

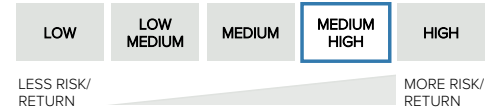
# SYGNIA DIVI INDEX FUND

**CLASS A**  
SOUTH AFRICAN - EQUITY - GENERAL

30 APRIL 2016

**LOW MANAGEMENT FEES AT 0.40%**

## RISK PROFILE



PORTFOLIO MANAGERS **IAIN ANDERSON**  
**RIAN BRAND**

REGULATION 28 **NON-COMPLIANT**

FUND LAUNCH DATE **30 MAY 2013**

CLASS LAUNCH DATE **6 NOVEMBER 2013**

FUND SIZE **R 22.10 MILLION**

INSTRUMENT PRICE **104.01**

FUND OBJECTIVE

**THE FUND AIMS TO DELIVER PERFORMANCE IN LINE WITH THE RETURNS OF THE FTSE/JSE DIVIDEND PLUS INDEX**

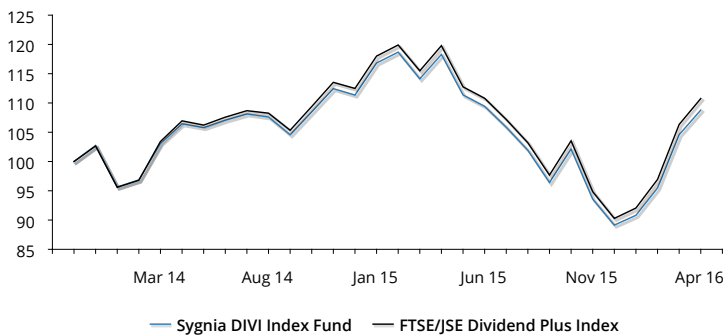
INCOME DISTRIBUTION

**BI-ANNUALLY (MARCH AND SEPTEMBER)  
PAYMENT: 1 APR 2016 - 1.88 CENTS PER UNIT  
PAYMENT: 1 OCT 2015 - 2.08 CENTS PER UNIT**

TRUSTEES

**STANDARD BANK TRUSTEES (021 441 4100)**

## CUMULATIVE PERFORMANCE



## SECTOR ALLOCATION

SECTOR	PERCENTAGE	ALLOCATION
Industrials	53.6%	<div style="width: 53.6%;"></div>
Financials	38.6%	<div style="width: 38.6%;"></div>
Resources	7.8%	<div style="width: 7.8%;"></div>

## PERFORMANCE ANALYSIS

PERIODIC PERFORMANCE	FUND	*BM	DIFFERENCE
1 Month	4.0%	4.2%	-0.1%
3 Months	19.8%	20.3%	-0.5%
6 Months	6.5%	7.0%	-0.4%
Year to Date	22.0%	22.7%	-0.6%
1 Year	-8.0%	-7.5%	-0.5%
Since Inception	3.5%	4.3%	-0.8%

\*FTSE/JSE Dividend Plus Index

## TOP 10 HOLDINGS

ASSET	PERCENTAGE
Nampak	5.7%
MTN Group Ltd	4.8%
Coronation Fund Managers Ltd	4.7%
MMI Holdings Ltd	4.0%
Barclays Africa Group Ltd	4.0%
Liberty Holdings Ltd Ord	3.9%
BHP Billiton Plc	3.8%
Imperial Holdings Ltd	3.7%
Nedbank Group Ltd	3.7%
Truworths International Ltd	3.6%

## HISTORICAL PERFORMANCE

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
2013													2.7%
2014	-6.9%	1.3%	6.4%	3.3%	-0.6%	1.2%	1.0%	-0.5%	-2.8%	3.7%	3.6%	-1.0%	8.4%
2015	4.9%	1.6%	-3.8%	3.7%	-5.8%	-1.7%	-3.3%	-3.7%	-5.4%	5.9%	-8.4%	-4.7%	-20.0%
2016	1.9%	5.1%	9.5%	4.0%									22.0%

## RISK STATISTICS

	FUND	BM
% Negative Months	44.8%	44.8%
Best Month	9.5%	9.7%
Worst Month	-8.4%	-8.4%
Avg Negative Return	-3.7%	-3.7%
Maximum Drawdown	-24.9%	-24.7%
Standard Deviation	15.4	15.6
Downside Deviation	8.5	8.6

The risk statistics reflected above are calculated on a 60 month or since inception basis, depending on which period is shorter.

## FEES

Initial Fees:	0.00%
Management Fees:	0.40% per annum (including VAT)
Performance Fees:	0.00%
Financial Advice Fees:	0.00%
Total Expense Ratio (TER):	0.43% (year ending 31 Mar 2016)

# SYGNIA DIVI INDEX FUND

## FUND COMMENTARY

CLASS A  
SOUTH AFRICAN - EQUITY - GENERAL

31 MARCH 2016

### RISK PROFILE

LOW	LOW MEDIUM	MEDIUM	MEDIUM HIGH	HIGH
-----	------------	--------	-------------	------

LESS RISK/RETURN  MORE RISK/RETURN

### TIME HORIZON

1 YEAR+	2 YEARS+	3 YEARS+	5 YEARS+	10 YEARS+
---------	----------	----------	----------	-----------

## MARKET PERFORMANCE

A myriad of factors roiled global financial markets in January and February including a weakening Chinese economy, collapsing oil prices, escalating tensions in the Middle East that spawned a refugee crisis in Europe, tensions in the Korean Peninsula and the possibility of financial dislocation as US monetary policy tightened while other developed nations continued to take easing measures. Emerging markets bore the brunt of the sell-off, with South Africa, as a commodity producer, amongst the most vulnerable.

Worries about a protracted period of slowing global growth, low oil prices and rock-bottom interest rates translated into a massive sell-off of European banks. The gold price rose above US\$1 200 an ounce, the yields on longer-term Japanese bonds hit zero and the yen surged to a 15-month peak.

The prospect of China devaluing its currency to aid its exports following the announcement that its economy expanded by 6.9% in 2015, the slowest annual pace in 25 years, worsened the mood.

In the US, the economy continued to recover at a moderate pace with unemployment continuing to fall and little sign of inflation.

The news that the Bank of Japan cut interest rates to negative levels in an attempt to keep the economy from stagnating was poorly received by domestic investors.

Oil prices also drove much of the sentiment as expectations of Iran's oil coming online, no signs of a slow-down in production and weak demand expectations from China led to oil prices plunging to below US\$30 a barrel, a 12 year low. Prices recovered to US\$40 a barrel in March after the world's biggest oil producers, accounting for 73% of global oil production, agreed to meet in April to discuss an output freeze. However, soon thereafter both Kuwait and Saudi Arabia announced that they would resume production at the jointly operated Khafji field, and data showed that US crude stockpiles had risen to their highest level in 80 years.

After the bleakness of January and February the sudden sentiment shift ignited markets. Apart from rising oil prices, disappointing global economic data flared expectations that the US Fed will delay increasing interest rates and commodities found new support on the

weakness of the US dollar and speculative demand. The ECB added fuel to the fire by cutting three key interest rates and expanding its monthly bond purchases from €60 billion to €80 billion. Even China snuck through some quantitative easing of its own, announcing cuts to the reserve requirement ratio for banks. The Chinese government also pledged to support growth and downsize industries beset by overcapacity without large-scale layoffs.

As sentiment shifted away from doom and gloom, so money moved out of US government debt into riskier assets such as emerging markets equities. South African bond and equity markets, as well as the rand, reflected the shift.

The biggest boost to sentiment was provided by the US Fed which reduced estimates of how much they expect to raise short-term interest rates by in 2016 from 1% to 0.5%, citing risks posed by slowing global growth and financial markets volatility.

Markets cheered the news, with stocks and gold rising and US Treasury yields and the US dollar falling.

Despite the sudden rally in emerging markets one cannot lose sight of the fact that it is being driven by weak global economic fundamentals. The ECB trimmed its growth forecasts for the Eurozone to 1.4% this year and 1.7% in 2017. The US Fed cut its US growth expectations to 2.2% in 2016 and 2.1% in 2017. The Bank of Japan warned of a bleak outlook for the economy, while China introduced targeting a "growth range" of 6.5% to 7% in 2016.

In South Africa all indicators point to the economy being on the cusp of a recession after two quarters of barely positive growth, at 0.6% in the fourth quarter of 2015 and 0.7% in the third quarter. The economy grew just 1.3% last year.

Consumer inflation accelerated to 7.0% year-on-year in February, on higher food and petrol prices. Unsurprisingly, the Reserve Bank increased the repo rate by 0.5% in January and a further 0.25% in March to 7.0% on concerns about the weak growth outlook, low consumer and business confidence and the upside risk to inflation. More hikes are expected this year - not good news for consumers. It also cut its economic growth forecast for this year to 0.8%. The much anticipated budget met with a lukewarm reception promising budget cuts

across the public sector and increasing capital gains and property transfer taxes.

Factional ANC politics, "state capture" by business interests and a continuing Hawks investigation into Finance Minister Pravin Gordhan brought additional volatility to the equity and bond markets, as well as the rand. The unfortunate timing of these announcements coincided with Moody's visit to South Africa to reassess the country's credit rating, making a downgrade almost a certainty.

Fortunately, domestic events took second place to the global "risk-on" attitude which plastered over the cracks in the short-term. The quarter ended with the FTSE/JSE SWIX Index up 5.9%, the BESA All Bond Index up 6.6% and the rand 5.2% stronger against the US dollar. Looking through the numbers, the Resources sector drove much of the gains in the equity market with a return of 13.2%, while Financials returned 5.4% and the Industrial sector -0.7%.

## FUND PERFORMANCE

The Sygnia Divi Index Fund was managed in line with its benchmark, the FTSE/JSE Dividend Plus Index, and delivered a pleasing return of 17.33% over the quarter. The Fund benefitted from shares within the resources sector, namely Sibanye Gold, Assore, African Rainbow Minerals and Anglo American. Telkom, Nampak and Nedbank detracted from performance.

In March, Barloworld, Pretoria Portland Cement, Santam and Sun International were added to the index and RMB Holdings as well as three resources counters were removed from the index, namely Anglo American, African Rainbow Minerals and Assore. The Fund remains true to its mandate of delivering returns which mirror those of the FTSE/JSE Dividend Plus Index.

### DISCLAIMER

Sygnia Collective Investments RF (Pty) Ltd is incorporated and registered under the law of South Africa and is registered under the Collective Investment Schemes Control Act, 2002 (Act No 45 of 2002). The company does not provide any guarantee with respect to the capital or return of the portfolio. Nothing in this 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.

SYGNIA COLLECTIVE INVESTMENTS RF (PTY) LTD  
Registration No. 2009/003063/07

A member of the association for savings & investment SA

CAPE TOWN: 7th Floor, The Foundry, Cardiff Street Green Point,  
8001 T +21 446 4940

JOHANNESBURG: Unit 40 6th Floor Katherine & West Building  
West Street Sandton T +10 595 0550

www.sygnia.co.za | info@sygnia.co.za

 SYGNIA

# IMPORTANT INFORMATION TO CONSIDER BEFORE INVESTING

## INVESTMENT APPROACH

The Sygnia DIVI Index Fund is a general equity fund that is managed with the objective of delivering returns in line with its benchmark, the FTSE/JSE Dividend Plus Index (DIVI). The Fund is passively managed and the portfolio is constructed so as to match the constituents of the index as closely as possible.

## BALANCING RISK AND REWARD

The Sygnia DIVI Index Fund targets an overall 100% allocation to a concentrated selection of South African equities and has a medium-to-high risk profile. It is a suitable investment for investors seeking higher returns, those who are willing to tolerate higher volatility and investors who aim to maximise capital accumulation over a longer-term time horizon. The investment is also suitable for investors who wish to maximise their returns in the most cost-effective manner without the need to select asset managers or take on the risk of active and subjective investment decision-making processes.

The recommended investment term for investors in the Sygnia DIVI Index Fund is a minimum of three to five years. The Fund has a 100% strategic allocation to South African equities. The risk in the Fund is managed by spreading investments across sectors and individual shares. However, the structure of the portfolio is dictated by the composition of the FTSE/JSE Dividend Plus Index. The focus on a high dividend stream and mid-to-large cap companies provides an added benefit in terms of risk management.

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. Performance data for the index is available from the JSE and is also available through many daily financial publications and websites.

## FEES

The annual management fee comprises of applicable basic fees paid to underlying managers and Sygnia's annual service fee.

A schedule of fees and charges is available on request from the Company. 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.

## WHAT IS THE TOTAL EXPENSE RATIO (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.

## HOW ARE UNIT PRICES CALCULATED?

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).

## DISCLAIMER

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.

This document is for information purposes only and does not constitute or form any part of any offer to issue or sell, or any solicitation of any offer to subscribe for or purchase any particular investment. Whilst reasonable care was taken in ensuring that the information contained in this document is accurate, Sygnia accepts no liability in respect of any damages and/or loss (whether direct or consequential) or expense of any nature which may be suffered as a result of reliance, directly or indirectly, on the information in this document.

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).



**SYGNIA COLLECTIVE INVESTMENTS RF (PTY) LTD**  
Registration No. 2009/003063/07

A member of the Association for Savings & Investments SA

**CAPE TOWN:** 7th Floor The Foundry Cardiff Street Green Point  
8001 T +21 446 4940

**JOHANNESBURG:** Unit 40 6th Floor Katherine & West Building  
West Street Sandton T +10 595 0550

[www.sygnia.co.za](http://www.sygnia.co.za) | [info@sygnia.co.za](mailto:info@sygnia.co.za)