



December/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% | 7.2% | 8.0% |

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 Foreign investors have withdrawn a net US\$500 billion from emerging markets in 2015, the first annual outflow in decades.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.

PERFORMANCE

| PERIOD | FUND | BM | DIFFERENCE |
|--------------|------|------|------------|
| 1 month | 0.6% | 0.5% | 0.1% |
| 3 month | 1.9% | 1.6% | 0.3% |
| 6 month | 3.7% | 3.2% | 0.4% |
| Year to date | 7.2% | 6.5% | 0.8% |
| 1 year | 7.2% | 6.5% | 0.8% |
| 2 year | 6.6% | 6.2% | 0.4% |
| 3 year | 6.5% | 5.8% | 0.7% |
| 5 year | 6.4% | 5.8% | 0.7% |

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% | 0.6% | 0.6% | 0.6% | 0.6% | 7.2% |

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