



October/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%	6.5%	8.6%

PERFORMANCE COMMENTARY

October brought turmoil to South Africa in the strongest challenge yet to the ANC-led government, as a series of strikes in the mining and transport sectors triggered sovereign rating downgrades. Hard-charging markets, spurred by the expectations that Greece will not be kicked out of the euro and that the ECB and the US Fed will use their balance sheets to provide support, were rattled by Spain's resistance to ask for aid and an apparent back-peddalling by Germany, Finland and the Netherlands over the recapitalisation of Spanish banks. In the US, the policy debates between President Barack Obama and the Republican-nominee, Mitt Romney, took centre stage as the polls indicated that the two are running neck and neck. The third quarter US earnings reports were muted. The month-end brought havoc to the US as Hurricane Sandy swept through the East Coast, leading to a two-day close of the New York Stock Exchange.

Third quarter GDP growth figures were a mixed bag. China came in at 7.4% year-on-year, with most analysts predicting that the economy has bottomed out. The US economy grew at an annual rate of 2.0%, largely as a consequence of stronger than expected consumer spending. And the UK exited the recession with a strong 1% year-on-year rebound. The EU figures are still outstanding, but the manufacturing activity PMIs point to most economies stabilising, albeit at very weak levels.

The South African rand plunged to its weakest levels against the US dollar in three years as strikes, sovereign downgrades (Moody's followed S&P in downgrading South Africa's credit rating) and political tensions battered investor confidence. Despite that, the equity market roared ahead with a string of record highs reached on foreign buying. The main theme of the MTPBS presented by the Finance Minister Pravin Gordhan was to restrain government spending over the next three years. The GDP growth for 2012 was revised downward to 2.5%, while consumer price inflation is forecast to remain below 6% over the next three years. Both current account and budget deficits were revised upward.

The gold price failed to break through a key US\$1 800 an ounce level as stronger US economic data tempered expectations of the scope of the Fed's latest stimulus programme. Oil prices, on the other hand, oscillated around the US\$110 a barrel level, with tensions in the Middle East outweighing concerns about sluggish global demand.

The FTSE/JSE All Share Index delivered a healthy 4.2% return, with the Resources sector rebounding by 6.3%. The BESSA All Bond Index reflected foreign investors' concerns about South Africa with a return of -0.6%.

PERFORMANCE

PERIOD	FUND	BM	DIFFERENCE
1 month	0.5%	0.4%	0.1%
3 month	1.5%	1.3%	0.2%
6 month	3.2%	2.8%	0.5%
Year to date	5.4%	4.6%	0.7%
1 year	6.5%	5.6%	0.8%
2 year	6.3%	5.7%	0.6%
3 year	6.9%	6.2%	0.7%
5 year	8.7%	7.9%	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%	0.6%	0.5%	0.5%	0.5%			5.4%

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