



May/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 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)
3.8%	22.7%	16.0%	27.2%

## PERFORMANCE COMMENTARY

After a downbeat April, markets rebounded in May, fuelled by supportive monetary policies from central banks around the world as the ECB and the central banks of Australia, Korea, India and Poland all cut their interest rates. Commodities and the rand, however, had a torrid time, while first quarter GDP growth figures worldwide provided few positive surprises.

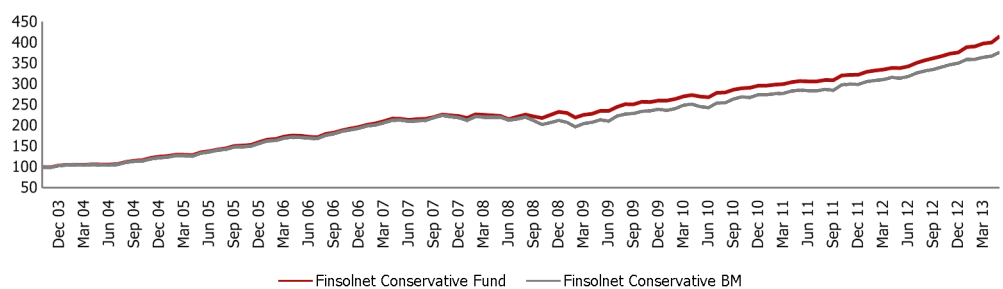
Early concerns about the US, triggered by weaker manufacturing activity figures, soon dissipated as a slew of economic data pointed to growth continuing. The US unemployment rate fell to 7.5%, its lowest level since December 2008. China, however, is visibly slowing down both in terms of manufacturing and services, with inflation at 2.4% year-on-year pointing to little recovery in domestic demand.

The eurozone, on the other hand, seems to be stabilising, lending credence to predictions of some improvement in the latter half the year. The first quarter growth figures were disappointing, with the overall eurozone GDP contracting by 0.2% quarter-on-quarter. Market pressures pushed the gold price below the psychologically significant US\$1 400 level, triggering a bout of heavy selling before some rebound on the back of buying of physical gold bars across Asia. The positive mood was a turning point for Portugal, Spain and Italy which all raised money in the bond market as investors, flush with central bank liquidity, snapped up anything offering higher yield.

South African markets rose in unison with global bourses despite the continued sell-off in mining counters on a combination of domestic labour tensions and weaker metal prices. The headline-grabbing act was the rand which plunged to its weakest level in four years against the US dollar on negative sentiment about violent labour unrest in the mining sector, and weak first quarter GDP growth numbers. The seasonally adjusted GDP growth slowed to an annualised 0.9% quarter-on-quarter, the weakest figure since 2009. The Reserve Bank cut its GDP growth forecast for 2013 to 2.4%, and kept interest rates stable.

The FTSE/JSE All Share Index delivered a healthy 8.5% return, fuelled by Resources which rose by 12.4% and Industrials by 11.6%. Financial shares lagged with a return of 2.1% on the back of concerns about a credit bubble in unsecured lending, and the overheated Listed Property sector pulled back by 11.1%. The bond market saw a significant outflow of foreign investments, delivering -4.6%, while the rand depreciated by 12.3% on negative sentiment.

## CUMULATIVE RETURNS



## HISTORICAL PERFORMANCE

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
<b>2009</b>	-1.1%	-4.8%	3.0%	1.1%	3.1%	0.0%	4.1%	2.7%	-0.1%	2.4%	-0.2%	1.3%	<b>11.7%</b>
<b>2010</b>	0.0%	1.5%	2.4%	1.2%	-1.3%	-0.6%	4.0%	0.3%	2.4%	1.2%	0.4%	1.7%	<b>13.8%</b>
<b>2011</b>	0.0%	0.8%	0.4%	1.6%	0.9%	-0.3%	0.1%	1.1%	-0.1%	3.7%	0.5%	0.1%	<b>8.9%</b>
<b>2012</b>	2.1%	0.9%	0.7%	1.2%	-0.1%	1.2%	2.5%	1.8%	1.4%	1.4%	1.6%	0.8%	<b>16.6%</b>
<b>2013</b>	3.4%	0.5%	1.8%	0.6%	3.8%								<b>10.5%</b>

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## FUND SUMMARY

Inception (back dated):	01-Nov-03	
Inception (actual):	12-Nov-09	
Number of Months	43	
	<b>FUND</b>	<b>LMM</b>
Sharpe Ratio	0.83	0.70
Sortino Ratio	1.39	1.06

## RISK ANALYSIS

	<b>FUND</b>	<b>LMM</b>
% Positive Months	73.9%	69.6%
% Negative Months	26.1%	30.4%
Best Month	5.2%	7.3%
Worst Month	-4.8%	-7.7%
Avg Negative Return	-0.9%	-1.8%
Maximum Drawdown	-5.9%	-23.8%
Standard Deviation	6.2%	10.0%
Downside Deviation	3.7%	6.6%

## CORRELATIONS

	<b>FUND</b>	<b>LMM</b>
FTSE/JSE All Share Index	0.79	0.93
BESA All Bond Index	0.40	0.18

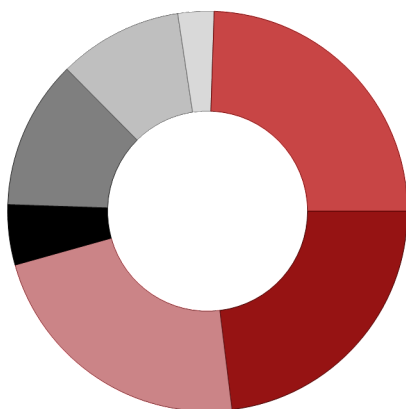
LMM = Global Large Manager Median

## MARKET STRESS MONTHS

	<b>FUND</b>	<b>ALSI</b>
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



Equities - 23.0%	TAA - 2.9%
Bonds - 22.6%	International - 24.5%
Inflation Linked Bonds - 4.9%	
Money Market - 12.1%	
Alternatives - 10.0%	

## PERFORMANCE ANALYSIS

PERFORMANCE	<b>FUND</b>	<b>BM</b>	<b>DIFFERENCE</b>
<b>Calendar Years</b>			
2007	13.4%	13.2%	0.2%
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%

### Periodic Performance

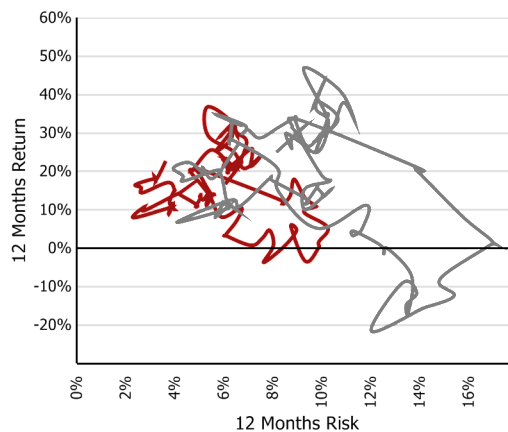
	<b>FUND</b>	<b>BM</b>	<b>DIFFERENCE</b>
1 month	3.8%	2.6%	1.2%
3 month	6.3%	4.8%	1.6%
6 month	11.3%	8.7%	2.6%
Year to date	10.5%	7.6%	2.9%
1 year	22.7%	20.0%	2.7%
2 year	16.3%	14.9%	1.4%
3 year	15.5%	15.3%	0.1%
5 year	13.2%	11.4%	1.9%

## 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 Conservative Fund  
— Global Large Manager Median

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