

# FIN SOLNET CPI + 2% PORTFOLIO



AUGUST 2016

## INVESTMENT OBJECTIVE

Inception date of Finsolnet Solution: 22 September 2003  
Inception date of Sygnia CPI +2%: 20 December 2012

The objective of this strategy is to target an annual return of CPI plus 2% over a rolling 24-month period and not to lose capital over a rolling 12-month period.

## INVESTMENT VEHICLE

Registered name of the Fund: Sygnia CPI + 2% Portfolio  
Fund Category: South Africa - Multi Asset - Low Equity

## MANAGEMENT FEES

Sygnia CPI + 2% Total Expense Ratio: 0.74% as at 30 June 2016

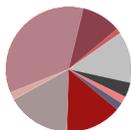
\*TER is for Class B fund only. The TER of the Class A fund includes an additional advice fee of 0.65% plus VAT, payable to the financial advisor.

## RISK STATISTICS

	FUND	ALSI
Standard Deviation	3.2%	15.3%
Downside Deviation	2.5%	9.2%
% Positive Months	89.1%	64.7%
% Negative Months	10.9%	35.3%
Best Month	4.2%	12.5%
Worst Month	-2.8%	-13.2%
Avg Negative Return	-0.7%	-3.1%
Maximum Drawdown	-2.8%	-40.4%

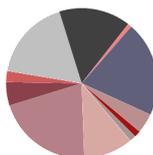
\*Risk statistics are calculated since inception of the strategy

## ASSET ALLOCATION



Domestic Equities - 14.3%	Commodities - 1.3%
Domestic Bonds - 16.5%	International Equities - 13.3%
Domestic Property - 2.0%	International Fixed Interest - 3.8%
Domestic Money Market - 34.9%	International Property - 1.9%
Absolute Return - 10.1%	Africa - 2.0%

## MANAGER HOLDINGS



36One - 1.4%	Prudential - 5.1%	Fairtree - 0.8%
Bateleur - 1.4%	Steyn - 2.4%	International - 20.5%
Coronation - 10.6%	Sygnia - 17.6%	Cash - 4.2%
Investec - 20.8%	Taquanta - 15.3%	

## TOP 10 EQUITY HOLDINGS

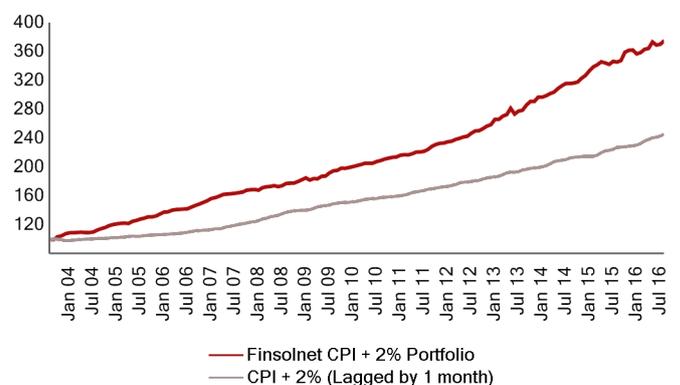
	VALUE
Naspers	2.2%
British American Tobacco	0.7%
Steinhoff	0.6%
Growthpoint Properties	0.5%
MTN Group	0.4%
Redefine Properties	0.4%
Sasol	0.4%
Old Mutual Plc	0.3%
SAB Miller	0.3%
Firststrand Limited	0.3%

## PERFORMANCE ANALYSIS

YEAR	STRATEGY	BENCHMARK	DIFFERENCE
1 month	1.4%	1.0%	0.4%
3 month	0.5%	2.0%	-1.5%
6 month	4.6%	5.5%	-0.9%
Year to date	3.7%	7.0%	-3.3%
1 year	8.6%	8.0%	0.6%
2 year	9.0%	7.5%	1.5%
3 year	10.4%	7.8%	2.6%
5 year	10.8%	7.7%	3.1%
10 year	10.0%	8.3%	1.7%
Since Inception	10.7%	7.2%	3.6%
2006	13.6%	6.0%	7.6%
2007	10.2%	10.5%	-0.4%
2008	8.0%	12.6%	-4.7%
2009	9.3%	7.8%	1.4%
2010	7.3%	5.6%	1.7%
2011	9.0%	8.1%	0.9%
2012	11.0%	7.6%	3.3%
2013	14.7%	7.3%	7.4%
2014	10.1%	7.8%	2.3%
2015	10.7%	6.8%	4.0%

\*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

Speculation about the timing of the US interest rate increases fuelled much of August's volatility, as markets traded on thin volumes over the European and US summer holidays. The search for yield in a world of negative interest rates translated into strong inflows for emerging markets, such as South Africa, strengthening currencies and pushing down bond yields. However, month-end saw the flows reverse and the rand weaken against the US dollar as US Federal Reserve officials ratcheted up their rhetoric on interest rate increases in 2016. The situation worsened considerably on mounting speculation that President Jacob Zuma will renew his push to remove the Minister of Finance, Pravin Gordhan, from his post.

Global economic data releases remained subdued. The expectations of an interest rate increase in the US before year-end rose considerably after the US Federal Reserve's chair, Janet Yellen, indicated at the global central banks' annual meeting at Jackson Hole, Wyoming, that the case for a rate rise had 'strengthened' on the back of supportive job creation and inflation numbers. The Bank of England cut its benchmark interest rate to 0.25% and announced that it would buy £70 billion of government and corporate debt to stimulate the UK economy. The BoE cut its forecast for growth next year to just 0.8%, from 2.3% previously.

After firming to R13.30 to the US dollar on the back of the emerging markets rally, the rand fell to below US\$14.50 on the news that Gordhan faces possible arrest. Gordhan is seen as blocking the renewal of financial guarantees for SAA, and the approval of the nuclear procurement program, while spearheading the investigation into Prasa and Eskom tenders. His actions are widely condemned as a smoke-screen for President Jacob Zuma's blatant attempt to loot the economy, a move which would most likely result in a credit ratings downgrade for South Africa and a further sell-off of the rand. The yield on the benchmark R186 bond hit 9.00% from 8.44% a day earlier, a level last seen in the fourth quarter of 2015.

Consumer inflation slowed in July, falling to 6% year-on-year from 6.3% in June. The Reserve Bank expects inflation to remain outside the target band until the third quarter of 2017.

The FTSE/JSE SWIX Index ended the month down 0.7%, whilst Industrials delivered 2.0%. Resources fell 0.2%. The bond market slid 1.8%, while the rand finished the month 6.1% weaker, relative to the US dollar.

## HISTORICAL PERFORMANCE

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
2012	0.7%	0.3%	1.1%	0.6%	0.8%	0.4%	1.7%	1.3%	0.2%	1.1%	1.4%	0.8%	11.0%
2013	2.8%	0.0%	1.7%	0.8%	3.2%	-2.8%	1.5%	0.4%	2.6%	1.8%	0.0%	2.1%	14.7%
2014	0.0%	0.7%	1.0%	0.7%	1.6%	1.3%	1.0%	0.0%	0.2%	0.4%	1.6%	1.2%	10.1%
2015	2.0%	1.6%	0.8%	1.2%	-0.4%	-0.6%	1.2%	-0.3%	0.6%	3.3%	0.7%	0.1%	10.7%
2016	-1.5%	0.5%	1.2%	0.3%	2.5%	-1.2%	0.3%	1.4%					3.7%

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 (Pty) Ltd 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). Sygnia Asset Management (Proprietary) Limited, an authorised financial services provider, is the appointed investment manager of the Fund. Sygnia Collective Investments RF (Pty) Ltd does not provide any guarantee with respect to the capital or return of the portfolio. Nothing in this minimum disclosure 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.

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Additional information such as fund prices, brochures, application forms and a schedule of fees and charges can be requested via [admin@sfs.sygnia.co.za](mailto:admin@sfs.sygnia.co.za) or 0860 794 642 (0860 SYGNIA).

#### UNIT PRICES

Unit 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 15:00 each business day. The exception takes place at month-end when valuations are performed at 17:00. Purchases and redemption requests must be received by the manager by 14:00 each business day to receive that day's price. The price shown is specific to this class. The fund size represents the portfolio size as a whole. Unit prices are updated by 10:00 every business day and are available on our website [www.sygnia.co.za](http://www.sygnia.co.za).

#### 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 total expense ratio (TER) is the annualised percentage of the Fund's average assets under management that has been used to pay the Fund's actual expenses over the past year. The TER includes the annual management fees that have been charged (both the fee at benchmark and any performance component charged), VAT and other expenses like audit and trustee fees. Transaction costs (including brokerage, Securities Transfer Tax [STT], STRATE and FSB Investor Protection Levy and VAT thereon) are shown separately. Transaction costs are a necessary cost in administering the Fund and impact Fund returns. They should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of financial product, the investment decisions of the investment manager and the TER. Since Fund returns are quoted after the deduction of these expenses, the TER and Transaction costs should not be deducted again from published returns. The TER charged by any underlying fund held as part of a fund's portfolio is included in the TER figure, but trading and implementation costs incurred in managing the fund are excluded. As 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. Instead, when investing, the investment objective of the Fund should be aligned with the investor's objective and compared against the performance of the Fund. The TER and other funds' TERs should then be used to evaluate whether the Fund performance offers value for money.

#### 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 + 2% Fund is a multi-asset class fund managed with a low exposure to equities in order to seek a low volatility of returns while still seeking to achieve long-term returns of at least 2% per annum above inflation. The Fund will have exposure to both domestic and foreign assets, which will include equities, fixed interest and money market assets and will comprise of a number of underlying portfolios managed by a range of different managers selected by Sygnia. The Fund has a benchmark of CPI + 2% per annum and will maintain a total equity exposure of below 40% of the portfolio.