June/12

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 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
0.5%	6.2%	8.7%

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.

PERFORMANCE

PERIOD	**FUND**	**BM**	**DIFFERENCE**
1 month	0.5%	0.5%	0.1%
3 month	1.6%	1.4%	0.2%
6 month	3.2%	2.8%	0.4%
Year to date	3.2%	2.8%	0.4%
1 year	6.2%	5.7%	0.6%
2 year	6.5%	5.9%	0.6%
3 year	7.1%	6.5%	0.6%
5 year	9.0%	8.2%	0.8%

HISTORICAL PERFORMANCE

	Jan	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**Year**
2008	1.0%	0.9%	1.0%	0.8%	0.9%	1.2%	1.2%	1.1%	1.0%	1.1%	1.1%	1.2%	**13.1%**
2009	0.9%	1.0%	1.0%	0.8%	0.8%	0.7%	0.7%	0.8%	0.6%	0.6%	0.7%	0.7%	**9.6%**
2010	0.7%	0.6%	0.8%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.5%	0.6%	0.5%	**7.7%**
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%							**3.2%**

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