FINSOLNET CPI + 2% PORTFOLIO

SEPTEMBER 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: Finsolnet 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%)

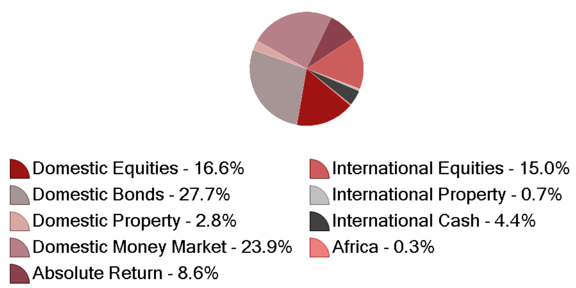
*TER is for Class B fund only. The TER of the Class A fund includes an additional advice fee of 0.65% plus VAT, payable to the financial advisor.

RISK STATISTICS

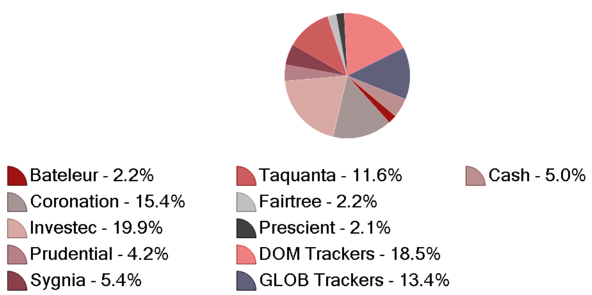
	FUND	ALSI
Standard Deviation	3.3%	14.8%
Downside Deviation	2.2%	8.7%
% Positive Months	86.2%	62.4%
% Negative Months	13.8%	37.6%
Best Month	4.2%	12.5%
Worst Month	-2.8%	-13.2%
Avg Negative Return	-0.7%	-2.9%
Maximum Drawdown	-2.8%	-40.4%

*Risk statistics are calculated since inception of the strategy

ASSET ALLOCATION



MANAGER HOLDINGS



TOP 10 EQUITY HOLDINGS

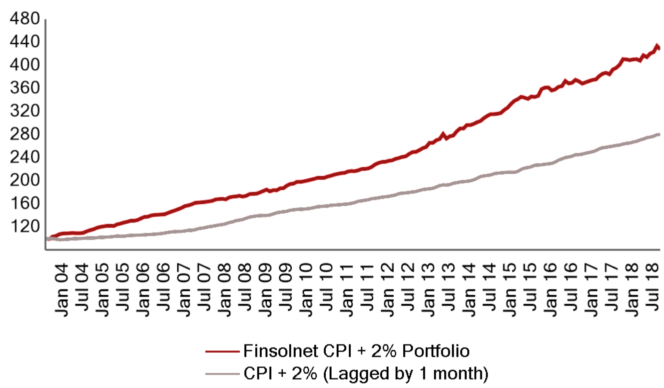
	VALUE
Naspers	3.5%
Sasol	1.1%
Redefine Properties	0.9%
Growthpoint Properties	0.9%
Firstrand Limited	0.7%
Standard Bank	0.7%
Anglo American Plc	0.7%
BHP Billiton	0.6%
British American Tobacco	0.5%
Old Mutual Plc	0.5%

PERFORMANCE ANALYSIS

YEAR	STRATEGY	BENCHMARK	DIFFERENCE
1 month	-1.4%	0.1%	-1.5%
3 month	1.7%	1.6%	0.1%
6 month	4.7%	3.4%	1.3%
Year to date	4.5%	5.5%	-1.0%
1 year	6.6%	6.9%	-0.4%
2 year	7.2%	6.9%	0.3%
3 year	7.2%	7.2%	0.0%
5 year	8.4%	7.3%	1.1%
10 year	9.2%	7.3%	1.9%
Since Inception	10.1%	7.1%	3.0%
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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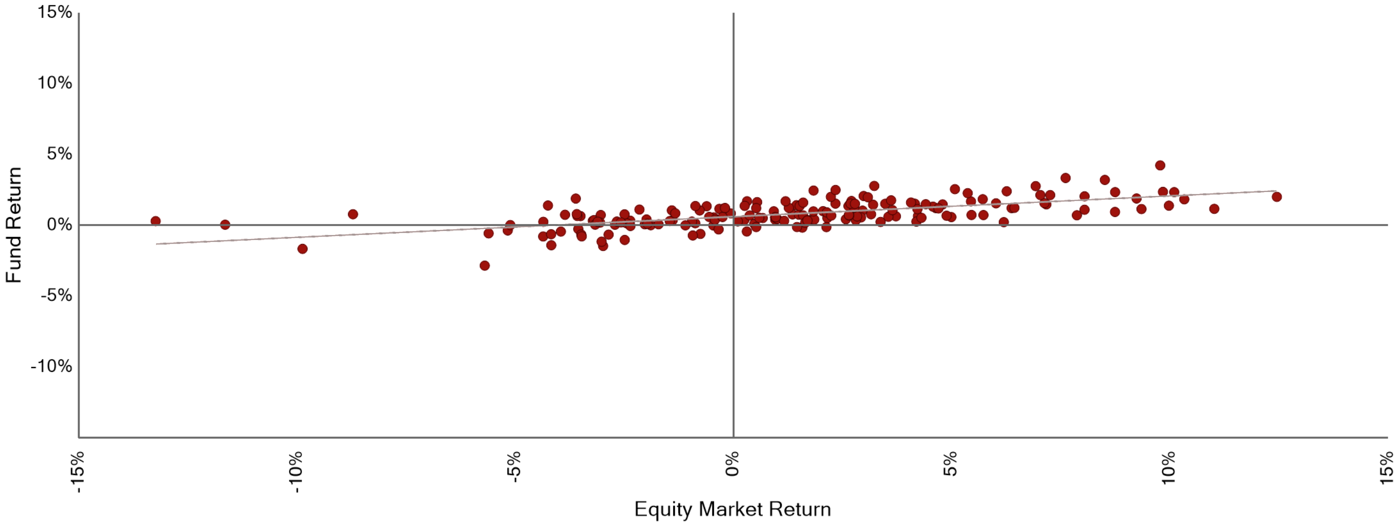

COMMENTARY

As contagion spreads throughout emerging markets, from Argentina's fiscal concerns and IMF bailout, Turkey's twin deficits, Brazil's contentious elections, Russia's US sanctions and South Africa's economic recession, global traders have come up with another shorthand acronym; BRATS. South Africa is the only country within BRATS that has not seen its credit rating downgraded to junk, albeit our markets are pricing in that downgrade.

Beyond the idiosyncratic risks of the BRATS, the strong US dollar and rising US interest rates have continued to lead to outflows from emerging markets forcing them to hike interest rates once again, a vicious cycle which puts further strain on their economies. Turkey, in a sign of capitulation, raised interest rates from 17.8% to 24%, while Russia increased rates for the first time in four years. The only positive has been that this has been perceived as providing confirmation that the central banks of both countries remain relatively independent. At the same time Argentina and Kenya implemented austerity measures to appease the IMF. Together with weaker than expected US consumer price inflation, these policy adjustments brought some calm to the emerging markets and their currencies by month end.

The US economy continued to strengthen with equity markets hitting new highs, consumer confidence at its strongest levels in 18 years, and jobless claims at 49-year lows. This has allowed the US Federal Reserve to increase interest rates once again and upgrade their growth expectations for 2019. Unfortunately, the picture looks less rosy for the rest of the world hit by a strengthening US dollar, oil prices at four-year highs and global trade wars. In response the OECD has announced that global economic growth has peaked and lowered its growth forecasts for 2018. There seems to be no end to the US and China trade war with both countries implementing new rounds of tariffs in September.

In South Africa, President Cyril Ramaphosa presented a viable economic plan based on refocussing R50bn of expenditure towards stimulating economic growth. The plan includes introduction of more competition in the telecommunications sector, relaxation of visa requirements, easing of immigration restrictions, finalisation of the Mining Charter and a R400bn infrastructure fund.

The FTSE/JSE SWIX Index dropped 4.5%, with Industrials down 8.1% and Financials 2.0% in the red. The JSE All Bond Index climbed 0.3%, while the rand appreciated by 4.0% relative to the US dollar.

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%	2.5%	-1.4%				4.5%

finsolnet

Sygnia

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 + 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.