

Finsolnet Moderate Fund

October 2010

The Finsolnet Moderate Portfolio is a low to medium risk balanced portfolio that aims to 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 Sasfin 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 utilised basis on the Sygnia Life license.

PERFORMANCE SUMMARY

Month	12 Months	Since Inception	Strategic Benchmark (12 Months)
1.5%	12.7%	18.0%	15.1%

STRATEGIC BENCHMARK

FTSE/JSE SWIX	45.0%	BESA ALBI	12.5%	Barclays BESA SAGILB	10.0%
STeFI Index	7.5%	FTSE/JSE SAPY Index	10.0%	MSCI in ZAR	15.0%

PERFORMANCE COMMENTARY

Global markets extended their rally in October as investors remained hopeful that the Federal Reserve will introduce more monetary stimulus measures and as corporate earnings topped estimates with more than 70% of companies beating profit forecasts for the sixth straight quarter, the longest stretch since 1993. In the US Treasury Inflation Protected Securities maturing in five years were sold at a negative yield for the first time ever at a debt auction. In an unexpected return to quantitative easing, the Bank of Japan cut its overnight call-rate target and set up a US\$60 billion fund to buy government bonds and other assets amid concerns about weakening growth. Markets rallied, taking Japan's decision as a sign that the Fed will follow. The Dow Jones broke through the 11 000 level for the first time since May 2010, while the FTSE/JSE All Share Index breached the 30 000 level for the first time since June 2008. Old Mutual announced that HSBC would not buy Nedbank after all, while Walmart scaled down its plans for Massmart, now looking to acquire control, rather than proceeding with a full take-out. The UK government detailed the deepest budget cuts in the country's history. At stake are Britain's top-grade credit rating, a fragile recovery from its longest recession on record and the future shape of the post-war welfare state. The headline items included 490 000 public sector job losses phased in over four years and the banking levy becoming a permanent feature.

Global attention was firmly centred on the budding global "currency war", with both the IMF and G20 meetings focusing almost exclusively on the issue without reaching any satisfactory decisions. In South Africa the Medium-Term Budget Policy statement brought an unexpected foreign exchange control relaxation, no envisaged tax increases and a surprisingly positive economic outlook. The gold price continued to rise on US dollar weakness as speculation about another round of Fed intervention intensified.

The FTSE/JSE All Share Index returned 3.6%, with Resources contributing 8.5%, Industrials 1.5% and Financials declining by 3.0%. The bond market delivered a 1.0% return, while the Rand weakened marginally by 0.4% relative to the US dollar. The overall inflation outlook remains benign thanks to the slow pick-up in demand and the strong Rand. For the fourth consecutive month, inflation surprised on the downside in September, with the consumer price index coming in at 3.2% year-on-year.

ABOUT SYGNIA

Sygnia is a financial services group specialising in the design and management of customised multi-manager product solutions for institutional clients in South Africa and globally. Sygnia Life is a registered life assurance company within the group.

ABOUT SASFIN

Sasfin is a premier South African banking group, providing business banking, wealth management, capital, specialised services and treasury services. Sasfin Asset Consulting, a division of Sasfin, provides a comprehensive, independent and highly professional financial advisory service to institutional clients.

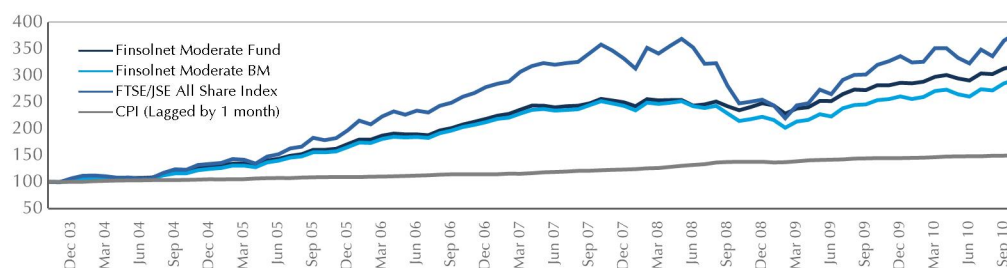
TOTAL EXPENSE RATIO

1.100% per annum (excluding VAT)

HISTORICAL PERFORMANCE

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2006	5.0%	-0.1%	4.3%	2.0%	-0.7%	0.0%	-0.9%	4.8%	2.2%	3.4%	2.5%	2.5%	27.7%
2007	2.8%	1.5%	3.5%	3.2%	-0.1%	-1.3%	0.9%	0.4%	1.8%	3.4%	-1.2%	-1.3%	14.3%
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%			11.0%

CUMULATIVE RETURNS



FUND SUMMARY

Inception (back dated):	01-Nov-03	
Inception (actual):	12-Nov-09	
Number of Months	12	

	FUND	BMK
Sharpe Ratio	0.80	0.58
Sortino Ratio	1.32	0.93

*BMK = strategic benchmark

RISK ANALYSIS

	FUND	BMK
% Positive Months	67.9%	67.9%
% Negative Months	32.1%	32.1%
Best Month	6.3%	7.1%
Worst Month	-6.3%	-6.7%
Avg Negative Return	-1.3%	-2.0%
Maximum Drawdown	-10.8%	-19.8%
Standard Deviation	8.7%	10.1%
Downside Deviation	5.3%	6.4%

CORRELATIONS

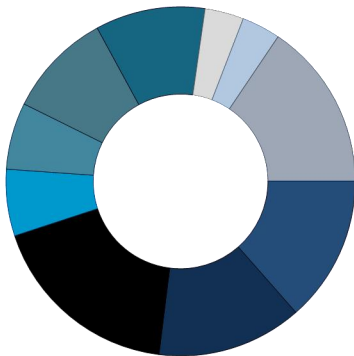
FTSE/JSE All Share Index	0.90	0.96
BESA All Bond Index	0.33	0.23

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.

MANAGER ALLOCATION



Investec Value Equity	- 13.5%
Kagiso Equity	- 13.5%
Cannon Equity	- 18.0%
Coronation Bonds	- 6.2%
Cadiz Bonds	- 6.2%
Catalyst Property	- 9.8%
Prescient ILBs	- 10.2%
Cadiz Cash	- 3.6%
Prescient Cash	- 3.6%
Allan Gray Life Foreign Portfolio	- 15.5%
Cash	- 0.0%

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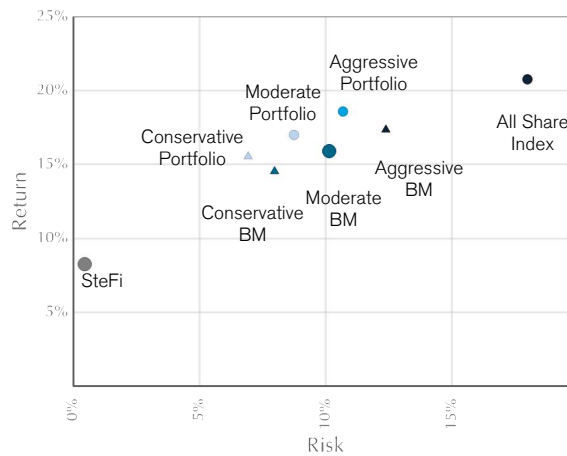
PERFORMANCE ANALYSIS

PERFORMANCE	FUND	BENCHMARK	DIFFERENCE
Calendar Years			
2004	22.7%	19.1%	3.6%
2005	32.6%	33.0%	-0.4%
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%

Periodic Performance

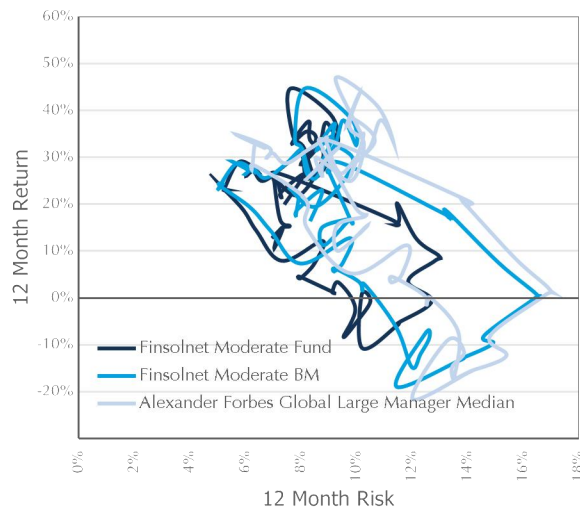
	FUND	BENCHMARK	DIFFERENCE
1 month	1.5%	2.3%	-0.9%
3 month	4.5%	6.4%	-1.9%
6 month	5.6%	6.8%	-1.2%
Year to date	11.0%	12.0%	-1.0%
1 year	12.7%	15.1%	-2.3%
2 year	16.3%	16.6%	-0.3%
3 year	7.5%	5.1%	2.4%
5 year	14.7%	13.4%	1.3%
Since Inception (back dated)	18.0%	16.5%	1.4%

RISK/RETURN COMPARISON



This chart compares how each portfolio in the range has performed against its benchmark and other relevant comparators in risk and return space.

12 MONTHS RISK/RETURN SNAIL TRAIL



Returns for periods exceeding one year are annualised. All returns are in Rands. As from 28th October 2008 the portfolio's foreign investment exposure might exceed the restrictive limit of 20%, or as amended from time to time, as a result of the inward listed British American Tobacco ("BAT") shares received as part of a corporate de-merger. The South African Reserve Bank has allowed some institutional investors a grace period of 2 years to rebalance their portfolios to adhere to the foreign investment limit. The grace period for BAT expires on 27 October 2010. Records of foreign investment exposure for BAT are available upon request.

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