



July/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)
2.1%	14.3%	17.3%	8.6%

PERFORMANCE COMMENTARY

July brought two crises as Greece veered close to exiting the euro and the Chinese government was forced to prop up its tumbling stock market. The rand hit a 14-year low as the US Fed signaled an imminent interest rate increase, while commodity prices continued to fall on poor growth fundamentals in China.

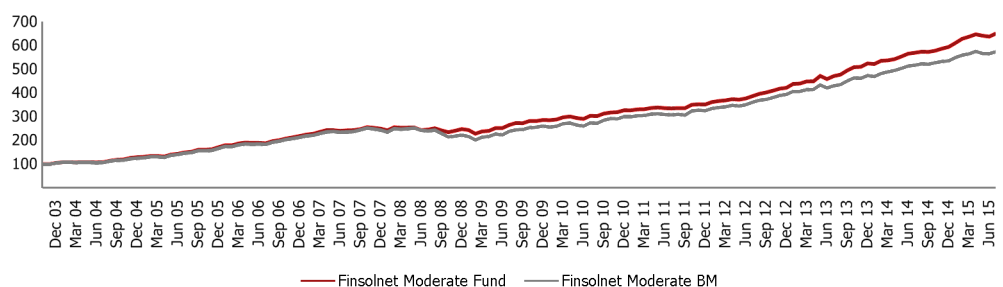
After defaulting on a 30 June payment to the IMF, the Greek government called for a public referendum on the austerity measures demanded by the EC, ECB and the IMF. After winning a "no" vote, Greek Prime Minister Alexis Tsipras did an amazing turn-around, and asked for a three-year €86 billion bail-out from the eurozone while pledging to implement most of the tax changes, pension reforms and budgetary cuts demanded by creditors. Stock markets around the world rallied on the news.

In China the stock market lost a third of its value from mid-June as the central bank's move to drain liquidity from the overheated market was interpreted as foreshadowing monetary tightening. This led to a sharp sell-off which triggered a series of extreme measures from the Chinese government desperate to restore stability. Over 40% of Chinese listed firms simply suspended trading in their shares. China's Shanghai Composite index ended July down 13.4%.

China's growth remained at 7.0% in the second quarter amid signs that the slowdown is continuing. In Europe, the ECB kept its main interest rate unchanged at 0.05% as inflation eased to 0.2% year-on-year in June, highlighting the region's vulnerability to deflation pressures. The US continued its modest recovery, while the US Fed signalled that it is committed to an interest rate increase in 2015. The US Fed revised its 2015 GDP growth forecast to 1.55%.

In South Africa the resources sector took a hit on concerns about China. On the economic front manufacturing activity remained under pressure, retail sales disappointed and consumer and business confidence indices tested multi-year lows. Consumer price inflation increased to 4.7% year-on-year. The Reserve Bank increased interest rates by 25 basis points to 6% on concerns over inflation and downgraded its growth projection for this year to 2%. The FTSE/JSE SWIX index returned -0.2%, dragged down by the resources sector which fell by 7.7%. Financial and industrial shares delivered 3.5% and 1.4% respectively. The BESA All Bond index rose by 1.0%, while the listed property sector rebounded by 5.1%. The rand depreciated by 3.9% relative to the US dollar.

CUMULATIVE RETURNS



HISTORICAL PERFORMANCE

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2011	-0.1%	1.2%	0.3%	1.5%	0.6%	-0.8%	-0.4%	0.5%	-0.2%	4.3%	0.6%	-0.2%	7.5%
2012	2.9%	1.2%	0.8%	1.3%	-0.6%	1.4%	2.6%	2.4%	1.5%	1.9%	2.1%	0.9%	20.0%
2013	3.9%	0.3%	2.0%	0.1%	5.1%	-2.8%	2.7%	1.3%	3.7%	2.8%	0.3%	2.8%	24.4%
2014	-0.5%	2.6%	0.3%	1.0%	2.0%	2.2%	0.7%	0.8%	-0.2%	0.9%	1.5%	1.3%	13.3%
2015	2.8%	2.9%	1.4%	1.6%	-0.9%	-0.6%	2.1%						9.6%

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FUND SUMMARY

Inception (back dated):	01-Nov-03	
Inception (actual):	12-Nov-09	
Number of Months	69	
	FUND	LMM
Sharpe Ratio	0.85	0.66
Sortino Ratio	1.32	0.96

RISK ANALYSIS

	FUND	LMM
% Positive Months	73.0%	70.9%
% Negative Months	27.0%	29.1%
Best Month	6.3%	7.3%
Worst Month	-6.3%	-7.7%
Avg Negative Return	-1.1%	-1.7%
Maximum Drawdown	-10.8%	-23.8%
Standard Deviation	7.4%	9.3%
Downside Deviation	4.8%	6.4%

CORRELATIONS

	FUND	LMM
FTSE/JSE All Share Index	0.89	0.93
BESA All Bond Index	0.28	0.19

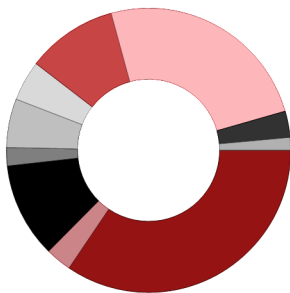
LMM = Global Large Manager Median

MARKET STRESS MONTHS

	FUND	ALSI
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 - 34.5%
- Domestic Property - 3.0%
- Domestic Bonds - 10.8%
- Domestics ILB - 2.1%
- Domestic Cash Plus - 5.6%
- Domestic Money Market - 4.6%
- Domestic Alternatives - 10.3%
- International - 24.8%
- Africa - 3.0%
- Realignment Portfolio - 1.4%

PERFORMANCE ANALYSIS

PERFORMANCE	FUND	BM	DIFFERENCE
Calendar Years			
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

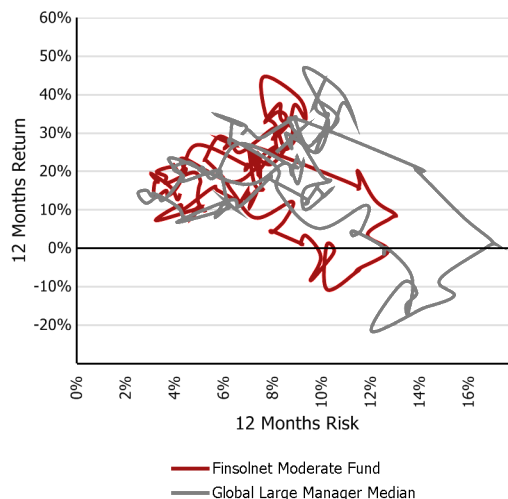
	FUND	BM	DIFFERENCE
1 month	2.1%	1.4%	0.7%
3 month	0.5%	-0.3%	0.8%
6 month	6.6%	4.5%	2.1%
Year to date	9.6%	7.2%	2.4%
1 year	14.3%	11.0%	3.3%
2 year	17.5%	15.5%	2.0%
3 year	18.9%	16.7%	2.2%
5 year	16.5%	15.9%	0.5%

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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