



# February/15

## FINSOLNET MODERATE FUND

### ABOUT THE PORTFOLIO

The Finsolnet Moderate Portfolio is a low to medium 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)
2.9%	17.3%	17.6%	15.0%

### PERFORMANCE COMMENTARY

Statesmanship was the game in town as German Chancellor Angela Merkel and French President Francois Hollande brokered a ceasefire between Russia and the Ukraine, and averted an imminent Greek tragedy. Stock markets reacted well to what may well be only temporary Band-Aid resolutions.

The US released a disappointing Q4 2014 GDP growth figure of an annualised 2.6%, bringing overall 2014 growth to 2.4%. Any slowdown is expected to be temporary given the enormous tail-wind provided by lower oil prices. China started 2015 on a weak note with the official manufacturing PMI contracting and inflation slowing to 0.8% year-on-year. The eurozone surprised with Q4 growth of 0.3% after Germany expanded at double the expected rate. The numbers were less rosy for the rest of the eurozone. Annual inflation in January hit a negative 0.6%.

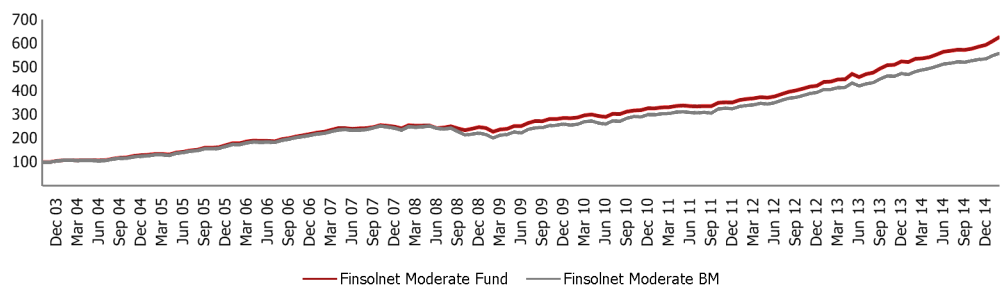
The markets remained volatile as Greece tried to negotiate its way out of complying with austerity measures imposed in exchange for its €240 billion bail-out in 2010. Agreement was finally reached on a four month delay, heading off an imminent default.

The oil price rallied to above US\$60 a barrel on supply disruptions in Libya and Iraq. The gold price fell to US\$1 200 an ounce on news that Greece had secured a rescue deal.

South Africa's data releases pointed to a subdued economy. Q4 2014 GDP growth came in at an annualised 4.1%, bringing overall 2014 growth to a meager 1.5%. 2015 is not looking much different, with tax increases, electricity rate hikes and rolling blackouts on the horizon. The CPI slowed to 4.4% year-on-year in January. The 2015/16 budget was rated as conservative enough to avoid credit rating downgrades. Inflation is forecast to average 4.5% in 2015 and growth 2.0%.

The FTSE/JSE All Share Index returned 4.1%, driven by the Resources sector which delivered a massive 8.7%. The FTSE/JSE SA Listed Property Index rose by 3.2%. The BESA All Bond Index fell by 2.8% on foreign selling, while the Rand remained largely flat for the month against the US dollar.

### CUMULATIVE RETURNS



### HISTORICAL PERFORMANCE

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
<b>2011</b>	-0.1%	1.2%	0.3%	1.5%	0.6%	-0.8%	-0.4%	0.5%	-0.2%	4.3%	0.6%	-0.2%	<b>7.5%</b>
<b>2012</b>	2.9%	1.2%	0.8%	1.3%	-0.6%	1.4%	2.6%	2.4%	1.5%	1.9%	2.1%	0.9%	<b>20.0%</b>
<b>2013</b>	3.9%	0.3%	2.0%	0.1%	5.1%	-2.8%	2.7%	1.3%	3.7%	2.8%	0.3%	2.8%	<b>24.4%</b>
<b>2014</b>	-0.5%	2.6%	0.3%	1.0%	2.0%	2.2%	0.7%	0.8%	-0.2%	0.9%	1.5%	1.3%	<b>13.3%</b>
<b>2015</b>	2.8%	2.9%											<b>5.8%</b>

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## FUND SUMMARY

Inception (back dated):	01-Nov-03	
Inception (actual):	12-Nov-09	
Number of Months	64	
	<b>FUND</b>	<b>LMM</b>
Sharpe Ratio	0.88	0.70
Sortino Ratio	1.35	1.01

## RISK ANALYSIS

	<b>FUND</b>	<b>LMM</b>
% Positive Months	73.5%	71.3%
% Negative Months	26.5%	28.7%
Best Month	6.3%	7.3%
Worst Month	-6.3%	-7.7%
Avg Negative Return	-1.2%	-1.7%
Maximum Drawdown	-10.8%	-23.8%
Standard Deviation	7.5%	9.4%
Downside Deviation	4.9%	6.5%

## CORRELATIONS

	<b>FUND</b>	<b>LMM</b>
FTSE/JSE All Share Index	0.90	0.93
BESA All Bond Index	0.27	0.19

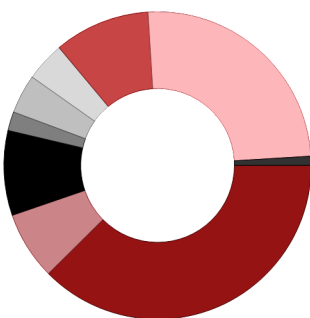
LMM = Global Large Manager Median

## MARKET STRESS MONTHS

	<b>FUND</b>	<b>ALSI</b>
July 2008	1.0%	-8.7%
September 2008	-3.6%	-13.2%
October 2008	-3.1%	-11.6%
February 2009	-6.3%	-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 - 37.6%
- Domestic Property - 7.2%
- Domestic Bonds - 8.9%
- Domestic ILB - 2.0%
- Domestic Cash Plus - 4.1%
- Domestic Money Market - 4.1%
- Domestic Alternatives - 10.1%
- International - 25.0%
- Africa - 1.0%

## PERFORMANCE ANALYSIS

PERFORMANCE	<b>FUND</b>	<b>BM</b>	<b>DIFFERENCE</b>
<b>Calendar Years</b>			
2009	15.5%	17.2%	-1.7%
2010	14.3%	15.2%	-1.0%
2011	7.5%	8.3%	-0.7%
2012	20.0%	21.1%	-1.2%
2013	24.4%	20.2%	4.2%
2014	13.3%	13.1%	0.2%

### Periodic Performance

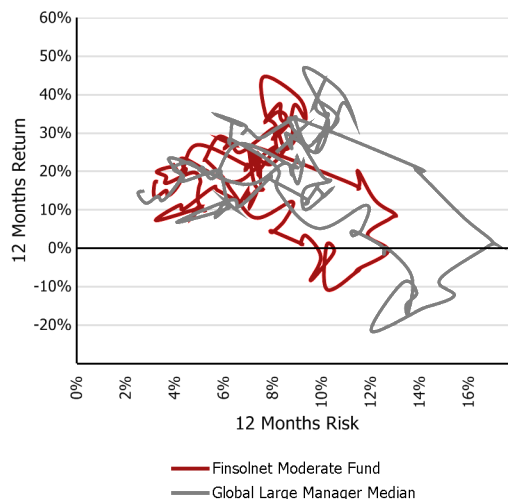
	<b>FUND</b>	<b>BM</b>	<b>DIFFERENCE</b>
1 month	2.9%	1.8%	1.0%
3 month	7.1%	5.0%	2.1%
6 month	9.5%	7.0%	2.5%
Year to date	5.8%	4.5%	1.3%
1 year	17.3%	16.1%	1.2%
2 year	19.6%	17.3%	2.3%
3 year	19.7%	18.2%	1.5%
5 year	16.9%	16.6%	0.3%

## 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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