

# FINSOLNET CPI + 2% PORTFOLIO



DECEMBER 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

Total Investment Charge: 0.79% (TER: 0.71% and TC: 0.08%)

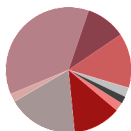
\*TER is for Class B fund only. The TER of the Class A fund includes an additional advice fee of 0.65% plus VAT, payable to the financial advisor.

## RISK STATISTICS

	FUND	ALSI
Standard Deviation	3.3%	15.2%
Downside Deviation	2.4%	9.1%
% Positive Months	88.1%	63.8%
% Negative Months	11.9%	36.3%
Best Month	4.2%	12.5%
Worst Month	-2.8%	-13.2%
Avg Negative Return	-0.7%	-3.0%
Maximum Drawdown	-2.8%	-40.4%

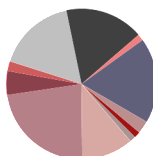
\*Risk statistics are calculated since inception of the strategy

## ASSET ALLOCATION



Domestic Equities - 12.3%	International Equities - 14.1%
Domestic Bonds - 18.2%	International Fixed Interest - 2.4%
Domestic Property - 2.1%	International Property - 1.9%
Domestic Money Market - 36.5%	Africa - 2.2%
Absolute Return - 10.3%	

## MANAGER HOLDINGS



36One - 1.3%	Prudential - 5.1%	Fairtree - 1.4%
Bateleur - 1.3%	Steyn - 2.1%	International - 18.3%
Coronation - 11.1%	Sygnia - 16.9%	Cash - 2.7%
Investec - 22.8%	Taquanta - 16.9%	

## TOP 10 EQUITY HOLDINGS

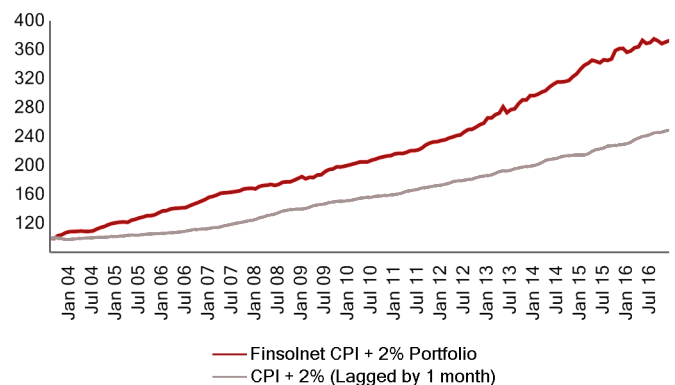
	VALUE
Naspers	1.5%
Growthpoint Properties	0.6%
British American Tobacco	0.6%
Steinhoff	0.5%
Sasol	0.5%
MTN Group	0.4%
Redefine Properties	0.4%
Standard Bank	0.4%
Firststrand Limited	0.4%
Old Mutual Plc	0.3%

## PERFORMANCE ANALYSIS

YEAR	STRATEGY	BENCHMARK	DIFFERENCE
1 month	0.6%	0.5%	0.1%
3 month	0.1%	1.5%	-1.3%
6 month	1.1%	3.3%	-2.2%
Year to date	3.0%	8.6%	-5.6%
1 year	3.0%	8.6%	-5.6%
2 year	6.8%	7.7%	-0.9%
3 year	7.9%	7.7%	0.2%
5 year	9.8%	7.6%	2.2%
10 year	9.3%	8.3%	1.0%
Since Inception	10.4%	7.1%	3.3%
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%
2016	3.0%	8.6%	-5.6%

\*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  
CAPE TOWN 7th Floor The Foundry Cardiff Street Green Point 8001 T +21 446 4940 F 0866 786 130  
JOHANNESBURG Unit 40 6th Floor Katherine and West Building West Street Sandton 2196 T +10 595 0550 F 0862 065 173  
www.sygnia.co.za | info@sygnia.co.za | A MEMBER OF THE ASSOCIATION FOR SAVINGS & INVESTMENT SA

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

The S&P 500 index ended 2016 up by 9.5% in dollar terms, Japan's Nikkei 225 index was 0.4%, the FTSE 100 Index by 13.8% in pounds and the Europe Stoxx 600 Index declined by 1.7% in euro terms. The MSCI All Countries World Index returned 7.9%. The JSE/FTSE All Share Index was up 2.6%, with the resources sector, returning 28.9%. Gold ended the year up 8.5%. The price of crude oil rose to US\$56.82 a barrel after OPEC and other large exporters struck a deal aimed at cutting oil supply. The three-decade bond bull market seems to be over on the expectation of US fiscal stimulus, higher inflation and higher interest rates.

During December the US dollar continued to strengthen, while the gold price fell and developed markets' bond yields rose as investors sold bonds for riskier assets. In Europe the weaker euro brought about signs of a nascent recovery. The ECB extended its bond-buying program to December 2017, but slowed the pace back to €60 billion a month. A resounding "no" in a referendum aimed at constitutional reform brought into question Italy's continued membership of the EU and stoked new fears about Italy's troubled banking sector, forcing the Italian government to approve a €20 billion bail-out fund.

China declared an air pollution red alert, closing schools and factories in many cities. This is likely to affect economic growth in the fourth quarter just after the country posted more positive figures in November. More significantly, China continued to spend its foreign exchange reserves in supporting the yuan and stemming capital outflows.

Unemployment in the US fell to 4.6% in November, while inflation rose to 1.7%, not far off the US Fed's 2.0% target. With the revised GDP growth rate at 3.2% in the third quarter, the US Fed raised short-term interest rates by a quarter-point from 0.5% to 0.75% and forecast three further increases for 2017. In South Africa, third quarter GDP growth disappointed at an annualised 0.2% after a 3.3% acceleration in the second quarter and a 1.2% contraction in the first quarter. Consumer inflation rose slightly in November to 6.6% year-on-year, with food prices continuing to be the main culprit.

In December the JSE/FTSE SWIX Index returned 2.0%, the JSE/FTSE SA Listed Property Index 4.2% and the JSE All Bond Composite Index climbed 1.6%, while the rand strengthened by 2.8% 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%	-0.7%	-1.0%	0.6%	0.6%	3.0%

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.

This document is for information purposes only and does not constitute or form any part of any offer to issue or sell, or any solicitation of any offer to subscribe for or purchase any particular investment. Whilst reasonable care was taken in ensuring that the information contained in this document is accurate, Sygnia accepts no liability in respect of any damages and/or loss (whether direct or consequential) or expense of any nature which may be suffered as a result of reliance, directly or indirectly, on the information in this document.

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.