



June/12

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) |
|-------|-----------|-----------------|----------------------------------|
| 1.4% | 12.1% | 16.6% | 12.6% |

PERFORMANCE COMMENTARY

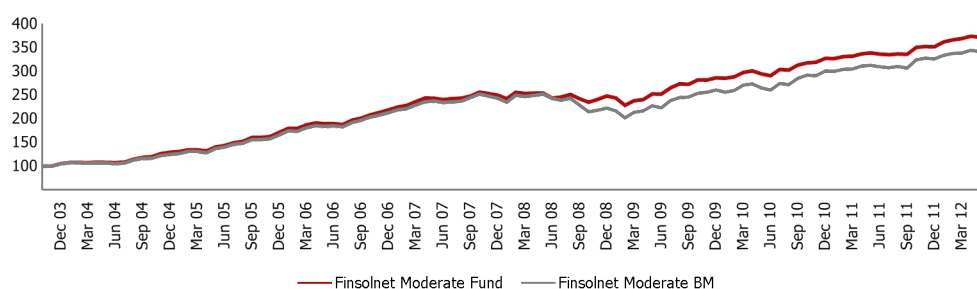
As the euro zone stumbled towards disaster, Spain's borrowing costs surged above the key 7% per annum level as it asked for up to €100 billion to recapitalise its banks. Global summits seem to lead nowhere and Greece, albeit opting to hang onto the euro by electing a pro-bailout government, immediately asked for a two-year extension to its austerity timetable. But the last day of June brought a surprise break-through. The EU agreed to use the euro zone's permanent bail-out fund, the €500 billion ESM, to recapitalise banks directly, without involving sovereign states, once a central EU banking supervisory body has been set up.

Economic news from the US was lukewarm, with the unemployment rate rising to 8.2% and manufacturing activity falling. In Europe the figures were bleaker with unemployment at 11% and manufacturing and services PMIs at three-year lows. Having spent last year putting on the brakes, China cut interest rates for the first time since the 2008/09 crisis. The economic problems led to the oil price dropping below the US\$100 a barrel level, and the gold price temporarily rising above the US\$1 600 an ounce. This was short-lived as the Fed failed to deliver on the third round of quantitative easing, instead merely extending the existing Operation Twist to lower long term interest rates.

Cyprus became the fifth euro zone country to request a bail-out as a consequence of its banks' heavy exposure to Greek debt. The IMF members promised to contribute a further US\$456 billion for a "firewall" fund to prevent future financial crises. France scored a minor victory by gaining EU approval for a "growth pact" valued at about €130 billion and for the implementation of the financial transaction tax by year-end.

The South African economy has started to show signs of strain, with consumer spending, retail sales growth and manufacturing activity all signalling a slow-down. On a more positive note, the outlook for real income growth is better than it was at the beginning of 2012. Public sector wage settlements look set to be at least 6.7%, and unsecured lending continues to grow, while consumer inflation fell to 5.7% in May. And on the political front President Jacob Zuma reshuffled his Cabinet, a move that makes it clear that he will do whatever is required to remain ANC president. This entire clamour led to the FTSE/JSE All Share Index rising by 1.9%, the BESA All Bond Index by 3.3% and the Rand appreciating by 4.3% against the US dollar.

CUMULATIVE RETURNS



HISTORICAL PERFORMANCE

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Year |
|-------------|-------|-------|-------|------|-------|-------|-------|-------|-------|-------|-------|-------|--------------|
| 2008 | -3.0% | 5.5% | -0.9% | 0.2% | 0.1% | -4.2% | 1.0% | 2.2% | -3.6% | -3.1% | 2.6% | 3.0% | -0.7% |
| 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% | | | | | | | 7.2% |

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FUND SUMMARY

| | | |
|-------------------------|-------------|------------|
| Inception (back dated): | 01-Nov-03 | |
| Inception (actual): | 12-Nov-09 | |
| Number of Months | 32 | |
| | FUND | LMM |
| Sharpe Ratio | 0.71 | 0.59 |
| Sortino Ratio | 1.15 | 0.91 |

RISK ANALYSIS

| | FUND | LMM |
|---------------------|-------------|------------|
| % Positive Months | 68.3% | 68.3% |
| % Negative Months | 31.7% | 31.7% |
| 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 | 8.1% | 10.2% |
| Downside Deviation | 5.0% | 6.7% |

CORRELATIONS

| | FUND | LMM |
|--------------------------|-------------|------------|
| FTSE/JSE All Share Index | 0.90 | 0.93 |
| BESA All Bond Index | 0.34 | 0.26 |

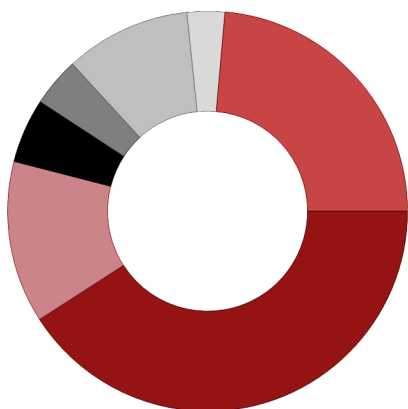
LMM = Global Large Manager Median

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 - 40.9% | TAA - 3.0% |
| Bonds - 13.1% | International - 23.6% |
| Property - 5.2% | |
| Money Market - 4.0% | |
| Alternatives - 10.2% | |

PERFORMANCE ANALYSIS

| PERFORMANCE | FUND | BM | DIFFERENCE |
|-----------------------|-------------|-----------|-------------------|
| Calendar Years | | | |
| 2006 | 27.7% | 28.3% | -0.7% |
| 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% |

Periodic Performance

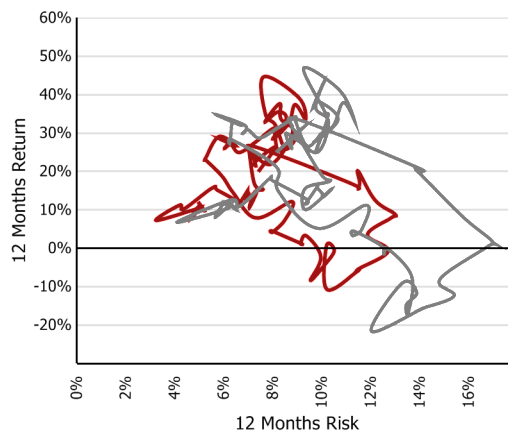
| | FUND | BM | DIFFERENCE |
|--------------|-------------|-----------|-------------------|
| 1 month | 1.4% | 1.3% | 0.1% |
| 3 month | 2.2% | 2.2% | 0.0% |
| 6 month | 7.2% | 6.1% | 1.1% |
| Year to date | 7.2% | 6.1% | 1.1% |
| 1 year | 12.1% | 11.8% | 0.4% |
| 2 year | 13.9% | 15.3% | -1.3% |
| 3 year | 14.4% | 15.8% | -1.4% |
| 5 year | 9.4% | 8.1% | 1.3% |

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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