

# FINSOLNET CPI + 2% PORTFOLIO



JULY 2018

## 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: 0.73% (TER: 0.61% and TC: 0.12%)

\*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%	14.9%
Downside Deviation	2.2%	8.7%
% Positive Months	86.6%	62.6%
% Negative Months	13.4%	37.4%
Best Month	4.2%	12.5%
Worst Month	-2.8%	-13.2%
Avg Negative Return	-0.7%	-2.9%
Maximum Drawdown	-2.8%	-40.4%

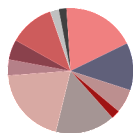
\*Risk statistics are calculated since inception of the strategy

## ASSET ALLOCATION



Domestic Equities - 16.9%	International Equities - 13.5%
Domestic Bonds - 28.1%	International Property - 0.6%
Domestic Property - 2.9%	International Cash - 3.1%
Domestic Money Market - 26.2%	Africa - 0.3%
Absolute Return - 8.4%	

## MANAGER HOLDINGS



Bateleur - 2.3%	Taquanta - 11.6%	Cash - 6.1%
Coronation - 15.4%	Fairtree - 2.3%	
Investec - 20.0%	Prescient - 2.0%	
Prudential - 4.1%	DOM Trackers - 18.8%	
Sygnia - 5.2%	GLOB Trackers - 12.2%	

## TOP 10 EQUITY HOLDINGS

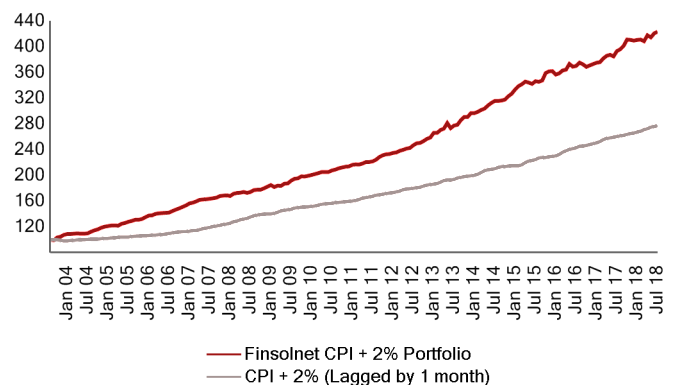
	VALUE
Naspers	3.8%
Sasol	1.1%
Growthpoint Properties	0.9%
Redefine Properties	0.9%
Standard Bank	0.8%
Firststrand Limited	0.7%
Anglo American Plc	0.6%
British American Tobacco	0.6%
MTN Group	0.6%
BHP Billiton	0.5%

## PERFORMANCE ANALYSIS

YEAR	STRATEGY	BENCHMARK	DIFFERENCE
1 month	0.6%	0.5%	0.1%
3 month	1.3%	1.8%	-0.5%
6 month	3.1%	3.7%	-0.6%
Year to date	3.4%	4.4%	-1.0%
1 year	7.7%	6.6%	1.1%
2 year	6.9%	6.8%	0.1%
3 year	6.9%	7.3%	-0.4%
5 year	8.8%	7.5%	1.4%
10 year	9.3%	7.4%	1.8%
Since Inception	10.2%	7.1%	3.1%
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%
2017	9.7%	6.6%	3.1%

\*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

The markets in July were dominated by conflicting statements from US President Donald Trump. Equity markets pulled back during the month as trade wars dominated and the US implemented tariffs on \$34 billion worth of Chinese imports. Trump later threatened tariffs on up to an additional \$500bn of Chinese imports. Trump also accused NATO of not meeting spending targets and criticised the Fed for raising interest rates. Fortunately, markets recovered towards the end of the month as China implemented growth-orientated monetary and fiscal policy, and Trump and European Commission President Jean-Claude Juncker agreed to suspend new EU/US tariffs.

Trump's approval rating is close to 12-month highs, the S&P500 index broke above 2800 for the first time in five months and US growth remains strong, with Q2 GDP at 4.1%, the strongest in four years. Initial jobless claims, an advance indicator of unemployment, are at their lowest level in almost 50 years and the Fed minutes indicate that only two more hikes are likely this year.

The EU Market PMI composite fell to 54.3, below expectations, as trade fears reduced confidence.

A surprise-free ECB meeting ended with the refinancing rate kept at zero and confirmation that the ECB will end its €2.6 trillion stimulus programme by the end of 2018. In China, gross domestic product expanded 6.7% year-on-year as expected, but money supply growth fell to 8%, its slowest pace since 1996. The Shanghai Composite reached 22% off its January levels, formally entering a bear market as US-China trade war concerns drove investors into safe havens. China's central bank responded by injecting US\$74bn into its banking system to support liquidity, and China's State Cabinet will initiate a US\$386bn fiscal stimulus package.

South Africa hosted the tenth annual BRICS summit in July and received positive news on investments: the BRICS bank plans to lend US\$600m to South Africa to support investment and President Cyril Ramaphosa announced a US\$14.7bn investment deal with China. South Africa kept its benchmark interest rate on hold at their July meeting, with the weak currency balancing out slow growth and low inflation. Q1 GDP printed significantly below expectation at -2.2%, and inflation came in below expectation at 4.6%. Major risks looking forward include Eskom's wage negotiations, the constitutional committee's report on land expropriation and the financial position of SOEs.

## HISTORICAL PERFORMANCE

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
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%	0.3%	1.5%	1.1%	0.4%	-0.6%	2.1%	0.7%	1.4%	2.4%	-0.1%	-0.3%	9.7%
2018	0.3%	0.1%	-0.6%	2.3%	-0.8%	1.5%	0.6%						3.4%

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.