



December/13

FINSOLNET CONSERVATIVE FUND

ABOUT THE PORTFOLIO

The Finsolnet Conservative Portfolio is a low risk balanced portfolio that aims to deliver superior real returns over the medium to longer term with a strong focus on active management of capital loss risk over the shorter term.

The portfolio is managed on a multi-manager basis and includes international exposure. The strategic allocation to various asset classes is set out below. Each manager appointed within a particular asset class has been selected on the basis of rigorous quantitative and qualitative analysis.

The underlying managers have been selected, mandated, monitored and reviewed by Amadwala Asset Consulting on behalf of their clients.

The portfolio complies with Regulation 28 of the Pension Funds Act, 1956 as amended.

The portfolio is offered on a pooled and unitised basis on the Sygnia Life license.

PERFORMANCE SUMMARY

Month	12 Months	Since Inception	Large Manager Median (12 Months)
2.4%	20.2%	16.0%	22.5%

PERFORMANCE COMMENTARY

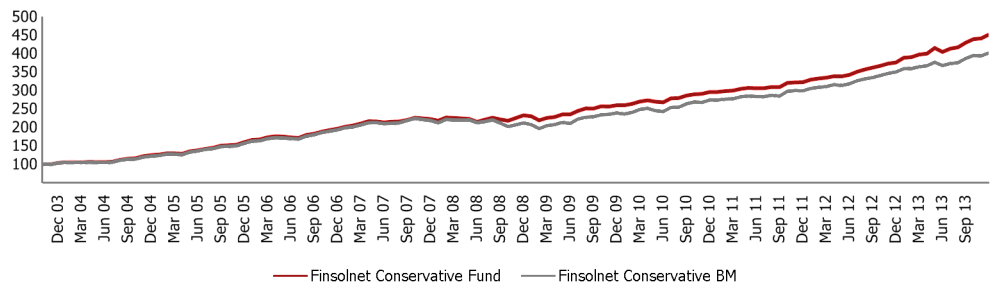
The FTSE/JSE All Share Index gained 3.0% in December, the BESA All Bond Index 1.1% and the MSCI World Index 4.1%, aided by the 2.0% depreciation of the rand relative to the US dollar. The gold price fell by 3.8% over the month. Global stock markets ended 2013 at new highs as the US Federal Reserve's tapering announcement was heavily sweetened by the promise of lower interest rates for longer, while a weary US Senate signed off on a budget deal without protracted negotiations. Emerging markets came under pressure as both Turkey and Egypt contributed to the political noise. The rand bore the brunt of the sell-off despite credit rating agencies re-affirming South Africa's rating.

The US Fed announced it would cut its monetary easing programme in January 2014 to US\$75 billion a month, while undertaking to maintain interest rates at record lows well beyond when unemployment reduces to 6.5% and bond purchases end. The US Fed is expected to reduce its bond purchases in US\$10 billion increments over the next seven meetings. After an initial negative reaction, markets picked up again as investors digested the news and judged it to be less impactful than expected. The gold price tumbled in response, bringing to a close the worst year for the metal in 32 years, with the price down 28% in 2013, and 37% below a record high of US\$1 920 achieved in 2011. The oil price ended the year at US\$112 a barrel, supported by escalating unrest in South Sudan and Libya.

The rand lost 23.2% against the US dollar and 30.4% against the euro over 2013. General negative sentiment towards emerging markets was compounded by domestic strikes in the mining and manufacturing sectors. December brought further bad news in the form of a widening current account deficit figure for the third quarter.

After all the numbers have been tallied, the 2013 winner is Japan. The Nikkei 225 index rallied 56.7% over 2013, its biggest annual gain since 1972. Shares were bolstered by a weaker yen and hopes for Prime Minister Shinzo Abe's monetary policies. China has the honour of having the worst-performing stock market of the major economies, with the benchmark Shanghai Composite Index down 7.6% from a year earlier as disillusioned investors moved their assets into cash and property. The S&P 500 was up 29.6% in 2013, its best performance since 1997, the FTSE100 14.4%, Germany's DAX 22.8%, Australia's S&P/ASX 200 14.8% and South Africa's ALSI 21.4%.

CUMULATIVE RETURNS



HISTORICAL PERFORMANCE

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2009	-1.1%	-4.8%	3.0%	1.1%	3.1%	0.0%	4.1%	2.7%	-0.1%	2.4%	-0.2%	1.3%	11.7%
2010	0.0%	1.5%	2.4%	1.2%	-1.3%	-0.6%	4.0%	0.3%	2.4%	1.2%	0.4%	1.7%	13.8%
2011	0.0%	0.8%	0.4%	1.6%	0.9%	-0.3%	0.1%	1.1%	-0.1%	3.7%	0.5%	0.1%	8.9%
2012	2.1%	0.9%	0.7%	1.2%	-0.1%	1.2%	2.5%	1.8%	1.4%	1.4%	1.6%	0.8%	16.6%
2013	3.4%	0.5%	1.8%	0.6%	3.8%	-2.6%	2.2%	0.9%	3.0%	2.2%	0.5%	2.4%	20.2%

Disclaimer Sygnia Life Limited: The information and commentary contained in this document is of a general nature and is not intended to address the circumstances of a particular individual or entity. Whilst reasonable care was taken in ensuring that the information is accurate, Sygnia Life Limited does not warrant its accuracy, correctness or completeness and accepts no liability in respect of any damages and/or loss suffered as a result of reliance on the information in this document. No one should act on the information contained in this document without having obtained appropriate and professional investment, legal, tax and such other relevant advice as may be required in each instance. Sygnia Life Limited is a licensed financial services provider (FSP 2935): 7th Floor, the Foundry, Cardiff Street, Green Point, 8001 Tel: (021) 446 4940/Fax: (021) 446 4950



FUND SUMMARY

Inception (back dated):	01-Nov-03	
Inception (actual):	12-Nov-09	
Number of Months	50	
	FUND	LMM
Sharpe Ratio	0.83	0.70
Sortino Ratio	1.36	1.05

RISK ANALYSIS

	FUND	LMM
% Positive Months	74.6%	69.7%
% Negative Months	25.4%	30.3%
Best Month	5.2%	7.3%
Worst Month	-4.8%	-7.7%
Avg Negative Return	-1.0%	-1.8%
Maximum Drawdown	-5.9%	-23.8%
Standard Deviation	6.2%	9.9%
Downside Deviation	3.8%	6.6%

CORRELATIONS

	FUND	LMM
FTSE/JSE All Share Index	0.80	0.94
BESA All Bond Index	0.41	0.20

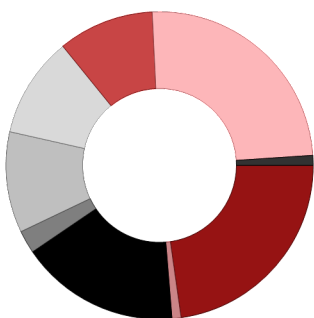
LMM = Global Large Manager Median

MARKET STRESS MONTHS

	FUND	ALSI
July 2008	2.7%	-8.7%
September 2008	-2.0%	-13.2%
October 2008	-1.7%	-11.6%
February 2009	-4.8%	-9.9%

Proforma performance numbers for periods prior to inception of the portfolio are based on actual performance of the underlying building blocks used in the portfolio. These risk and return numbers are shown to aid in the understanding of potential future performance and risk characteristics of the product.

ASSET ALLOCATION



- Domestic Equities - 22.8%
- Domestic Property - 0.9%
- Domestic Bonds - 16.8%
- Domestic ILB - 2.4%
- Domestic Cash Plus - 10.6%
- Domestic Money Market - 10.6%
- Domestic Alternatives - 10.1%
- International - 24.7%
- Africa - 1.1%

PERFORMANCE ANALYSIS

PERFORMANCE	FUND	BM	DIFFERENCE
Calendar Years			
2008	4.6%	-2.9%	7.5%
2009	11.7%	12.8%	-1.1%
2010	13.8%	14.7%	-0.9%
2011	8.9%	9.0%	-0.1%
2012	16.6%	17.1%	-0.5%
2013	20.2%	14.7%	5.5%

Periodic Performance

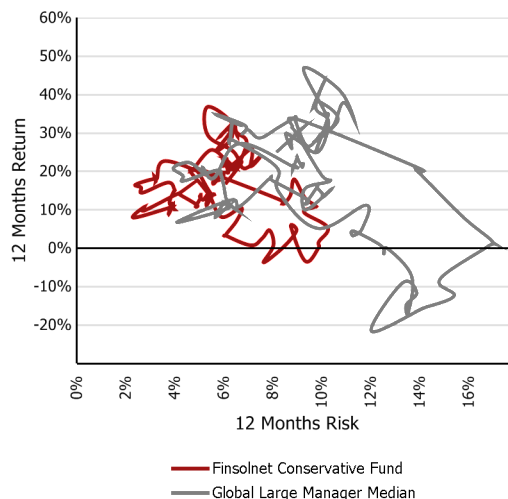
1 month	2.4%	1.9%	0.5%
3 month	5.2%	3.8%	1.3%
6 month	11.7%	9.3%	2.4%
Year to date	20.2%	14.7%	5.5%
1 year	20.2%	14.7%	5.5%
2 year	18.4%	15.9%	2.5%
3 year	15.1%	13.5%	1.6%
5 year	14.2%	13.6%	0.6%

FUND SENSITIVITY TO EQUITY MARKET



This scatterplot indicates the extent to which fund returns are correlated with those of the equity market.

12 MONTHS RISK/RETURN SNAIL TRAIL



FOR MORE INFORMATION CONTACT:

Sygnia Asset Management

7th Floor | The Foundry | Cardiff Street | Green Point | 8001

Tel | +27 21 446 4940 Fax | +27 21 446 4950

9th Floor | 15 Alice Lane | Sandton | Johannesburg | 2196

Tel | +27 11 290 9360 Fax | +27 11 290 9365 E-mail | info@sygnia.co.za

