

FINSOLNET CPI + 6% PORTFOLIO



JUNE 2016

INVESTMENT OBJECTIVE

Inception date of Finsolnet Solution: 22 September 2003
Inception date of Sygnia CPI +6%: 20 December 2012

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

Registered name of the Fund: Sygnia CPI + 6% Portfolio
Fund Category: South Africa - Multi Asset - High Equity

MANAGEMENT FEES

Sygnia CPI + 6% Total Expense Ratio: 0.97% as at 30 June 2016

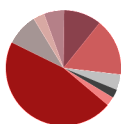
*TER is for Class B fund only. The TER of the Class A fund includes an additional advice fee of 0.65% plus VAT, payable to the financial advisor.

RISK STATISTICS

	FUND	ALSI
Standard Deviation	8.6%	15.4%
Downside Deviation	5.7%	9.2%
% Positive Months	70.8%	64.3%
% Negative Months	29.2%	35.7%
Best Month	7.8%	12.5%
Worst Month	-7.2%	-13.2%
Avg Negative Return	-1.5%	-3.1%
Maximum Drawdown	-20.8%	-40.4%

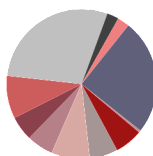
*Risk statistics are calculated since inception of the strategy

ASSET ALLOCATION



Domestic Equities - 46.2%	International Equities - 16.1%
Domestic Bonds - 9.0%	International Fixed Interest - 4.4%
Domestic Property - 3.1%	International Property - 2.4%
Domestic Money Market - 5.7%	Africa - 2.5%
Absolute Return - 10.6%	

MANAGER HOLDINGS



36ONE - 6.0%	Prudential - 5.3%	Fairtree - 2.6%
Bateleur - 6.1%	Steyn - 9.2%	International - 25.0%
Coronation - 8.3%	Sygnia - 28.8%	Cash - 0.4%
Investec - 5.7%	Taquanta - 2.5%	

TOP 10 EQUITY HOLDINGS

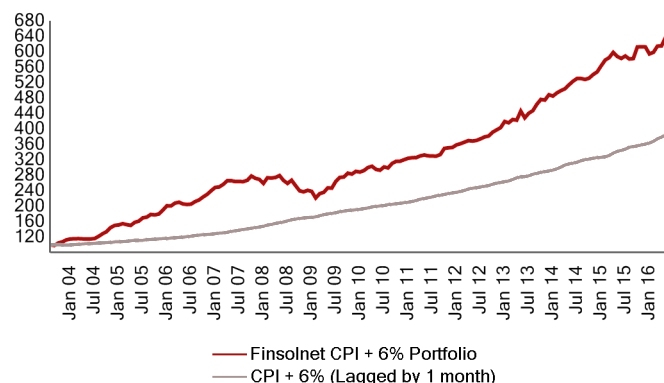
	VALUE
Naspers	5.9%
British American Tobacco	2.3%
SAB Miller	1.8%
Steinhoff	1.6%
Old Mutual Plc	1.5%
MTN Group	1.4%
Sasol	1.1%
Firststrand Limited	0.9%
BHP Billiton	0.9%
Growthpoint Properties	0.9%

PERFORMANCE ANALYSIS

YEAR	STRATEGY	BENCHMARK	DIFFERENCE
1 month	-2.8%	0.6%	-3.4%
3 month	0.7%	3.2%	-2.4%
6 month	1.1%	7.0%	-6.0%
Year to date	1.1%	7.0%	-6.0%
1 year	6.2%	12.1%	-5.9%
2 year	8.7%	11.3%	-2.6%
3 year	13.0%	11.8%	1.2%
5 year	13.4%	11.7%	1.7%
10 year	11.7%	12.3%	-0.6%
Since Inception	15.3%	11.1%	4.2%
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%
2012	14.6%	11.6%	3.0%
2013	21.1%	11.3%	9.7%
2014	12.1%	11.8%	0.3%
2015	11.8%	10.8%	1.0%

*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



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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

To date, 2016 has been a year when politics, rather than economic or corporate fundamentals, has set the tone for financial markets. June was no different. The looming UK referendum on whether to remain in the EU added anxiety to markets already dealing with a weak US jobs report for May, concerns over China's economic outlook and a steady fall in global bond yields, including German Bund yields which turned negative for the first time on record.

The UK's eventual decision to leave the the 28-nation EU, when it came, sent shockwaves through global markets. Fortunately, the fall-out was short-lived and markets recovered most of the losses within days.

By itself, the UK does not pose a significant risk to the world economy. Unfortunately, it may open the door to other nations to follow, risking the ultimate dissolution of the EU. Brexit should also make the US Fed pause in raising interest rates and hence halt the outflow of money from emerging markets, such as South Africa. Global economies continued on a similar path to before. Three separate surveys of Chinese economic activity revived doubts over the durability of the recovery. Both the eurozone and the US continued on a modest growth path.

Given Brexit, interest rates in the EU are likely to remain at low levels for a prolonged period of time, as is the bond purchasing programme. The ECB expects that Brexit will reduce growth by a cumulative 0.3% to 0.5% over three years. The eurozone's economy was previously expected to grow by 1.7% in both 2017 and 2018. At its June meeting the US Fed lowered its projections of how much they will raise interest rates in the coming years. Expectations for growth were cut to 2% for both 2016 and 2017, core inflation upped to 1.7% and unemployment left unchanged at 4.7% by year-end.

Both Fitch and S&P granted South Africa a credit ratings downgrade reprieve. Both agencies were clear that they wanted to see tangible steps being taken to improve the growth outlook to avoid a downgrade in December 2016 or in 2017. This was good news for the rand. On the economic front, South Africa's GDP contracted by 1.2% year-on-year in the first quarter of 2016, raising the prospect of a recession if growth for the current quarter comes in negative. Consumer inflation came in at 6.1% in May.

The FTSE/JSE SWIX Index returned -1.3% in June and the JSE All Bond Composite Index 4.0%, while the rand appreciated 6.3% against the US dollar.

HISTORICAL PERFORMANCE

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
2012	1.9%	0.9%	1.1%	1.1%	-0.3%	0.5%	1.1%	1.3%	0.6%	2.6%	1.5%	1.5%	14.6%
2013	3.9%	-0.8%	2.0%	-0.4%	5.6%	-3.9%	2.8%	1.5%	3.7%	2.7%	-0.4%	2.9%	21.1%
2014	-0.7%	1.7%	1.2%	1.0%	2.0%	1.8%	1.4%	0.0%	-0.5%	0.6%	1.7%	1.3%	12.1%
2015	2.9%	2.6%	1.1%	2.3%	-1.7%	-0.9%	1.1%	-1.3%	0.2%	5.1%	0.1%	-0.1%	11.8%
2016	-3.0%	0.7%	2.7%	0.1%	3.5%	-2.8%							1.1%

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 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.

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 + 6% Fund is a multi-asset class fund managed with a high exposure to equities in order to seek long-term returns of at least 6% per annum above inflation while still seeking to moderate the short-term volatility of returns. 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 + 6% per annum and will maintain a total equity exposure of below 75% of the portfolio.