



September/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 |
|-------|-----------|-----------------|
| 0.6% | 6.9% | 8.0% |

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.

PERFORMANCE

| PERIOD | FUND | BM | DIFFERENCE |
|--------------|------|------|------------|
| 1 month | 0.6% | 0.5% | 0.1% |
| 3 month | 1.8% | 1.6% | 0.2% |
| 6 month | 3.5% | 3.2% | 0.3% |
| Year to date | 5.2% | 4.8% | 0.5% |
| 1 year | 6.9% | 6.4% | 0.6% |
| 2 year | 6.4% | 6.0% | 0.4% |
| 3 year | 6.4% | 5.7% | 0.6% |
| 5 year | 6.4% | 5.7% | 0.6% |

HISTORICAL PERFORMANCE

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Year |
|-------------|------|------|------|------|------|------|------|------|------|------|------|------|-------------|
| 2011 | 0.5% | 0.6% | 0.5% | 0.5% | 0.5% | 0.5% | 0.4% | 0.5% | 0.5% | 0.4% | 0.5% | 0.5% | 6.1% |
| 2012 | 0.5% | 0.5% | 0.5% | 0.5% | 0.6% | 0.5% | 0.6% | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% | 6.4% |
| 2013 | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% | 0.6% | 0.5% | 0.5% | 6.3% |
| 2014 | 0.5% | 0.5% | 0.5% | 0.6% | 0.5% | 0.6% | 0.5% | 0.0% | 0.5% | 0.6% | 0.5% | 0.6% | 6.0% |
| 2015 | 0.5% | 0.5% | 0.6% | 0.6% | 0.6% | 0.6% | 0.6% | 0.6% | 0.6% | | | | 5.2% |

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