



January/13

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 be 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)
3.9%	21.2%	17.3%	22.1%

PERFORMANCE COMMENTARY

The dramatic fiscal cliff showdown in the final hours of 2012, which averted a raft of income tax increases for US households and deferred planned spending cuts for two months, triggered a market rally in the opening trading hours of 2013. Upbeat economic data from the US and China, and an extension of the US debt ceiling until mid-May, added to the momentum. The FTSE/JSE All Share Index topped the 40 000 level for the first time in its 17-year history, while the S&P 500 Index climbed to yet another five-year high.

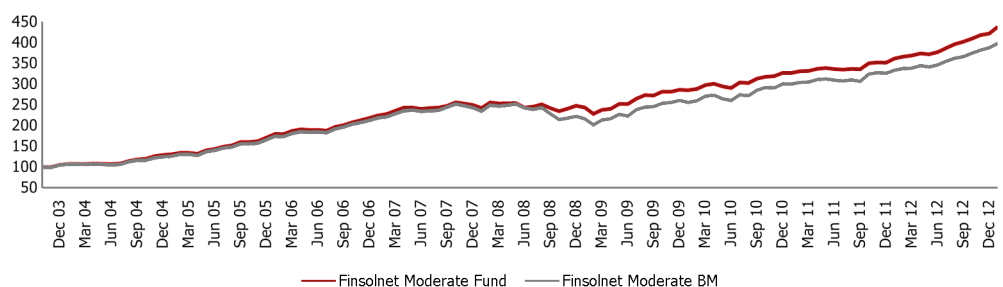
Oil hovered around US\$112 a barrel as increasing supply and rising inventories in the US put a lid on prices. Gold price tested the US\$1 700 an ounce level, before easing concerns over the global economy dampened the rally. Platinum hit a three-month high after Amplats, the world's top platinum producer, announced mine closures at a cost of 14 000 jobs.

Most central banks kept their interest rates and monetary policies unchanged. The Bank of Japan, however, announced a US\$116 billion stimulus package and an adoption of a 2% inflation target. China's economy picked up in the final quarter of 2012, with the GDP growth coming in at 7.9% for the quarter, and 7.8% for the year. The US economy grew by 2.2% in 2012, after a disappointing 0.1% contraction in the fourth quarter of the year.

South Africa's prospects are looking fragile with the Reserve Bank lowering its growth forecast for 2013 to 2.6% on the back of labour unrests and a deteriorating business environment. Fitch lowered South Africa's sovereign credit rating to BBB with a stable outlook. Consumer inflation came in at 5.7% in December, its highest level since May 2012, while the Reserve Bank kept the repo rate unchanged at 5%. Other economic statistics were mixed. Retail sales and credit extension to the private sector showed some strength, but the seasonally adjusted Kagiso PMI fell to 47.4 in December, suggesting that the slowdown in demand from Europe remains a challenge.

The rand fell below R9/US\$ as foreign investments flowed out amid concerns over continued labour and social unrest and a widening current account deficit. The FTSE/JSE All Share Index rose by 3.2%, the BESA All Bond Index delivered a flat 0.1%, while the Rand depreciated by 6.7% against the US dollar.

CUMULATIVE RETURNS



HISTORICAL PERFORMANCE

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2009	-1.7%	-6.3%	4.2%	1.0%	5.0%	-0.1%	5.2%	3.2%	-0.4%	3.4%	-0.1%	1.7%	15.5%
2010	-0.3%	1.0%	3.2%	1.2%	-2.1%	-1.3%	4.5%	-0.4%	3.5%	1.5%	0.5%	2.5%	14.3%
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%												3.9%

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FUND SUMMARY

Inception (back dated):	01-Nov-03	
Inception (actual):	12-Nov-09	
Number of Months	39	
	FUND	LMM
Sharpe Ratio	0.81	0.68
Sortino Ratio	1.28	1.02

RISK ANALYSIS

	FUND	LMM
% Positive Months	70.3%	70.3%
% Negative Months	29.7%	29.7%
Best Month	6.3%	7.3%
Worst Month	-6.3%	-7.7%
Avg Negative Return	-1.2%	-1.9%
Maximum Drawdown	-10.8%	-23.8%
Standard Deviation	7.9%	10.0%
Downside Deviation	5.0%	6.7%

CORRELATIONS

	FUND	LMM
FTSE/JSE All Share Index	0.90	0.93
BESA All Bond Index	0.33	0.25

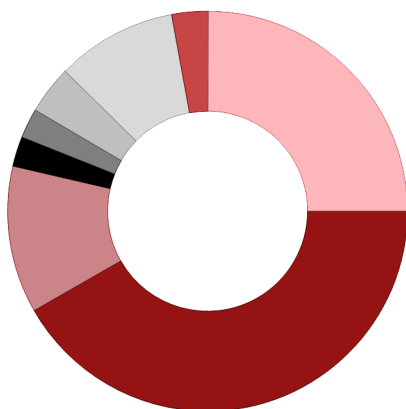
LMM = Global Large Manager Median

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



Equities - 41.7%	Alternatives - 9.8%
Bonds - 11.9%	TAA - 2.9%
Inflation Linked Bonds - 2.4%	International - 24.9%
Property - 2.4%	
Money Market - 3.9%	

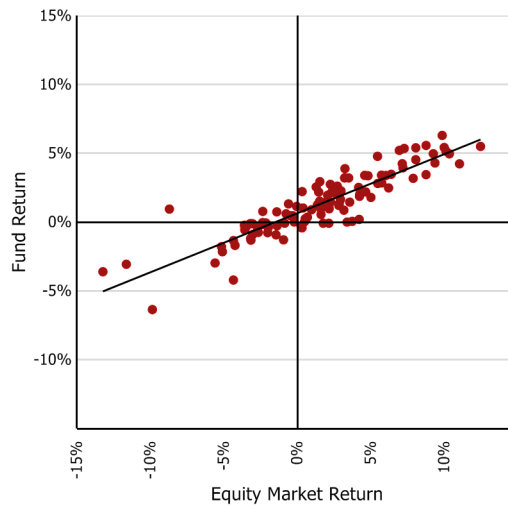
PERFORMANCE ANALYSIS

PERFORMANCE	FUND	BM	DIFFERENCE
Calendar Years			
2007	14.3%	14.4%	-0.1%
2008	-0.7%	-8.5%	7.8%
2009	15.5%	17.2%	-1.7%
2010	14.3%	15.2%	-1.0%
2011	7.5%	8.6%	-1.0%
2012	20.0%	18.9%	1.0%

Periodic Performance

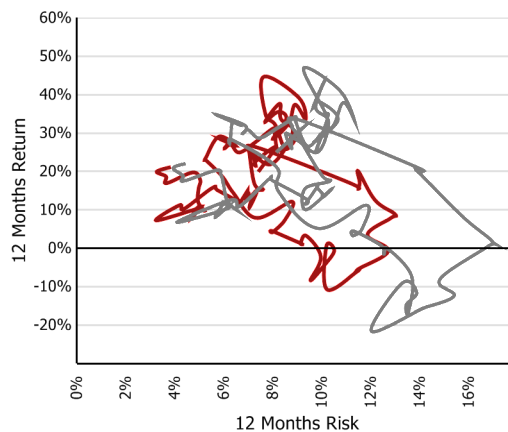
	FUND	BM	DIFFERENCE
1 month	3.9%	2.8%	1.1%
3 month	7.0%	6.4%	0.6%
6 month	13.3%	12.2%	1.1%
Year to date	3.9%	2.8%	1.1%
1 year	21.2%	19.5%	1.7%
2 year	15.8%	15.3%	0.5%
3 year	15.4%	15.9%	-0.5%
5 year	12.6%	11.2%	1.4%

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



— Finsolnet Moderate Fund
— Global Large Manager Median

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