



August/14

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 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)
0.8%	20.3%	17.5%	19.6%

PERFORMANCE COMMENTARY

Volatility in the markets continued through August on the back of disappointing economic growth data releases and geopolitical unrest in the Ukraine, Syria, Iraq and the Gaza Strip. On the economic front, Japan suffered its biggest quarterly contraction since the 2011 tsunami, China continued to slow down and the eurozone stagnated, with Italy falling into a triple-dip recession, France registering zero growth and even the German economy contracted. Inflation in the eurozone fell to 0.4% over the year to July, a five year low, with Portugal, Spain and Italy reporting deflation. Combined with the stubbornly high unemployment rate, and the threat posed by the escalating stand-off with Russia, the pressure on the ECB to leverage monetary policy is growing. Mid-month brought more positivity as investors used earlier market weakness as a buying opportunity and found misplaced reassurances in President Vladimir Putin's statement about the Ukraine.

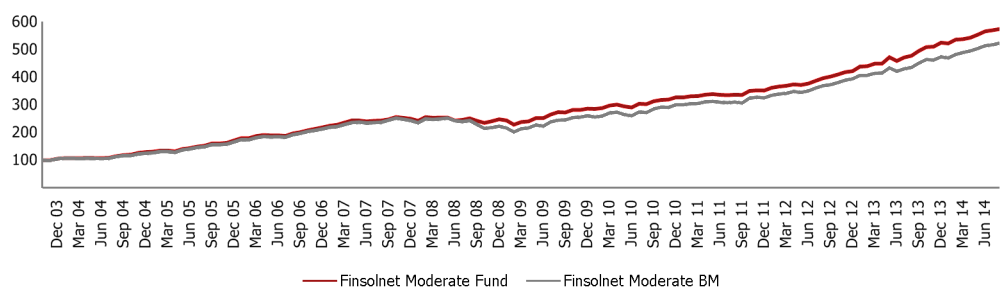
The annual economic conference in Jackson Hole, Wyoming, devoted its agenda to the labour markets rather than the pursuit of lower inflation. The summit's "thunder" was stolen by ECB President, Mario Draghi, who used the opportunity to hint that the ECB is ready to deploy more quantitative easing. The announcement benefitted flows into emerging markets. The risk-on attitude also helped to keep the rand relatively strong against the US dollar despite weak domestic economic data releases.

Markets ended the month on edge over geopolitical tensions and falling commodity prices.

The South African headlines were dominated by the collapse of African Bank and the chaos that ensued as both equity and fixed interest funds suffered losses. On the economic front SACC's business confidence index fell to a 15-year low as strikes took their toll on manufacturing figures. Inflation moderated to 6.3% for the year to July. And the economy avoided falling into a recession by expanding by an annualised 0.6% in the second quarter. However, the shift towards negative growth is accelerating, with Finance Minister Nhlhla Nene, warning of a cut in the government's growth projection for 2014 to 1.8% from 2.7% estimated in February.

The FTSE/JSE All Share Index delivered a negative 0.5%, dragged lower primarily by the Resources sector which fell by 5.6%, whilst Financials and Industrials delivered gains of 0.7% and 1.6% respectively. The BEASSA All Bond Index returned 2.8%, the SA Listed Property Index rose by 3.0% and the rand strengthened by 0.4% against the US dollar.

CUMULATIVE RETURNS



HISTORICAL PERFORMANCE

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
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%	1.3%	3.7%	2.8%	0.3%	2.8%	24.4%
2014	-0.5%	2.6%	0.3%	1.0%	2.0%	2.2%	0.7%	0.8%					9.5%

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FUND SUMMARY

Inception (back dated):	01-Nov-03	
Inception (actual):	12-Nov-09	
Number of Months	58	
	FUND	LMM
Sharpe Ratio	0.85	0.70
Sortino Ratio	1.32	1.03

RISK ANALYSIS

	FUND	LMM
% Positive Months	73.1%	70.8%
% Negative Months	26.9%	29.2%
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	7.6%	9.6%
Downside Deviation	4.9%	6.5%

CORRELATIONS

	FUND	LMM
FTSE/JSE All Share Index	0.90	0.93
BESA All Bond Index	0.28	0.20

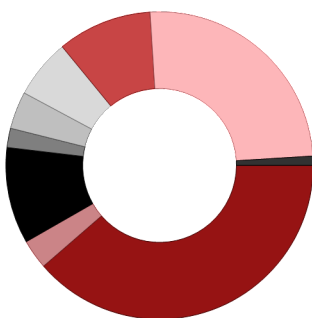
LMM = Global Large Manager Median

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



- Domestic Equities - 38.6%
- Domestic Property - 3.1%
- Domestic Bonds - 10.2%
- Domestic ILB - 2.0%
- Domestic Cash Plus - 3.9%
- Domestic Money Market - 6.2%
- Domestic Alternatives - 9.9%
- International - 25.0%
- Africa - 1.0%

PERFORMANCE ANALYSIS

PERFORMANCE	FUND	BM	DIFFERENCE
Calendar Years			
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%
2013	24.4%	20.2%	4.2%

Periodic Performance

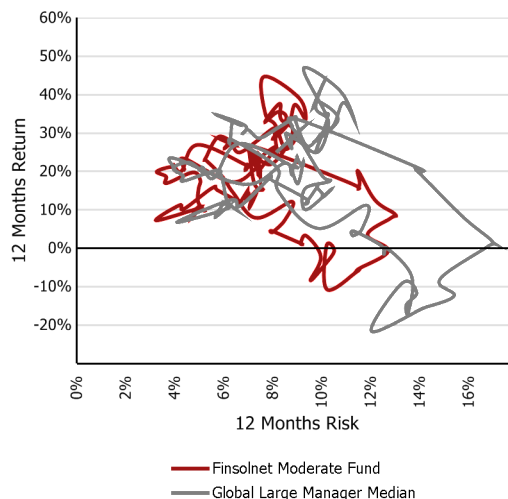
	FUND	BM	DIFFERENCE
1 month	0.8%	1.1%	-0.3%
3 month	3.7%	3.8%	-0.1%
6 month	7.2%	8.5%	-1.3%
Year to date	9.5%	10.5%	-1.0%
1 year	20.3%	20.2%	0.1%
2 year	20.4%	19.0%	1.3%
3 year	19.5%	19.0%	0.5%
5 year	16.0%	16.4%	-0.4%

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



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