



August/15

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
0.6%	6.9%	8.0%

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%.

PERFORMANCE

PERIOD	FUND	BM	DIFFERENCE
1 month	0.6%	0.5%	0.1%
3 month	1.8%	1.6%	0.2%
6 month	3.5%	3.2%	0.3%
Year to date	4.6%	4.2%	0.4%
1 year	6.9%	6.3%	0.5%
2 year	6.4%	6.0%	0.5%
3 year	6.3%	5.7%	0.6%
5 year	6.4%	5.8%	0.6%

HISTORICAL PERFORMANCE

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
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%	0.6%	0.5%	0.6%	6.0%
2015	0.5%	0.5%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%					4.6%

FOR MORE INFORMATION CONTACT:

Sygnia Life 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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