



July/13

FINSOLNET MODERATE FUND

ABOUT THE PORTFOLIO

The Finsolnet Moderate Portfolio is a low to medium 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 be 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)
2.7%	21.8%	17.2%	21.8%

PERFORMANCE COMMENTARY

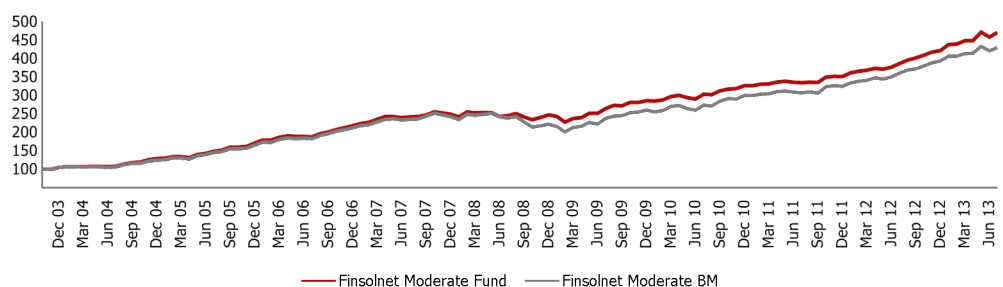
A temperate July followed a ferocious June as bargain hunters returned to the market and risk aversion lessened. Political upheaval in Portugal and Egypt introduced some turbulence, but a number of positive economic surprises from the US, Japan and the euro zone stabilised the mood. By mid-month, political issues faded as the US earnings reporting season kicked-off with more than 70% of reporting companies exceeding profit forecasts. China continued to slow down with second quarter GDP growth coming in at 7.5%. This finally forced the government to drip feed the economy with some easy reforms. But at the same time the government clamped down on excess production capacity in its continuing effort to shift the economy towards a more sustainable demand-driven growth path. China committed to ensuring that economic growth does not fall below 7% in 2013.

Gold had a volatile month, pushed down by prospects of an end to quantitative easing in the US, boosted again after the US Fed indicated that the timeline has not as yet been set, and pulled down by better than expected US economic data at month end.

The ECB and the Bank of England pledged to keep interest rates low, counterbalancing the news that the IMF has cut its global growth forecasts for 2013 and 2014 to 3.1% and 3.8%, respectively. Markets have become more difficult to read in recent months. Until recently, any economic weakness has been viewed as positive for the continuation of quantitative easing, and hence positive for equities. Now that the end of quantitative easing is looming, investors are looking for a stronger US economy, hence the irrational volatility.

In South Africa the feared gold mining wage negotiations were put on hold after NUM, Solidarity and UASA declared an official wage dispute. Prospects for peaceful negotiation are negligible as mining companies are offering a 5% wage increase against the 100% demanded by workers. On the economic front, the Kagiso manufacturing PMI stayed above the 50 mark for the third month in a row. Other positive surprises included stronger retail sales and growth in private sector credit demand numbers, a lower June trade account deficit and slower headline consumer inflation (5.5% year-on-year in June). The Reserve Bank kept interest rates unchanged while cutting its outlook for GDP growth to 2% this year and 3.3% in 2014. The FTSE/JSE All Share Index rose by 4.4%, driven mostly by the Resources sector which returned 9.1%. Bonds dropped by 0.7% as foreign buyers continued to shun emerging markets and the rand strengthened marginally by 0.2% to the US dollar.

CUMULATIVE RETURNS



HISTORICAL PERFORMANCE

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2009	-1.7%	-6.3%	4.2%	1.0%	5.0%	-0.1%	5.2%	3.2%	-0.4%	3.4%	-0.1%	1.7%	15.5%
2010	-0.3%	1.0%	3.2%	1.2%	-2.1%	-1.3%	4.5%	-0.4%	3.5%	1.5%	0.5%	2.5%	14.3%
2011	-0.1%	1.2%	0.3%	1.5%	0.6%	-0.8%	-0.4%	0.5%	-0.2%	4.3%	0.6%	-0.2%	7.5%
2012	2.9%	1.2%	0.8%	1.3%	-0.6%	1.4%	2.6%	2.4%	1.5%	1.9%	2.1%	0.9%	20.0%
2013	3.9%	0.3%	2.0%	0.1%	5.1%	-2.8%	2.7%						11.7%

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FUND SUMMARY

Inception (back dated):	01-Nov-03	
Inception (actual):	12-Nov-09	
Number of Months	45	
	FUND	LMM
Sharpe Ratio	0.80	0.66
Sortino Ratio	1.26	1.00

RISK ANALYSIS

	FUND	LMM
% Positive Months	70.9%	69.2%
% Negative Months	29.1%	30.8%
Best Month	6.3%	7.3%
Worst Month	-6.3%	-7.7%
Avg Negative Return	-1.2%	-1.9%
Maximum Drawdown	-10.8%	-23.8%
Standard Deviation	7.9%	10.0%
Downside Deviation	5.0%	6.6%

CORRELATIONS

	FUND	LMM
FTSE/JSE All Share Index	0.90	0.93
BESA All Bond Index	0.27	0.19

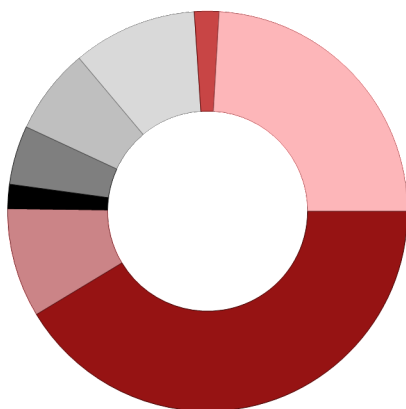
LMM = Global Large Manager Median

MARKET STRESS MONTHS

	FUND	ALSI
July 2008	1.0%	-8.7%
September 2008	-3.6%	-13.2%
October 2008	-3.1%	-11.6%
February 2009	-6.3%	-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



Equities - 41.4%	Alternatives - 10.1%
Bonds - 8.8%	TAA - 2.0%
Inflation Linked Bonds - 2.0%	International - 24.1%
Property - 4.8%	
Money Market - 7.0%	

PERFORMANCE ANALYSIS

PERFORMANCE	FUND	BM	DIFFERENCE
Calendar Years			
2007	14.3%	14.4%	-0.1%
2008	-0.7%	-8.5%	7.8%
2009	15.5%	17.2%	-1.7%
2010	14.3%	15.2%	-1.0%
2011	7.5%	8.3%	-0.7%
2012	20.0%	21.1%	-1.2%

Periodic Performance

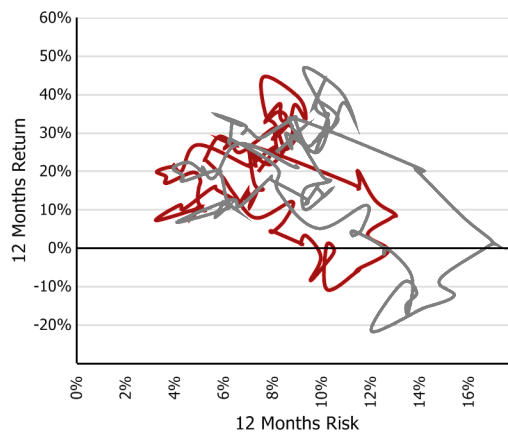
	FUND	BM	DIFFERENCE
1 month	2.7%	2.1%	0.7%
3 month	4.9%	3.6%	1.3%
6 month	7.5%	5.8%	1.8%
Year to date	11.7%	9.2%	2.5%
1 year	21.8%	19.2%	2.6%
2 year	18.6%	18.3%	0.3%
3 year	15.8%	16.2%	-0.4%
5 year	13.9%	12.5%	1.4%

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



— Finsolnet Moderate Fund
— Global Large Manager Median

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