

FIN SOLNET CPI + 4% PORTFOLIO



MAY 2018

INVESTMENT OBJECTIVE

Inception date of Finsolnet Solution: 22 September 2003
Inception date of Sygnia CPI +4%: 20 December 2012

The objective of this strategy is to target an annual return of CPI plus 4% over a rolling 36-month period and not to lose capital over a rolling 24-month period.

INVESTMENT VEHICLE

Registered name of the Fund: Sygnia CPI + 4% Portfolio
Fund Category: South Africa - Multi Asset - Medium Equity

MANAGEMENT FEES

Total Investment Charge: 0.85% (TER: 0.66% and TC: 0.19%)

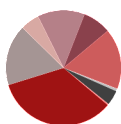
*TER is for Class B fund only. The TER of the Class A fund includes an additional advice fee of 0.65% plus VAT, payable to the financial advisor.

RISK STATISTICS

| | FUND | ALSI |
|---------------------|--------|--------|
| Standard Deviation | 6.7% | 14.9% |
| Downside Deviation | 4.5% | 8.7% |
| % Positive Months | 70.1% | 62.7% |
| % Negative Months | 29.9% | 37.3% |
| Best Month | 6.6% | 12.5% |
| Worst Month | -6.3% | -13.2% |
| Avg Negative Return | -1.2% | -2.9% |
| Maximum Drawdown | -14.2% | -40.4% |

*Risk statistics are calculated since inception of the strategy

ASSET ALLOCATION



| | |
|-------------------------------|--------------------------------|
| Domestic Equities - 34.1% | International Equities - 17.0% |
| Domestic Bonds - 17.1% | International Property - 0.7% |
| Domestic Property - 5.3% | International Cash - 4.2% |
| Domestic Money Market - 13.3% | Africa - 0.3% |
| Absolute Return - 7.9% | |

MANAGER HOLDINGS



| | | |
|--------------------|----------------------|-----------------------|
| Bateleur - 4.9% | Sygnia - 5.8% | GLOB Trackers - 15.3% |
| Coronation - 10.8% | Taquanta - 4.1% | Cash - 9.6% |
| Investec - 12.4% | Fairtree - 4.8% | |
| Prudential - 3.9% | DOM Trackers - 25.2% | |
| Steyn - 0.8% | ABSA - 2.3% | |

TOP 10 EQUITY HOLDINGS

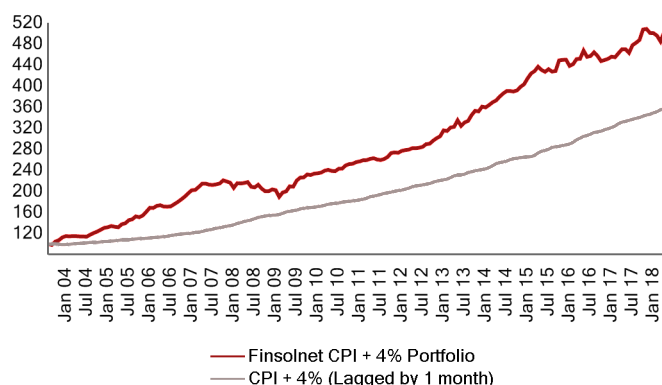
| | VALUE |
|--------------------------|-------|
| Naspers | 7.5% |
| Sasol | 2.0% |
| Standard Bank | 1.6% |
| Anglo American Plc | 1.4% |
| Firststrand Limited | 1.2% |
| MTN Group | 1.2% |
| British American Tobacco | 1.1% |
| Old Mutual Plc | 1.1% |
| Redefine Properties | 1.1% |
| Growthpoint Properties | 1.1% |

PERFORMANCE ANALYSIS

| YEAR | STRATEGY | BENCHMARK | DIFFERENCE |
|-----------------|----------|-----------|------------|
| 1 month | -1.5% | 1.1% | -2.6% |
| 3 month | -0.3% | 2.8% | -3.1% |
| 6 month | -2.8% | 4.7% | -7.5% |
| Year to date | -1.3% | 4.3% | -5.6% |
| 1 year | 5.1% | 8.5% | -3.3% |
| 2 year | 2.8% | 8.9% | -6.1% |
| 3 year | 4.7% | 9.4% | -4.7% |
| 5 year | 8.1% | 9.3% | -1.3% |
| 10 year | 8.5% | 9.6% | -1.1% |
| Since Inception | 11.4% | 9.1% | 2.3% |
| 2008 | -5.8% | 14.7% | -20.5% |
| 2009 | 14.6% | 9.8% | 4.8% |
| 2010 | 9.4% | 7.6% | 1.8% |
| 2011 | 6.9% | 10.1% | -3.2% |
| 2012 | 11.5% | 9.6% | 1.9% |
| 2013 | 18.5% | 9.3% | 9.2% |
| 2014 | 11.8% | 9.8% | 2.0% |
| 2015 | 11.5% | 8.8% | 2.8% |
| 2016 | 0.4% | 10.6% | -10.2% |
| 2017 | 10.9% | 8.6% | 2.2% |

*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

May brought more volatility to investment markets as geopolitical events competed with corporate fundamentals for attention. The US withdrawal from Iran's nuclear treaty and the imposition of sanctions against Venezuela led to a surge in the oil price which only fell to US\$75 a barrel after OPEC and Russia indicated they would boost supplies. China and US continued their tug-of-war trade negotiations, while the on/off summit between the US and North Korea added to the uncertainty.

Month-end brought turmoil to the markets originating from Italy and Spain. In Italy, home to arguably Europe's most problematic banking sector, President Sergio Mattarella moved to block the formation of an anti-establishment government. In Spain, the pro-market, centre-right party faced a vote of no confidence. Both events have rekindled fears of the euro's fragility.

In the US, just as the negotiations over the US/China trade war seemed to be making headway, the Trump administration announced the intention to impose 25% tariffs on US\$50 billion in imports from China as well as restrictions meant to prevent Chinese acquisition of US technology.

The US economy continued to thrive with unemployment at 3.9% in April. Bullish data pushed the US 10-year yield through a key level of 3.0%, raising worries of higher interest rates. This, combined with a stronger US dollar, had a massive impact on emerging markets which came under acute selling pressure. In response, Indonesia, Argentina and Turkey raised interest rates, while Hong Kong stepped in to prop up its currency. Other countries whose currencies came under pressure included Colombia, South Africa, India and Mexico.

South Africa narrowly escaped another downgrade by S&P in a month which saw the rand trade mostly in a weak R12.40 to R12.80 range relative to the US dollar. On the economic front, the Absa manufacturing PMI beat expectations rising to 50.9 in April. The unemployment rate remained unchanged at 26.7% in the first quarter. The Reserve Bank kept interest rates on hold at 6.5%, citing upside risks to inflation from US dollar strength and the surge in oil prices. April's consumer price index rose to 4.5%.

The FTSE/JSE SWIX Index delivered a negative 4.7%, with only the Resources sector benefitting from a weaker rand which depreciated by 1.9% relative to the US dollar. The bond market fell by 2.0%, while the property sector fell by 5.9%.

HISTORICAL PERFORMANCE

| | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC | YEAR |
|------|-------|-------|-------|------|-------|-------|------|-------|-------|-------|------|-------|-------|
| 2014 | -0.4% | 1.3% | 1.4% | 1.0% | 1.9% | 1.6% | 1.2% | 0.0% | -0.2% | 0.5% | 1.7% | 1.2% | 11.8% |
| 2015 | 2.7% | 2.3% | 1.0% | 2.0% | -1.4% | -0.8% | 1.2% | -1.1% | 0.3% | 4.7% | 0.2% | 0.0% | 11.5% |
| 2016 | -2.6% | 0.7% | 2.2% | 0.1% | 3.5% | -2.5% | 0.3% | 1.6% | -1.5% | -2.1% | 0.5% | 0.5% | 0.4% |
| 2017 | 0.9% | -0.3% | 1.7% | 1.6% | 0.0% | -1.5% | 3.2% | 0.9% | 1.1% | 4.1% | 0.2% | -1.5% | 10.9% |
| 2018 | -0.1% | -1.0% | -2.2% | 3.5% | -1.5% | | | | | | | | -1.3% |

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 + 4% Fund is a multi-asset class fund managed with a medium exposure to equities in order to seek long-term returns of at least 4% 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 + 4% per annum and will maintain a total equity exposure of between 40% and 60% of the portfolio.