



# June/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)
-2.8%	21.7%	17.1%	21.7%

### PERFORMANCE COMMENTARY

June got off to a poor start after a raucous May as lackluster economic data from the US and China triggered a bout of negative sentiment. Emerging markets, in particular, continued to face strong outflows. Markets also reacted badly to the news that the World Bank has cut its growth forecasts for this year to 2.2%, down from 2.4% forecast in January and to 3.1% for 2014. Unrest in Turkey and Brazil further exacerbated the concerns. But nothing prepared investors for the sell-off that followed the US Federal Reserve's comments on curbing of quantitative easing. A cash squeeze in China did little to help. Bond yields soared, the gold price plunged and stocks fell as investors indiscriminately pulled money out of all asset classes. This left the two central banks with little choice but to backtrack as quickly as possible to stabilise the situation.

On the economic front, China continued to slow down. However, subsequent data releases from the US, Japan and Germany were more optimistic, helping the markets to recover somewhat from the shock sell-off.

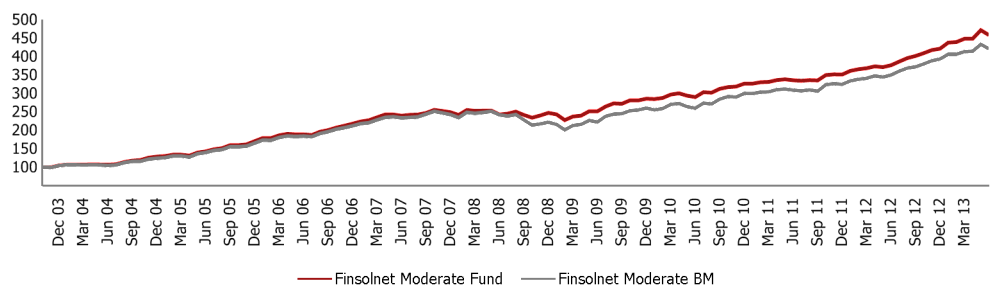
Gold ended the month at US\$1 234 an ounce, a staggering 31.6% down since its peak in August 2011, when an ounce was worth US\$1 895. The gold price fell by 11.0% in June as investors continued to pull money from gold-backed ETFs and emerging markets, bringing the year-to-date drop to 26.3%.

South Africa held its breath as the health of the apartheid struggle icon, past-President Nelson Mandela, deteriorated.

On the economic front, manufacturing activity remained subdued, while the current account deficit improved on the back of the weaker rand boosting exports. Domestic consumer prices increased at a slower pace than expected with the CPI easing to 5.6% year-on-year from 5.9% a month before. The markets remained volatile with commodity stocks bearing the brunt of the global sell-off. In addition South African miners continued to struggle with domestic labour issues. The government-initiated draft pact between mining companies and labour unions to bring order to the sector is still to be tested.

The FTSE/JSE All Share Index ended the month 5.7% down, with the Resources sector dropping by 13.5%, Financials by 4.2% and Industrials by 3.1%. The BESA All Bond Index fell by 1.5% as foreigners continued to sell bonds, while the rand strengthened marginally by 2.1% on US dollar weakness.

### CUMULATIVE RETURNS



### HISTORICAL PERFORMANCE

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
<b>2009</b>	-1.7%	-6.3%	4.2%	1.0%	5.0%	-0.1%	5.2%	3.2%	-0.4%	3.4%	-0.1%	1.7%	<b>15.5%</b>
<b>2010</b>	-0.3%	1.0%	3.2%	1.2%	-2.1%	-1.3%	4.5%	-0.4%	3.5%	1.5%	0.5%	2.5%	<b>14.3%</b>
<b>2011</b>	-0.1%	1.2%	0.3%	1.5%	0.6%	-0.8%	-0.4%	0.5%	-0.2%	4.3%	0.6%	-0.2%	<b>7.5%</b>
<b>2012</b>	2.9%	1.2%	0.8%	1.3%	-0.6%	1.4%	2.6%	2.4%	1.5%	1.9%	2.1%	0.9%	<b>20.0%</b>
<b>2013</b>	3.9%	0.3%	2.0%	0.1%	5.1%	-2.8%							<b>8.7%</b>

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## FUND SUMMARY

Inception (back dated):	01-Nov-03	
Inception (actual):	12-Nov-09	
Number of Months	44	
	<b>FUND</b>	<b>LMM</b>
Sharpe Ratio	0.78	0.64
Sortino Ratio	1.24	0.99

## RISK ANALYSIS

	<b>FUND</b>	<b>LMM</b>
% Positive Months	70.7%	69.0%
% Negative Months	29.3%	31.0%
Best Month	6.3%	7.3%
Worst Month	-6.3%	-7.7%
Avg Negative Return	-1.2%	-1.8%
Maximum Drawdown	-10.8%	-23.8%
Standard Deviation	8.0%	10.1%
Downside Deviation	5.0%	6.6%

## CORRELATIONS

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

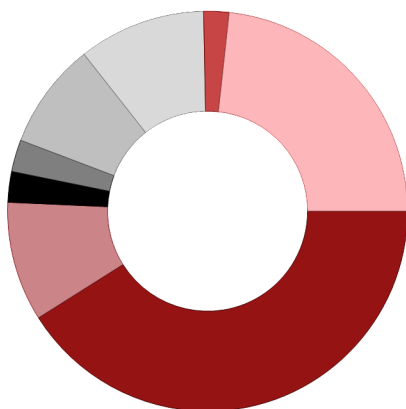
LMM = Global Large Manager Median

## MARKET STRESS MONTHS

	<b>FUND</b>	<b>ALSI</b>
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 - 41.0%	Alternatives - 10.3%
Bonds - 9.7%	TAA - 2.0%
Inflation Linked Bonds - 2.5%	International - 23.3%
Property - 2.6%	
Money Market - 8.6%	

## PERFORMANCE ANALYSIS

### PERFORMANCE

#### Calendar Years

	<b>FUND</b>	<b>BM</b>	<b>DIFFERENCE</b>
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

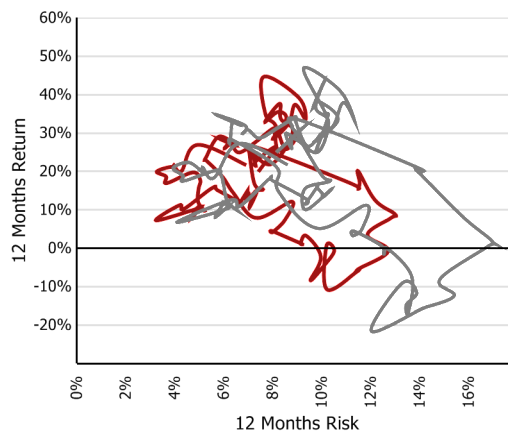
	<b>FUND</b>	<b>BM</b>	<b>DIFFERENCE</b>
1 month	-2.8%	-2.8%	0.0%
3 month	2.2%	1.8%	0.4%
6 month	8.7%	7.0%	1.8%
Year to date	8.7%	7.0%	1.8%
1 year	21.7%	20.2%	1.4%
2 year	16.8%	16.7%	0.1%
3 year	16.4%	17.4%	-1.0%
5 year	13.5%	11.7%	1.8%

## 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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