

# FINSOLNET CPI + 2% PORTFOLIO



JANUARY 2017

## 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: Finsolnet CPI + 2% Portfolio  
Fund Category: South Africa - Multi Asset - Low Equity

## MANAGEMENT FEES

Total Investment Charge: 0.76% (TER: 0.68% and TC: 0.08%)

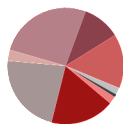
\*TER is for Class B fund only. The TER of the Class A fund includes an additional advice fee of 0.65% plus VAT, payable to the financial advisor.

## RISK STATISTICS

	FUND	ALSI
Standard Deviation	3.3%	15.2%
Downside Deviation	2.4%	9.1%
% Positive Months	88.2%	64.0%
% Negative Months	11.8%	36.0%
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%

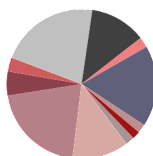
\*Risk statistics are calculated since inception of the strategy

## ASSET ALLOCATION



Domestic Equities - 17.8%	International Equities - 15.1%
Domestic Bonds - 22.5%	International Fixed Interest - 1.9%
Domestic Property - 3.0%	International Property - 0.8%
Domestic Money Market - 26.2%	Africa - 2.1%
Absolute Return - 10.5%	

## MANAGER HOLDINGS



36One - 1.7%	Prudential - 5.2%	Fairtree - 2.3%
Bateleur - 1.9%	Steyn - 3.0%	International - 17.5%
Coronation - 12.2%	Sygnia - 21.5%	Cash - 1.9%
Investec - 20.6%	Taquanta - 12.2%	

## TOP 10 EQUITY HOLDINGS

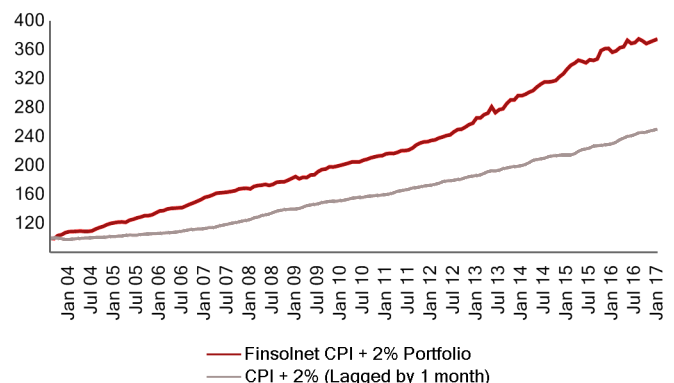
	VALUE
Naspers	2.1%
British American Tobacco	0.8%
Sasol	0.7%
MTN Group	0.6%
Growthpoint Properties	0.6%
Steinhoff	0.6%
Standard Bank	0.5%
Firststrand Limited	0.5%
Redefine Properties	0.5%
Old Mutual Plc	0.5%

## PERFORMANCE ANALYSIS

YEAR	STRATEGY	BENCHMARK	DIFFERENCE
1 month	0.5%	0.6%	0.0%
3 month	1.7%	1.7%	0.0%
6 month	1.3%	3.1%	-1.8%
Year to date	0.5%	0.6%	0.0%
1 year	5.1%	8.8%	-3.6%
2 year	6.1%	8.0%	-1.9%
3 year	8.1%	7.8%	0.3%
5 year	9.8%	7.7%	2.1%
10 year	9.1%	8.3%	0.9%
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



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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

January news-flow was dominated by the actions of the newly-inaugurated US President, Donald Trump. From the White House's embrace of 'alternative facts' to Trump's Twitter feed, a new crop of risks had investors on edge. On the other hand, Trump's agenda of infrastructure spend, tax cuts and looser regulation has spurred expectations of stronger US growth and lit a fire under the US stock markets, pulling up global sentiment.

Trump issued a number of controversial executive orders, including authorising the building of the US-Mexico wall, withdrawing from the TPP trade deal and banning people from seven Middle East and North Africa countries from entering the US. He also gave the go-ahead for the construction of two major oil pipelines and announced plans to renegotiate the trade agreement with Canada and Mexico.

On the economic front, the US recorded its slowest growth in five years in 2016 at 1.6%, on the back of a weak first half of 2016 followed by a recovery in the second half. The eurozone is also looking stronger with inflation at 1.1% year-on-year in December and European banks recovering. The Chinese economy seems to have stabilised despite a fall in foreign reserves.

Markets were cautious ahead of Trump taking office, but rallied again, lifted by strong Japanese trade data, stellar European and US company earnings and the hope that Trump will implement a large fiscal spending package. The rally fizzled out at month-end after the US travel curbs stoked doubts about Trump's economic policies. The gold price, which rose at the beginning of the month, retreated to US\$1 198 an ounce, while the oil price hovered around US\$55 a barrel as OPEC's output cuts were counterweighed by an increase in supply from US shale oil producers.

In South Africa, despite weak economic fundamentals and political risk, the rand continued to strengthen against the US dollar. The Reserve Bank left the repo rate unchanged at 7%, raised its inflation expectation for 2017 to 6.2% and kept its 2017 growth forecast unchanged at 0.4%. Consumer inflation came in at 6.8% over 2016. The FTSE/JSE SWIX ended the month up 2.6%, driven largely by the Resources sector which rose by 10.5%. The JSE All Bond Index was up 1.3% and the rand strengthened by 1.6% against the US dollar.

## HISTORICAL PERFORMANCE

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
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%
2017	0.5%												0.5%

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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.