4% year-on-year, with most analysts predicting that the economy has bottomed out. The US economy grew at an annual rate of 2.0%, largely as a consequence of stronger than expected consumer spending. The UK exited the recession with a strong 1% year-on-year rebound. EU figures are still outstanding, but the manufacturing activity PMI's point to most economies are stabilising, albeit at very weak levels.

The South African rand plunged to its weakest levels against the US dollar in three years as strikes, sovereign downgrades (Moody's followed S&P in downgrading South Africa's credit rating) and political tensions battered investor confidence. Despite this, the equity market roared ahead with a string of record highs reached on foreign buying. The main theme of the MTPBS presented by the Finance Minister Pravin Gordhan was to restrain government spending over the next three years. The GDP growth for 2012 was revised downward to 2.5%, while consumer price inflation is forecast to remain below 6% over the next three years. Both current account and budget deficits were revised upward.

The gold price failed to break through a key US\$1 800 an ounce level as stronger US economic data tempered expectations of the scope of the Fed's latest stimulus programme. Oil prices, on the other hand, oscillated around the US\$110 a barrel level, with tensions in the Middle East outweighing concerns about sluggish global demand.

The FTSE/JSE All Share Index delivered a healthy 4.2% return, with the Resources sector rebounding by 6.3%. The BESSA All Bond Index reflected foreign investors' concerns about South Africa with a return of -0.6%. The rand depreciated by 4.4%.

## HISTORICAL PERFORMANCE

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
2008	-3.9%	5.7%	-0.3%	0.5%	1.8%	-4.5%	-2.9%	3.2%	-5.3%	-5.2%	-1.1%	1.6%	-10.5%
2009	-1.1%	-7.2%	5.1%	1.4%	4.9%	-0.2%	7.1%	3.9%	0.4%	3.6%	-0.8%	2.5%	20.4%
2010	-0.7%	1.4%	2.7%	1.1%	-2.7%	-0.8%	2.9%	-0.8%	3.9%	1.7%	0.1%	1.2%	10.3%
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%	0.7%	2.5%			11.2%

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