



July 2011

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 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 unitised basis on the Sygnia Life license.

## 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
<b>2007</b>	2.8%	1.5%	3.5%	3.2%	-0.1%	-1.3%	0.9%	0.4%	1.8%	3.4%	-1.2%	-1.3%	<b>14.3%</b>
<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%						<b>2.4%</b>

## PERFORMANCE SUMMARY

Month	12 Months	Since Inception	Strategic Benchmark (12 Months)
-0.4%	10.3%	16.9%	12.2%

## STRATEGIC BENCHMARK

FTSE/JSE SWIX	45.0%	BESA ALBI	12.5%	Barclays BESA SAGILB	10.0%
FTSE/JSE SAPY Index	10.0%	STeFI Index	7.5%	MSCI in ZAR	9.0%
Barclays Multiverse	3.0%	UBS Global Real Estate	3.0%		

## PERFORMANCE COMMENTARY

The markets ended July in the red with the FTSE/JSE All Share Index down -2.0%. Resources bore the brunt of the sell off, falling by 4.6%. Financials returned -2.3% and Industrials -0.1%. The bond market benefited from strong inflows with a return of 1.5%. The rand strengthened by 1.1% as the US dollar weakened.

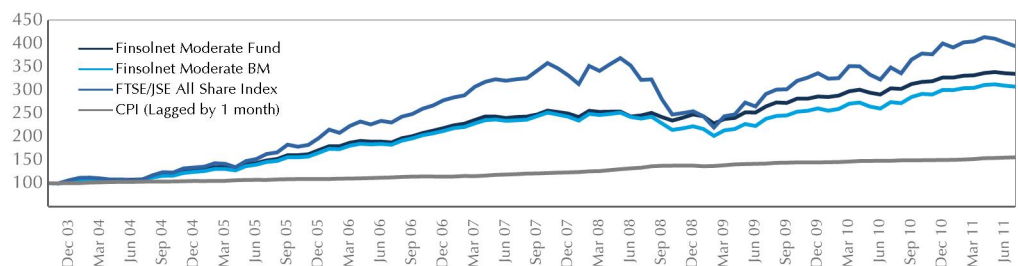
"Default" dominated headlines throughout July. The first half of the month was taken up with debates over how much the private sector should contribute to a second Greek bailout. The second half of July focussed on the stalemate between the Republican and the Democratic Parties over raising the US debt ceiling.

July brought some patchy economic data. US manufacturing surprised on the upside, on a rebound from supply chain disruptions triggered by the Japanese tsunami, while both China and the euro zone visibly slowed down. US unemployment rose to 9.2% in June and the economy grew at an anaemic 1.3% in the second quarter of 2011. China's GDP, on the other hand, expanded by 9.5% from a year earlier.

Both the ECB and China increased interest rates on the back of rising inflation. As concerns intensified the gold price breached US\$1 600 an ounce for the first time in history. Amidst warnings that a failure to reach a European agreement would be catastrophic, Germany and France finally reached common ground on a second bailout of Greece. The details were scarce beyond the announcement that the euro zone will provide loans at lower interest rates and longer maturities to countries in financial trouble. At month end attention shifted to the US as both Moody's and S&P put the country under review for a credit-rating downgrade on concerns that the debt limit will not be raised in time to prevent some bond repayment default. A compromise deal was reached at the eleventh hour.

In South Africa July brought more strikes as trade unions prioritised wage increases over job creation. The economic data painted a picture of a slowdown with a weak pace of manufacturing expansion, flat retail sales and a lagging housing market. The unemployment rate rose to 25.7% in the second quarter. Inflation quickened to 5.0% in June, year-on-year, up from 4.6% in May. The Reserve Bank left its repo rate unchanged as expected, forecasting that inflation would breach its upper target level of 6.0% by year-end.

## CUMULATIVE RETURNS



## FUND SUMMARY

Inception (back dated):	01-Nov-03
Inception (actual):	12-Nov-09
Number of Months	21

	FUND	BMK
Sharpe Ratio	0.72	0.52
Sortino Ratio	1.18	0.82

\*BMK = strategic benchmark

## RISK ANALYSIS

	FUND	BMK
% Positive Months	67.7%	66.7%
% Negative Months	32.3%	33.3%
Best Month	6.3%	7.1%
Worst Month	-6.3%	-6.7%
Avg Negative Return	-1.2%	-1.8%
Maximum Drawdown	-10.8%	-19.8%
Standard Deviation	8.4%	9.8%
Downside Deviation	5.1%	6.2%

## CORRELATIONS

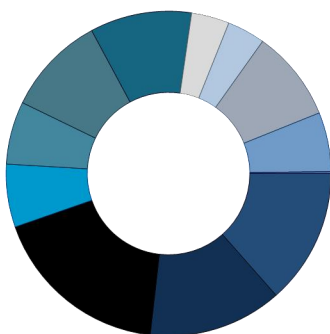
FTSE/JSE All Share Index	0.90	0.96
BESA All Bond Index	0.34	0.24

## 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 - 13.3%
- Cannon Equity - 17.9%
- Coronation Bonds - 6.3%
- Cadziz Bonds - 6.3%
- Catalyst Property - 10.0%
- Prescient ILBs - 10.1%
- Cadziz Cash - 3.8%
- Prescient Cash - 3.8%
- Allan Gray Life Foreign Portfolio - 9.1%
- Catalyst Global Real Estate Portfolio - 5.9%
- Cash - 0.2%

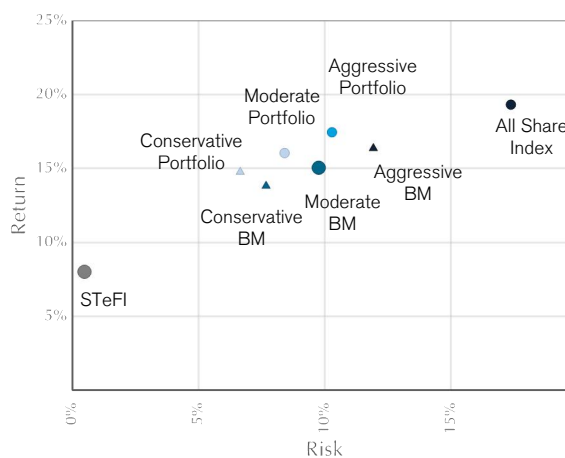
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## PERFORMANCE ANALYSIS

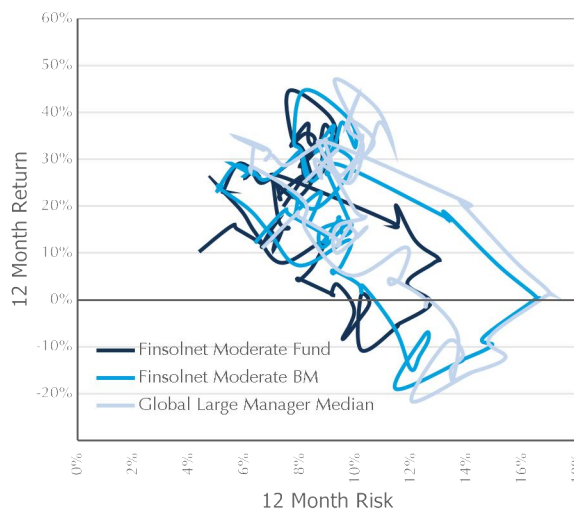
PERFORMANCE	FUND	BENCHMARK	DIFFERENCE
<b>Calendar Years</b>			
2005	32.6%	33.0%	-0.4%
2006	27.7%	28.3%	-0.7%
2007	14.3%	14.4%	-0.1%
2008	-0.7%	-8.5%	7.8%
2009	15.5%	17.2%	-1.7%
2010	14.3%	15.2%	-1.0%
<b>Periodic Performance</b>			
1 month	-0.4%	-0.6%	0.3%
3 month	-0.5%	-1.1%	0.6%
6 month	2.5%	2.5%	0.0%
Year to date	2.4%	2.4%	0.1%
1 year	10.3%	12.2%	-1.9%
2 year	12.4%	13.6%	-1.1%
3 year	10.9%	8.8%	2.1%
5 year	12.3%	11.0%	1.3%
Since Inception (back dated)	16.9%	15.6%	1.3%

## 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.

## FAIS Notice and Disclaimer:

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