September/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%	6.4%	8.6%

PERFORMANCE COMMENTARY

Touted as a key month for the future of the eurozone, September did not disappoint, bringing more monetary relaxation, but few long-term answers. From chaos in the Middle East triggered by an incendiary anti-Islamic video posted on YouTube, and protests in Spain and Greece, to the crippling mining strikes in South Africa, the month lurched from one surprise to the next. Economic data continued to point to a global slowdown. This pushed oil prices to below US$110 a barrel despite the instability in the Middle East and the Iran oil sanctions. The gold price rose to above US$1 780 an ounce, ending the quarter 11.5% up, as investors once again viewed the metal as an inflation hedge.

But economic fundamentals were overshadowed by major policy decisions. The ECB announced that it will launch an unlimited bond-buying programme to lower struggling EU countries' borrowing costs. The German Constitutional Court declared the permanent bailout fund, the European Stability Mechanism, as legal, clearing the way to use it to recapitalise troubled banks and governments. And the US Fed embarked on an unlimited third round of quantitative easing until the labour market outlook improves "substantially". However attention soon shifted to Spain which continued to resist asking for a bail-out. Unfortunately, with unemployment at 24.6%, an unstable banking system and the real prospect of secession of Catalonia, the government has little choice. Asking for a bail-out is a precondition for the ECB buying Spanish bonds to lower its yields. Meanwhile, the Greek government failed to approve an additional €11.5 billion of austerity cuts needed to secure the next instalment of aid. International lenders have delayed their final decision until after the US elections. At month-end both Spain and France unveiled tough austerity budgets designed to drastically reduce their budget deficits. In particular, Spain's budget was interpreted as a precursor to a request for a bail-out. This steadied market sentiment.

The South African economy continued to slow down with the manufacturing PMI falling to 50.2 in August. Consumer inflation ticked up to 5.0% year-on-year, and the current account gap widened to 6.4% of GDP, bringing to the fore South Africa's growing dependence on foreign investment inflows. The wildcat strikes within the mining sector continued to dominate the headlines. What started as a tragic incident at a platinum mine spread to the gold sector through September. The impact, apart from foreign investor perceptions, will be felt in the third quarter economic growth numbers. Moody's credit rating downgrade at month-end was not welcomed news. The FTSE/JSE All Share Index rose by 1.6%, bolstered by the Resources sector which delivered 5.7%, while the BESA All Bond Index returned 0.9%. The Rand appreciated by 1.0% relative to the US dollar.

PERFORMANCE

PERIOD	FUND	BM	DIFFERENCE
1 month	0.5%	0.4%	0.0%
3 month	1.6%	1.4%	0.2%
6 month	3.2%	2.8%	0.5%
Year to date	4.9%	4.2%	0.7%
1 year	6.4%	5.6%	0.8%
2 year	6.4%	5.8%	0.6%
3 year	6.9%	6.3%	0.7%
5 year	8.8%	8.0%	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%				**4.9%**

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