



# January/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 |
| 0.5%  | 6.1%      | 8.1%            |

### PERFORMANCE COMMENTARY

The global economy began 2015 on a fragile note, with weakening manufacturing activity in China and the eurozone, a collapsing ruble threatening Russia's financial stability, political change in Greece resurrecting the spectre of the country exiting the euro, and commodities in free-fall on the back of a sinking oil price and a strong US dollar.

The World Bank cut its forecast for global growth in 2015 to 3.0%, as an improving US economy and low fuel prices fail to offset disappointing results from China, Japan and Europe. The news triggered a bout of safe-haven buying, with the US Treasury bonds trading at record low yields and the gold price surging. The run to safety continued after the Swiss National Bank removed its currency trading cap, leading to a sharp appreciation of the Swiss franc.

Within days the ECB launched its QE programme, announcing €1.1 trillion in new purchases of government bonds in monthly installments of €60 billion per month until September 2016 with the aim of reaching the targeted 2% rate of inflation. Markets soared in response, with bond yields falling and the euro weakening against the US dollar. The trend reversed only temporarily after the leftist Greek Syriza party, a fierce opponent of Greece's bail-out deal with the EU and the IMF, swept to power. However, strong US corporate earnings reports ensured that the markets ended the month on a high.

Domestically, the rand fell to a six-year low against the US dollar, a victim of global events and weak domestic economics, including the impact of electricity cuts. Lower petrol and food prices drove inflation down to 5.3% year-on-year in December. The Reserve Bank kept interest rates steady, while cutting its inflation forecast for 2015 to 3.8% and GDP growth to 2.2%. 2015 is likely to bring more volatility. The lower oil and food prices, strong US growth, the ECB's QE programme and record low interest rates create a positive environment for most asset classes during the first half of the year. However, the slowdown in China, the risk of deflation and feeble global economic growth mean that medium to longer term outlook remains extremely uncertain, demanding caution and diversification.

The FTSE/JSE All Share ended the month up 3.1%, with Resources delivering 0.4%, Industrials 3.2% and Financials 4.6%. The bond market benefitted from foreign inflows, returning 6.5%, while the rand depreciated by 1.6% relative to the US dollar.

### PERFORMANCE

| PERIOD       | FUND | BM   | DIFFERENCE |
|--------------|------|------|------------|
| 1 month      | 0.5% | 0.5% | 0.0%       |
| 3 month      | 1.6% | 1.6% | 0.1%       |
| 6 month      | 2.7% | 3.1% | -0.4%      |
| Year to date | 0.5% | 0.5% | 0.0%       |
| 1 year       | 6.1% | 6.0% | 0.1%       |
| 2 year       | 6.2% | 5.6% | 0.6%       |
| 3 year       | 6.2% | 5.6% | 0.7%       |
| 5 year       | 6.5% | 5.8% | 0.7%       |

### HISTORICAL PERFORMANCE

|             | Jan  | Feb  | Mar  | Apr  | May  | Jun  | Jul  | Aug  | Sep  | Oct  | Nov  | Dec  | Year        |
|-------------|------|------|------|------|------|------|------|------|------|------|------|------|-------------|
| <b>2011</b> | 0.5% | 0.6% | 0.5% | 0.5% | 0.5% | 0.5% | 0.4% | 0.5% | 0.5% | 0.4% | 0.5% | 0.5% | <b>6.1%</b> |
| <b>2012</b> | 0.5% | 0.5% | 0.5% | 0.5% | 0.6% | 0.5% | 0.6% | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% | <b>6.4%</b> |
| <b>2013</b> | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% | 0.6% | 0.5% | 0.5% | <b>6.3%</b> |
| <b>2014</b> | 0.5% | 0.5% | 0.5% | 0.6% | 0.5% | 0.6% | 0.5% | 0.0% | 0.5% | 0.6% | 0.5% | 0.6% | <b>6.0%</b> |
| <b>2015</b> | 0.5% |      |      |      |      |      |      |      |      |      |      |      | <b>0.5%</b> |

### FOR MORE INFORMATION CONTACT:

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