



July/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%	6.5%	8.2%

PERFORMANCE COMMENTARY

The second half of 2014 started on an up, propelled by stronger US and Chinese economic data and the widespread belief that central banks will keep interest rates low for longer. The headline numbers for the US were a 4.0% annualised GDP growth rate in the second quarter and unemployment falling to 6.1%. The US Federal Reserve announced that it plans to stop its quantitative easing programme in October, while keeping interest rates low for a considerable time.

The eurozone looked less rosy, with inflation unchanged from May at 0.5% year-on-year. After launching a number of quantitative easing measures in June, the ECB left interest rates unchanged. European banking problems also reared their heads again after the parent company of one of Portugal's biggest banks failed to make payments on some short-term debt. The uncertainty translated into a spike in yields on Portugal's 10-year debt, with contagion spreading to Greek, Spanish and Italian debt markets. The geopolitical risks which dominated the headlines had relatively little impact on the markets. Violence in Ukraine, Iraq and Syria, and conflict between Israel and Palestine's Hamas militants did little to dent sentiment. The accidental shooting-down of a Malaysian aircraft over the Ukraine however led to the US and the EU imposing wide-ranging sanctions on Russia. The IMF cut its global growth forecast for 2014 to 3.4% to take into account first quarter weakness in the US and China, warning that the dual crises in the Middle East and Ukraine could dent growth further.

In South Africa the season of strikes is far from over. Just as the platinum sector strike ended, Numsa embarked on a strike in the steel and engineering sector. The unemployment rate increased to 25.5% in the second quarter. Consumer inflation rose slightly less than expected to 6.6% year-on-year in June. The Reserve Bank increased rates by 0.25% to 5.75%, citing rising inflation concerns from precedent-setting double-digit wage settlements in the mining sector. The Bank also cut its growth forecast for 2014 to 1.7%. The inflation outlook has deteriorated with inflation now forecast to average 6.3% this year. The MPC indicated that future interest rate moves would be "gradual and highly data dependent".

The FTSE/JSE All Share Index rose by 0.9%, with the Resources sector rebounding by 5.1%. The Industrial sector fell by 1.3%, while Financials rose by 0.6%. The BEASSA All Bond Index delivered a 1.0% return, while the rand depreciated by 0.6% against the US dollar.

PERFORMANCE

PERIOD	FUND	BM	DIFFERENCE
1 month	0.5%	0.5%	0.0%
3 month	1.7%	1.5%	0.2%
6 month	3.3%	2.8%	0.5%
Year to date	3.8%	3.3%	0.5%
1 year	6.5%	5.5%	1.0%
2 year	6.3%	5.4%	1.0%
3 year	6.4%	5.5%	0.9%
5 year	6.8%	6.0%	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%	0.5%	0.6%	0.5%	0.6%	0.5%						3.8%

FOR MORE INFORMATION CONTACT:

Sygnia Life RF Limited | 7th Floor | The Foundry | Cardiff Street | Green Point | 8001
Tel | +27 21 446 4940 Fax | +27 21 446 4950 E-mail | info@sygnia.co.za

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