



January/14

FINSOLNET MONEY MARKET FUND

ABOUT THE PORTFOLIO

The Finsolnet Money Market Portfolio is a low risk portfolio that aims to deliver returns in excess of the STeFI consistently over time. The portfolio aims to exploit multiple sources of low risk excess returns within the money market arena.

The portfolio is managed on a multi-manager basis. 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
0.5%	6.3%	8.3%

PERFORMANCE COMMENTARY

2014 started on a negative note as data releases pointed to a slowdown in manufacturing activity in China and the US. Although China's GDP growth for 2013 came in at 7.7%, the Chinese economy has shown strong signs of slowing down.

As attention turned away from quantitative easing to economics, investors' moods brightened. The US continued its recovery, with the unemployment rate falling to 6.7%, stronger retail sales and improving home prices. In Europe manufacturing activity is trending upwards, driven largely by Germany. And in Japan inflation rose to 1.2% in November, the fastest pace since 2008.

The second half of January was less rosy, with most emerging markets coming under tremendous selling pressure as investors digested the implications of the wind-down in US monetary stimulus. A subdued corporate earnings season in the US and concerns about China's growth numbers did not help sentiment.

As the flight from emerging markets gathered momentum, currencies in Turkey, Argentina, South Africa and Russia hit record lows in a sign of global contagion. Turkey, India and South Africa responded by raising interest rates. The move proved inconsequential as emerging markets slumped further after the US Fed announced that it would trim its bond purchases by a further US\$10 billion a month to US\$65 billion from February. The sell-off provided a badly needed boost to gold, which traded at its highest levels in two months.

In South Africa the rand continued to extend its slide against major currencies in January, breaking through the R/US\$11.20 level for the first time in five years and increasing the likelihood of a breach in the upper inflation target and the probability of a series of interest rate hikes in 2014. And although inflation came in at a benign 5.4% year-on-year in December, it is expected to breach the 6.0% level in the second quarter of 2014. The broad weakness in the equity market was masked by a surge in resources and rand hedge stocks in response to the weaker rand.

Annual growth in 2013 is estimated to have been around 1.9%. The SARB's forecasts for growth in 2014 and 2015 have been revised down to 2.8% and 3.3% respectively. The FTSE/JSE All Share Index fell by 2.4%, the BESA All Bond Index by 3.2% and the rand relative to the US dollar by 6.8%. Resource shares saved the day with the sector delivering a 5.7% return.

PERFORMANCE

PERIOD	FUND	BM	DIFFERENCE
1 month	0.5%	0.4%	0.0%
3 month	1.5%	1.3%	0.2%
6 month	3.1%	2.6%	0.5%
Year to date	0.5%	0.4%	0.0%
1 year	6.3%	5.2%	1.1%
2 year	6.3%	5.3%	1.0%
3 year	6.3%	5.5%	0.8%
5 year	7.1%	6.4%	0.8%

HISTORICAL PERFORMANCE

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2010	0.7%	0.6%	0.8%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.5%	0.6%	0.5%	7.7%
2011	0.5%	0.6%	0.5%	0.5%	0.5%	0.5%	0.4%	0.5%	0.5%	0.4%	0.5%	0.5%	6.1%
2012	0.5%	0.5%	0.5%	0.5%	0.6%	0.5%	0.6%	0.5%	0.5%	0.5%	0.5%	0.5%	6.4%
2013	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.6%	0.5%	0.5%	6.3%
2014	0.5%												0.5%

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