



November/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)
0.5%	18.3%	15.9%	21.0%

PERFORMANCE COMMENTARY

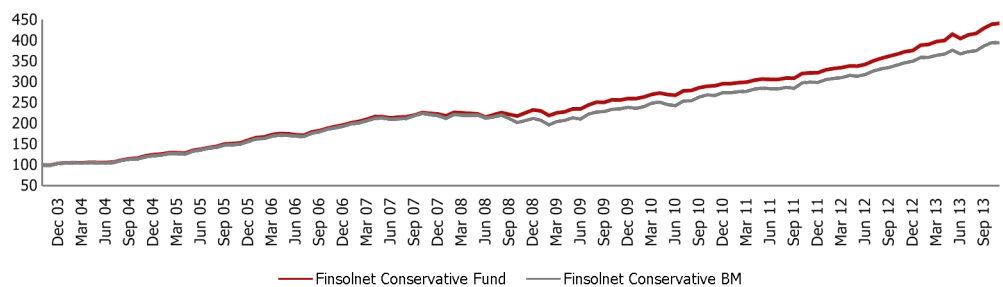
Global stock markets reached new highs on positive economic data from the US and China, lower interest rates in the euro zone, a growing expectation that the US Federal Reserve will continue the quantitative easing programme for longer and a temporary settlement of hostilities with Iran. Emerging markets, on the other hand, continued to face investments outflows. Domestic factors in South Africa, including some significant accounting revisions and a weak third quarter economic growth number, left the rand vulnerable.

In the US, concerns about the impact of the October government shutdown abated as unemployment increased only marginally to 7.3% and third quarter GDP growth came in at a healthy 2.8% year-on-year. In Europe, the ECB halved interest rates to a new low of 0.25% in response to a sharp drop in inflation, which points to a lack of a meaningful recovery in consumer spending. To compound the problem, euro zone third quarter growth came in at 0.1% quarter-on-quarter, well below the 0.3% in the second quarter. On a positive note, China entered the final quarter of 2013 on a strong footing with all the economic indicators pointing to an acceleration in momentum. Gold and oil prices fell after Iran agreed to stop producing near-weapons-grade nuclear fuel in exchange for an easing of Western sanctions. The agreement is valid for six months.

The global rally did not manage to offset a slew of domestic factors which pushed the rand lower. South Africa's economic growth slowed by more than expected in the third quarter to 0.7% quarter-on-quarter, dragged down by a contraction in manufacturing after weeks of strikes in the automotive industry. The figure was released after the Reserve Bank already cut its growth forecast for 2013 to 1.9%. The Reserve Bank kept interest rates unchanged as consumer inflation moderated to 5.5% in October.

The FTSE/JSE All Share Index lost 1.1% in November as a weaker gold price pulled the Resources sector down by 2.1%. Gold suffered a sharp sell-off on the back of a complete lack of inflationary pressures in the global economy. Financials lost 3.1% and Industrials gained 0.1%. The bond market reflected foreign selling, with a return of -1.4%. The rand depreciated by 0.9% relative to the US dollar. On the corporate side, Glencore Xstrata, one of the world's largest global diversified natural resources companies, listed on the JSE. Due to its global market capitalisation of R732 billion, it became the third largest listed company on the exchange.

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%		17.4%

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FUND SUMMARY

Inception (back dated):	01-Nov-03	
Inception (actual):	12-Nov-09	
Number of Months	49	
	FUND	LMM
Sharpe Ratio	0.81	0.69
Sortino Ratio	1.33	1.04

RISK ANALYSIS

	FUND	LMM
% Positive Months	74.4%	69.4%
% Negative Months	25.6%	30.6%
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

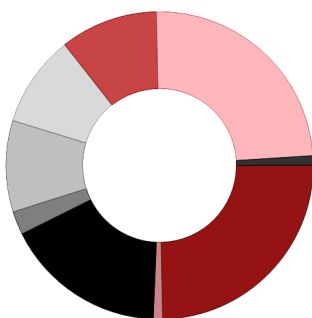
LMM = Global Large Manager Median

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 - 24.7%
- Domestic Property - 1.0%
- Domestic Bonds - 17.0%
- Domestic ILB - 2.5%
- Domestic Cash Plus - 9.6%
- Domestic Money Market - 9.7%
- Domestic Alternatives - 10.3%
- International - 24.3%
- Africa - 1.0%

PERFORMANCE ANALYSIS

PERFORMANCE	FUND	BM	DIFFERENCE
Calendar Years			
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

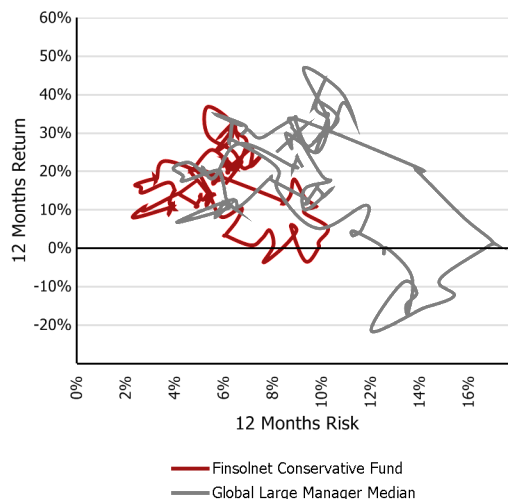
	FUND	BM	DIFFERENCE
1 month	0.5%	-0.2%	0.7%
3 month	5.8%	5.0%	0.8%
6 month	6.3%	4.6%	1.6%
Year to date	17.4%	12.6%	4.8%
1 year	18.3%	13.8%	4.5%
2 year	17.1%	14.7%	2.4%
3 year	14.9%	13.8%	1.1%
5 year	14.4%	13.7%	0.6%

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



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