



December/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 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%	13.8%	15.5%	9.2%

PERFORMANCE COMMENTARY

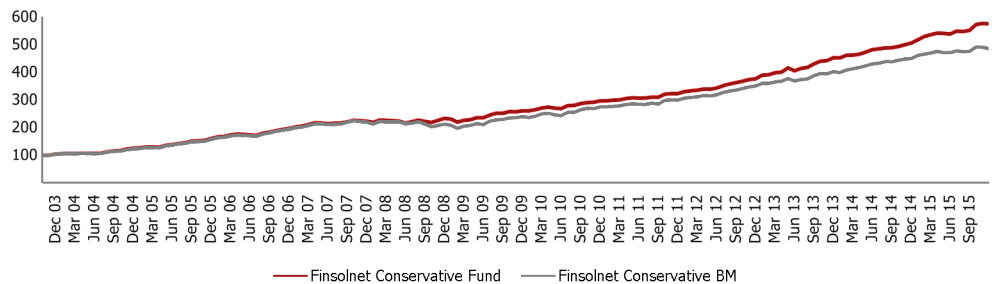
December was a conspicuous end to what has been the most difficult year for stock markets since the global financial crisis. Apart from the US Federal Reserve increasing interest rates, oil prices fell to below US\$37 a barrel, other commodities followed, the ECB and Japan disappointed with insignificant quantitative easing measures after stoking expectations, US high-yield bond funds faced record outflows and, closer to home, credit rating agencies downgraded South Africa, while President Jacob Zuma unilaterally plunged the country into an economic and financial crisis.

The snapshots of 2015 are:

1. The S&P 500 lost 0.7% as the strong US dollar punished corporate earnings.
2. The Stoxx Europe 600 index ended the year up 6.4% despite the eurozone flirting with deflation through the year.
3. China's Shanghai Index rose by 8.6% even though it lost more than 40% of its value mid-year.
4. The MSCI Emerging Markets Index fell by 14.9% in US dollar terms, bearing the brunt of China's slowdown and the sell-off in commodities. Foreign investors have withdrawn a net US\$500 billion from emerging markets in 2015, the first annual outflow in decades.
5. The MSCI All World Index fell by 0.9% in US dollar terms.
6. South Africa's FTSE/JSE All Share Index ended the year up 5.1%, with the rand plunging by 35.0% against the US dollar and the All Bond Index down by 3.9%.
7. The gold price fell for the third successive year, down 10.3%, on an upward tilting US interest rate cycle.
8. After plunging from more than US\$100 a barrel to nearly US\$50 a barrel in 2014, the price of US crude fell over 30% in 2015 to below US\$37 a barrel. Brent, the global benchmark, fell 35% to \$37.28 a barrel.

2016 is going to be a difficult year. US interest rates are expected to increase, bringing more volatility to emerging markets. No recovery is expected from China, and hence none in commodity prices. South Africa's potential demotion to junk credit status, a crunch review of France in April and the risks posed by Britain's Brexit vote on its EU membership are top of the 2016 list for credit rating agencies.

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%	0.8%	3.8%	0.7%	-0.3%	13.8%

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FUND SUMMARY

Inception (back dated):	01-Nov-03	
Inception (actual):	12-Nov-09	
Number of Months	74	
	FUND	LMM
Sharpe Ratio	0.79	0.63
Sortino Ratio	1.29	0.94

RISK ANALYSIS

	FUND	LMM
% Positive Months	75.3%	69.9%
% Negative Months	24.7%	30.1%
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%	6.2%

CORRELATIONS

	FUND	LMM
FTSE/JSE All Share Index	0.80	0.93
BESA All Bond Index	0.40	0.20

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 - 19.7%
- Domestic Property - 5.0%
- Domestic Bonds - 18.2%
- Domestic Cash Plus - 14.9%
- Domestic Money Market - 3.9%
- Domestic Alternatives - 9.9%
- International - 26.5%
- Africa - 2.0%

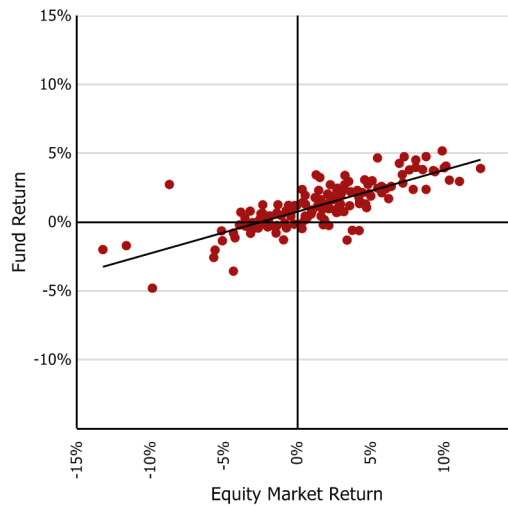
PERFORMANCE ANALYSIS

PERFORMANCE	FUND	BM	DIFFERENCE
Calendar Years			
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%
2015	13.8%	8.0%	5.8%

Periodic Performance

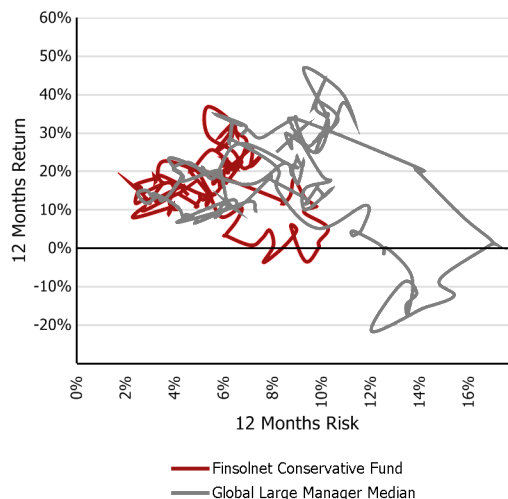
1 month	-0.3%	-1.1%	0.9%
3 month	4.3%	2.0%	2.3%
6 month	6.9%	3.1%	3.8%
Year to date	13.8%	8.0%	5.8%
1 year	13.8%	8.0%	5.8%
2 year	12.7%	9.8%	2.9%
3 year	15.2%	11.4%	3.8%
5 year	14.2%	12.0%	2.1%

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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