



May/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 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)
-0.2%	14.3%	15.7%	14.2%

PERFORMANCE COMMENTARY

If investors needed a reminder that markets go down as well as up, May brought just that as speculation about the timing of US interest rate increases reflected in the gyrating value of the US dollar, while in the eurozone investors sold off bonds in response to the negative bond yields of April.

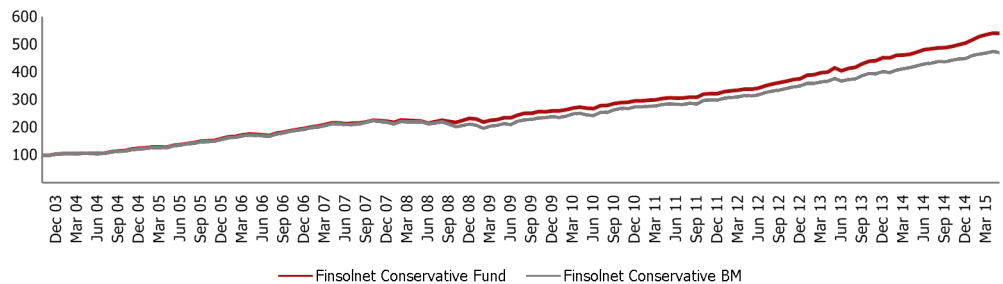
Disappointing US economic statistics led to speculation that the first interest rate increase might be pushed out beyond 2015, despite US Federal Reserve Chair Janet Yellen, insisting it will happen this year. The strong turnaround expected in the second quarter, after the sharp downturn in the first, is not materialising. The Chinese economy also continued to run out of steam, with declining manufacturing activity, weaker trade numbers and consumer inflation at only half of the 3% target. China cut interest rates for the third time in six months in a bid to lower companies' borrowing costs and stoke economic growth. The eurozone economy showed resilience, with manufacturing activity strengthening and the consumer price index coming in flat after four months of deflation. The most unexpected event, however, was investors' revolt against negative yields in Europe which led to the sharpest sell-off of government bonds in the past twenty years.

Talks between European policy makers and Greece made little progress, although Greece managed to amass €750 million to pay interest to the IMF. This combined with a sharp strengthening of the US dollar at month-end spurred risk aversion, with emerging markets equities and commodity prices bearing the brunt. The oil price stayed above US\$60 a barrel on the notion that a supply glut was easing due to a tightening in world production, particularly in the US.

South Africa's first quarter economic growth plunged to just 1.3% year-on-year as load shedding, weak consumer demand and drought curbed output. Unemployment rose to 26.4%, the highest figure since 2003. Other economic indicators deteriorated, as did business and consumer confidence. Although the SARB kept interest rates steady as inflation came in at 4.5% year-on-year, there is a growing expectation of an interest rate hike in June.

The FTSE/JSE SWIX Index fell by 4.9%, pulled down by Resources and Financials which returned by -5.2% and -6.8% respectively. The listed property sector delivered a negative 5.9%, while the BESA All Bond Index fell by 0.7%. The rand weakened by 3.1% against the US dollar.

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%								6.9%

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FUND SUMMARY

Inception (back dated):	01-Nov-03	
Inception (actual):	12-Nov-09	
Number of Months	67	
	FUND	LMM
Sharpe Ratio	0.82	0.70
Sortino Ratio	1.30	1.01

RISK ANALYSIS

	FUND	LMM
% Positive Months	76.3%	71.9%
% Negative Months	23.7%	28.1%
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	3.7%	6.5%

CORRELATIONS

	FUND	LMM
FTSE/JSE All Share Index	0.80	0.93
BESA All Bond Index	0.39	0.19

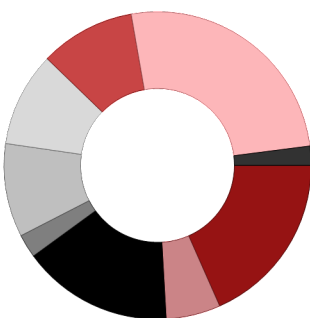
LMM = Global Large Manager Median

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 - 18.4%
- Domestic Property - 5.7%
- Domestic Bonds - 15.9%
- Domestic ILB - 2.5%
- Domestic Cash Plus - 9.8%
- Domestic Money Market - 9.9%
- Domestic Alternatives - 10.0%
- International - 25.7%
- Africa - 2.0%

PERFORMANCE ANALYSIS

PERFORMANCE	FUND	BM	DIFFERENCE
Calendar Years			
2009	11.7%	12.8%	-1.1%
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%

Periodic Performance

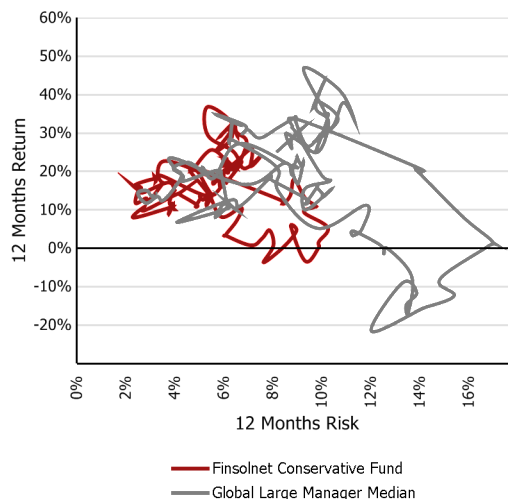
	FUND	BM	DIFFERENCE
1 month	-0.2%	-0.9%	0.7%
3 month	2.2%	1.2%	1.0%
6 month	8.2%	5.1%	3.1%
Year to date	6.9%	4.8%	2.1%
1 year	14.3%	11.3%	3.0%
2 year	14.0%	11.8%	2.3%
3 year	16.9%	14.4%	2.4%
5 year	14.9%	13.9%	1.0%

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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