



August/15

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) |
|-------|-----------|-----------------|----------------------------------|
| -0.3% | 12.2% | 15.4% | 7.3% |

PERFORMANCE COMMENTARY

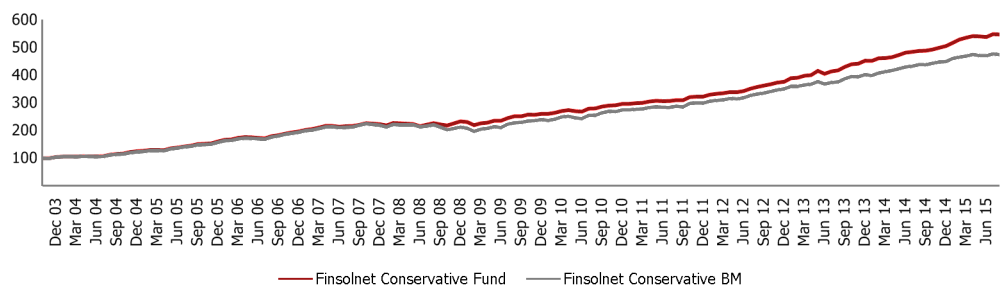
Global markets tumbled on the prospects of imminent interest rate increases in the US and the continuing structural slowdown in China. Emerging markets, and in particular commodity producers like South Africa, bore the brunt of the sell-off which culminated in a market crash on the 24th and 25th of August. However, the two-day plunge was followed by a sharp recovery which recovered most of the losses as China flooded the market with liquidity and the US appeared to remain on a sound economic footing. The crash originated in waning confidence in the Chinese government's ability to manage the economy, particularly after the People's Bank of China orchestrated a 2% devaluation of the yuan, a move designed to make Chinese exports more competitive. This was followed by particularly weak economic data releases which eventually triggered panic and a sharp sell-off of stocks globally.

Two days later the PBOC finally stepped in, cutting interest rates and reducing bank-reserve requirements. Positive economic data from the US, including a better than expected second quarter GDP growth figure, helped to improved sentiment. Markets surged, recovering much of the earlier losses, emerging markets' currencies strengthened and the oil price, which fell below US\$40 a barrel, recovered.

The tail-end of the month brought another rout of negativity as the US Fed reinforced its commitment to raising interest rates before the end of the year. Stock markets' wildest week in years has rattled confidence and has highlighted just how incredibly nervous investors have become. On the other hand, the quick recovery points to the fact that most investors believe that equities remain their best investment option. Unfortunately, as the factors that led to the correction remain in play, we expect current market conditions and volatility levels to prevail for the rest of 2015.

South Africa continued to face turbulence, with the rand, which closed at R13.27 relative to the US\$ for the month, posing a high risk to inflation and interest rates. Inflation rose to 5.0% in July. Load-shedding has taken its toll on growth with second quarter GDP contracting by an annualised 1.3% compared with 1.3% growth in the first quarter. The World Bank cut its 2015 growth forecast for South Africa to 2.0% for both this year and next. The FTSE/JSE SWIX Index closed 3.1% down, with Resources at -0.2%, Financials at -4.0% and Industrials at -4.6%. The listed property sector returned 0.2%, while the BESA All Bond Index rose by 0.1%.

CUMULATIVE RETURNS



HISTORICAL PERFORMANCE

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Year |
|-------------|-------|------|------|------|-------|-------|------|-------|-------|------|------|------|--------------|
| 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% | 2.4% | 20.2% |
| 2014 | -0.1% | 2.1% | 0.2% | 0.7% | 1.6% | 1.8% | 0.6% | 0.7% | 0.2% | 0.8% | 1.3% | 1.2% | 11.7% |
| 2015 | 2.3% | 2.3% | 1.3% | 1.1% | -0.2% | -0.4% | 2.0% | -0.3% | | | | | 8.3% |

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FUND SUMMARY

| | | |
|-------------------------|-------------|------------|
| Inception (back dated): | 01-Nov-03 | |
| Inception (actual): | 12-Nov-09 | |
| Number of Months | 70 | |
| | FUND | LMM |
| Sharpe Ratio | 0.79 | 0.63 |
| Sortino Ratio | 1.27 | 0.94 |

RISK ANALYSIS

| | FUND | LMM |
|---------------------|-------------|------------|
| % Positive Months | 75.4% | 70.4% |
| % Negative Months | 24.6% | 29.6% |
| Best Month | 5.2% | 7.3% |
| Worst Month | -4.8% | -7.7% |
| Avg Negative Return | -0.9% | -1.7% |
| Maximum Drawdown | -5.9% | -23.8% |
| Standard Deviation | 5.9% | 9.3% |
| Downside Deviation | 3.6% | 6.3% |

CORRELATIONS

| | FUND | LMM |
|--------------------------|-------------|------------|
| FTSE/JSE All Share Index | 0.80 | 0.93 |
| BESA All Bond Index | 0.40 | 0.19 |

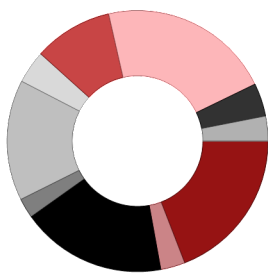
LMM = Global Large Manager Median

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 - 19.1%
- Domestic Property - 3.0%
- Domestic Bonds - 18.0%
- Domestics ILB - 2.5%
- Domestic Cash Plus - 15.0%
- Domestic Money Market - 4.1%
- Domestic Alternatives - 9.8%
- International - 21.4%
- International Fixed Interest - 4.1%
- Africa - 3.1%
- Realignment Portfolio - 0.0%

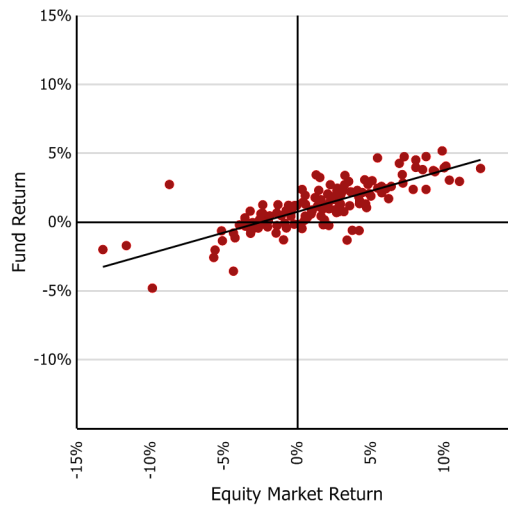
PERFORMANCE ANALYSIS

| PERFORMANCE | FUND | BM | DIFFERENCE |
|-----------------------|-------------|-----------|-------------------|
| Calendar Years | | | |
| 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% |
| 2013 | 20.2% | 14.7% | 5.5% |
| 2014 | 11.7% | 11.7% | 0.0% |

Periodic Performance

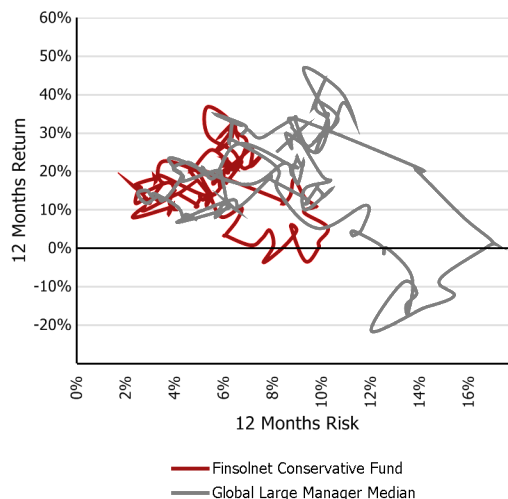
| | FUND | BM | DIFFERENCE |
|--------------|-------------|-----------|-------------------|
| 1 month | -0.3% | -0.6% | 0.4% |
| 3 month | 1.2% | 0.7% | 0.6% |
| 6 month | 3.4% | 1.9% | 1.6% |
| Year to date | 8.3% | 5.5% | 2.7% |
| 1 year | 12.2% | 8.2% | 4.0% |
| 2 year | 14.5% | 12.3% | 2.1% |
| 3 year | 15.2% | 12.6% | 2.6% |
| 5 year | 14.3% | 13.2% | 1.1% |

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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