



September/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 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)
0.8%	12.8%	15.4%	6.9%

PERFORMANCE COMMENTARY

September brought to an end the worst quarter for global equities in the past six years. The combination of the Greek crisis, the Chinese stock market gyrations, its currency devaluation strategy and continuing economic slowdown, compounded by the uncertainty over the timing of US Federal Reserve's interest rate increases, has created a toxic mixture which has punished commodity prices, stocks and, in particular, emerging markets and their currencies. The Volkswagen emission test scandal and the continuing stream of weak economic data from China contributed to the negative sentiment throughout the month.

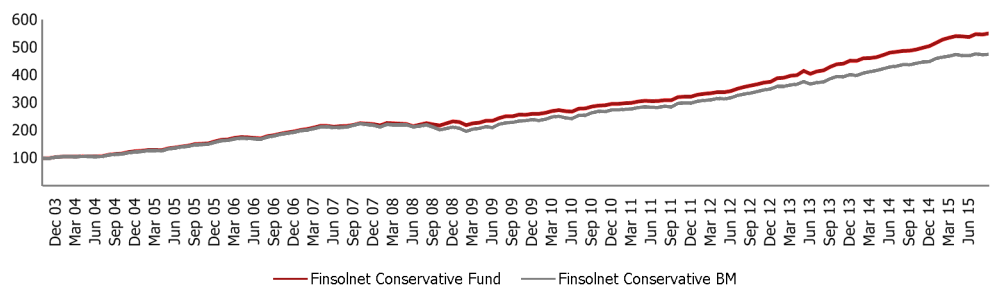
The US Federal Reserve described the US economy as continuing to grow modestly, despite unemployment falling to 5.1%, a level regarded as close to "full employment". In the migrant-swamped Europe the ECB cut its 2015 growth and inflation forecasts for the eurozone to 1.4% and 0.1% respectively and kept interest rates unchanged as deflation risk reared its head again.

The equity markets swung up and down on concern about the direction of US interest rates. The flight to safety of US Treasuries translated into a stronger US dollar, with the rand touching the R14.01/US\$ level. Commodity producers were badly hit as wave after wave of poor Chinese data hit the wires.

Concerns about South Africa's credit rating came into the spotlight after S&P downgraded Brazil's debt to a sub-investment grade status. The economy continued on a weak path with slowing manufacturing activity and plummeting business confidence. On a positive note consumer inflation slowed to 4.6% year-on-year in August on the back of lower fuel prices. The Reserve Bank left interest rates unchanged but downgraded economic growth prospects to 1.5% and 1.6% in 2015 and 2016 respectively. We expect the volatility to continue until such time as the US Federal Reserve increases interest rates, allowing speculation to settle. A negative sentiment towards emerging markets will continue until such time as China's economy shows signs of stabilising, punishing the rand and the South African equity market.

The All Share index returned 1.0%, boosted by SABMiller which is subject to a hostile take-over bid by its largest competitor. The SWIX index, with its lower exposure to SABMiller, returned -1.0%. The Resources sector fell by a massive 9.6%. The All Bond Composite fell by 0.1%, while the Listed Property sector returned 0.8%. The Rand weakened by 4.2% 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%	-0.4%	2.0%	-0.3%	0.8%				9.1%

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FUND SUMMARY

Inception (back dated):	01-Nov-03	
Inception (actual):	12-Nov-09	
Number of Months	71	
	FUND	LMM
Sharpe Ratio	0.78	0.62
Sortino Ratio	1.26	0.92

RISK ANALYSIS

	FUND	LMM
% Positive Months	75.5%	69.9%
% Negative Months	24.5%	30.1%
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	5.8%	9.3%
Downside Deviation	3.6%	6.3%

CORRELATIONS

	FUND	LMM
FTSE/JSE All Share Index	0.80	0.93
BESA All Bond Index	0.40	0.20

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 - 18.7%
- Domestic Property - 3.0%
- Domestic Bonds - 20.7%
- Domestic Cash Plus - 14.9%
- Domestic Money Market - 4.9%
- Domestic Alternatives - 9.9%
- International - 24.8%
- Africa - 3.2%

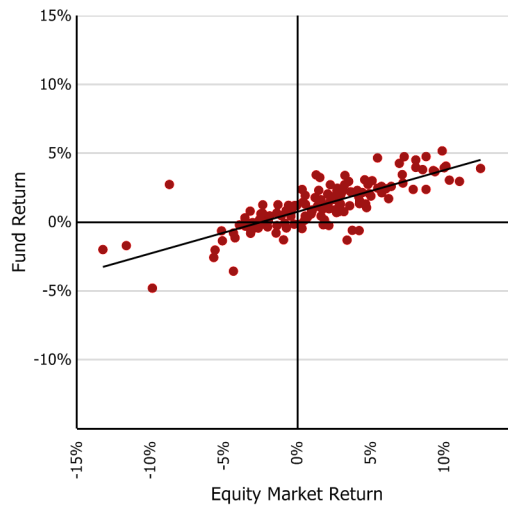
PERFORMANCE ANALYSIS

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

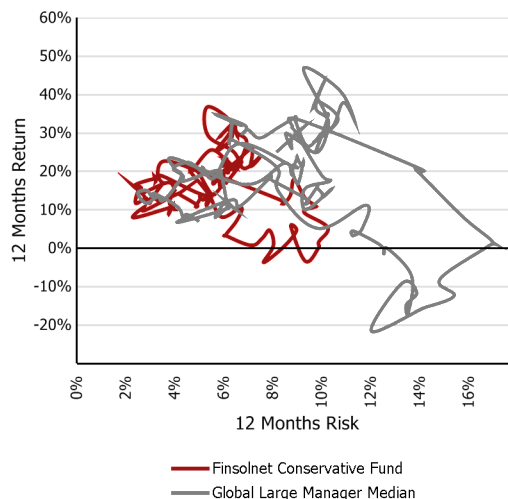
	FUND	BM	DIFFERENCE
1 month	0.8%	0.2%	0.5%
3 month	2.5%	1.0%	1.4%
6 month	2.9%	1.3%	1.6%
Year to date	9.1%	5.8%	3.3%
1 year	12.8%	8.6%	4.2%
2 year	13.2%	10.8%	2.4%
3 year	15.0%	12.3%	2.7%
5 year	14.0%	12.5%	1.5%

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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