



# November/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)
2.1%	18.7%	17.1%	18.8%

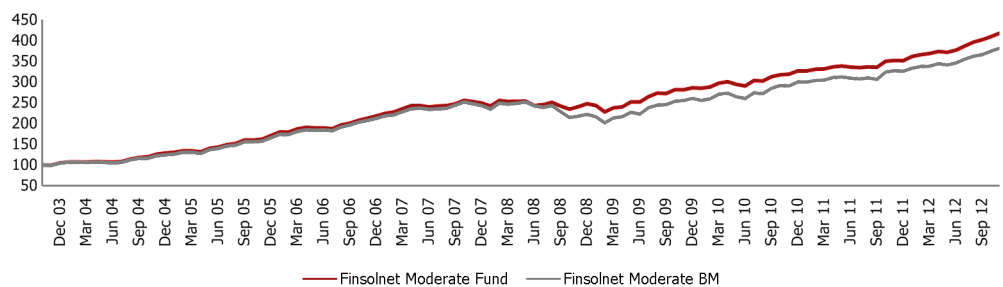
### PERFORMANCE COMMENTARY

The volatility in the markets continued through November as the eurozone moved deeper into a recession, looming fiscal cliff concerns overshadowed the re-election of US President Barack Obama, and wrangling over Greece highlighted deep divisions over how to handle the eurozone crisis. A once-in-a-decade political transition in China, a military stand-off between Israel and Palestine and a spate of sovereign downgrades added to the market uncertainty. Undoubtedly, the US is well ahead of others on the road to economic recovery, a fact attributable to the ultra-aggressive monetary policies implemented by the Federal Reserve. China has also stabilised, albeit at low levels, but the eurozone remains mired in a recession.

All the attention focused on the US "fiscal cliff" issue, a series of automatic tax increases and spending cuts amounting to US\$607 billion effective on 1 January 2013 which could reduce US growth by around 3% in 2013. Negotiations between the Republicans and Democrats have yielded little to date. The news that the eurozone has slipped back into a recession, with the third quarter GDP contracting by 0.1% quarter-on-quarter, triggered a heavy mid-month sell-off. Greece was granted two more years till 2022 to reduce its deficit, while Spain successfully raised €4.8 billion through a bond auction, giving it more time before having to ask for international aid. Moody's lowered France's sovereign rating from AAA to Aa1 on the back of concerns about France's long-term growth outlook. Month-end brought some upward momentum to the markets on the back of stronger November manufacturing surveys in the US and China, and indications of some progress in the fiscal cliff negotiations.

In South Africa the effects of the mining and transport strikes in September came through in the economic data at the same time as the strikes spread to the farm workers in the Western Cape and the rand flirted with the R9/US\$1 level. The most significant effect has been the lower than expected third quarter GDP growth figure which came in at 1.2% on a seasonally adjusted and annualised basis. Unemployment rose to 25.5% in the third quarter, with the number of unemployed people reaching 4.7 million, the most since 2008. Consumer inflation rose to 5.6% year-on-year and the trade account deficit widened to its worst level in years in October. The FTSE/JSE All Share Index closed the month at a fresh all-time high after weak trade figures pushed the rand lower with the rand-hedge stocks gaining. Overall equities returned 1.6%, the BESA All Bond Index rose by 0.8% and the rand depreciated by 2.6% against the US dollar.

### CUMULATIVE RETURNS



### HISTORICAL PERFORMANCE

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
<b>2008</b>	-3.0%	5.5%	-0.9%	0.2%	0.1%	-4.2%	1.0%	2.2%	-3.6%	-3.1%	2.6%	3.0%	<b>-0.7%</b>
<b>2009</b>	-1.7%	-6.3%	4.2%	1.0%	5.0%	-0.1%	5.2%	3.2%	-0.4%	3.4%	-0.1%	1.7%	<b>15.5%</b>
<b>2010</b>	-0.3%	1.0%	3.2%	1.2%	-2.1%	-1.3%	4.5%	-0.4%	3.5%	1.5%	0.5%	2.5%	<b>14.3%</b>
<b>2011</b>	-0.1%	1.2%	0.3%	1.5%	0.6%	-0.8%	-0.4%	0.5%	-0.2%	4.3%	0.6%	-0.2%	<b>7.5%</b>
<b>2012</b>	2.9%	1.2%	0.8%	1.3%	-0.6%	1.4%	2.6%	2.4%	1.5%	1.9%	2.1%		<b>18.9%</b>

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## FUND SUMMARY

Inception (back dated):	01-Nov-03	
Inception (actual):	12-Nov-09	
Number of Months	37	
	<b>FUND</b>	<b>LMM</b>
Sharpe Ratio	0.78	0.65
Sortino Ratio	1.24	0.97

## RISK ANALYSIS

	<b>FUND</b>	<b>LMM</b>
% Positive Months	69.7%	69.7%
% Negative Months	30.3%	30.3%
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

	<b>FUND</b>	<b>LMM</b>
FTSE/JSE All Share Index	0.90	0.93
BESA All Bond Index	0.34	0.25

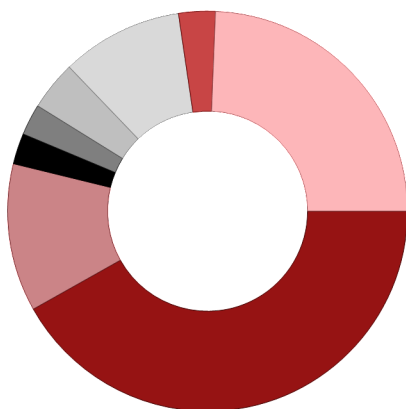
LMM = Global Large Manager Median

## MARKET STRESS MONTHS

	<b>FUND</b>	<b>ALSI</b>
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 - 41.9%	Alternatives - 9.8%
Bonds - 12.0%	TAA - 3.0%
Inflation Linked Bonds - 2.5%	International - 24.4%
Property - 2.5%	
Money Market - 4.0%	

## PERFORMANCE ANALYSIS

PERFORMANCE	<b>FUND</b>	<b>BM</b>	<b>DIFFERENCE</b>
<b>Calendar Years</b>			
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

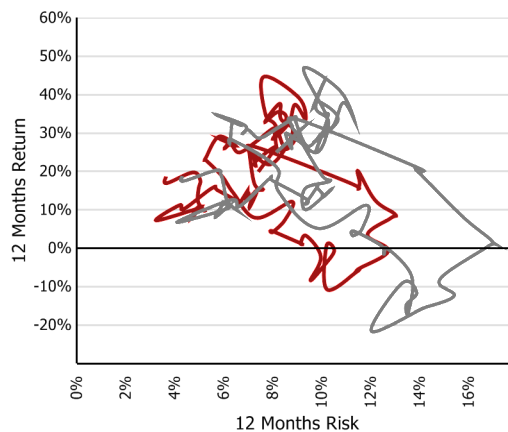
	<b>FUND</b>	<b>BM</b>	<b>DIFFERENCE</b>
1 month	2.1%	1.9%	0.1%
3 month	5.5%	5.4%	0.1%
6 month	12.5%	11.9%	0.6%
Year to date	18.9%	17.1%	1.8%
1 year	18.7%	16.6%	2.1%
2 year	14.5%	14.6%	-0.1%
3 year	14.1%	14.3%	-0.2%
5 year	10.6%	9.1%	1.5%

## 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



— Finsolnet Moderate Fund  
— Global Large Manager Median

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