



September/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%	6.0%	8.1%

PERFORMANCE COMMENTARY

Geopolitical tensions and the outlook for interest rates in the US loomed large through September, with emerging markets bearing the brunt of the uncertainty and speculation. Continuing tensions in the Ukraine, Middle East and Hong Kong, and the emotion-charged independence referendum in Scotland destabilised market confidence.

In the first half of September the risk on/off switch was largely in the hands of the ECB which, under pressure to restore growth in the eurozone, cut its refinancing rate to a new low of 0.05% and its deposit rate to -0.20%. ECB President Mario Draghi pledged to increase the ECB's balance sheet to the €2.7 trillion level. His main liquidity injection strategy centres on buying asset-based securities and on driving a significant depreciation of the euro.

The second half of the month belonged to the US Federal Reserve and the concerns that interest rates might increase sooner than anticipated. The US dollar rallied against peer group currencies, while commodity prices retreated, despite assurances from the US Fed that they will use broad measures to assess the health of the job market. The strong US dollar weighed on the rand which fell to a low of R11.28/\$ by month end. Emerging markets currencies were further hit by the continuing flow of weak economic data from China and Europe. Oil also had a poor month with Brent crude falling below US\$100 a barrel for the first time since June 2013 amid a slowdown in exports to China and abundant supplies.

South African markets remained at the mercy of global events throughout September. The first half of the month saw the JSE hit a new high above 52 000 on the ECB's decision to cut interest rates, before retreating sharply on weak commodity prices and outflows from emerging markets. The economic indicators came in slightly better-than-expected after a bruising strike season. The Kagiso manufacturing PMI increased to 49.0, business sentiment improved and retail sales numbers strengthened. Unfortunately, the current account deficit deteriorated to 2.8% of GDP in the second quarter. Consumer prices increased by 6.4% year-on-year in August. The Reserve Bank kept its interest rate unchanged at 5.75%, but revised its growth forecasts down to 1.5% for 2014 and 2.8% for 2015.

The FTSE/JSE All Share Index shed 2.6%, with the Resources sector falling by 5.9%, Financials by 1.8% and Industrials by 1.3%. The bond market delivered a -1.6% return on foreign outflows, while the rand depreciated by 5.8% against the US dollar.

PERFORMANCE

PERIOD	FUND	BM	DIFFERENCE
1 month	0.5%	0.5%	0.0%
3 month	1.1%	1.5%	-0.4%
6 month	2.8%	2.9%	-0.2%
Year to date	4.3%	4.3%	0.0%
1 year	6.0%	5.6%	0.3%
2 year	6.1%	5.4%	0.7%
3 year	6.2%	5.5%	0.7%
5 year	6.6%	5.9%	0.7%

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%	0.0%	0.5%				4.3%

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