



August 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 utilised basis on the Sygnia Life license.

PERFORMANCE SUMMARY

| Month | 12 Months | Since Inception | Strategic Benchmark (12 Months) |
|-------|-----------|-----------------|---------------------------------|
| 0.5% | 11.2% | 16.8% | 14.1% |

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

Four years after the collapse of Lehman Brothers, panic once again gripped the financial markets as the European Union struggled to contain the sovereign debt crisis. Renewed signs of economic weakness globally and the downgrading of US debt by S&P rekindled concerns about the quality of all government debt. Spain's and Italy's borrowing costs soared amid concerns about possible bail-outs. Amid summer holidays cut short for political leaders, social unrest in the UK, Hurricane Irene hitting the east coast of the US and more violence in Syria and Libya, August brought back memories of the dark days of 2007.

As global recession threatened, the Federal Reserve pledged to keep interest rates near zero until at least mid-2013, the European Central Bank intervened in the bond markets and the Bank of England indicated it is ready to add more stimulus if needed. Money poured into the safety of US Treasuries (despite the S&P downgrade), gold and the Swiss and Japanese currencies. Snatching victory from the mouth of defeat, the last week brought an amazing swing in sentiment as the threat of a global double dip recession lessened on the back of stronger economic data. Gold, in a bouncy ride mirroring the swings in sentiment, started the month at US\$1 614 an ounce, rose to a peak of US\$1 917 an ounce, before ending the month at US\$1 820 an ounce.

In South Africa August was a dismal month of strikes, threats of nationalisation and political notoriety. Consumer inflation rose more than expected to 5.3% year-on-year in July from 5.0% in June. The 0.9% month-on-month increase was largely driven by food prices. Producer inflation, which represents domestic output, also quickened to 8.9% year-on-year in July from 7.4% in June. Most worryingly, the second quarter GDP growth slowed sharply to an annualised 1.3% from the first quarter's 4.8%, with the manufacturing sector contracting by 1.1%. The Reserve Bank governor Gill Marcus indicated the economy's performance had been "disappointing".

The FTSE/JSE All Share Index ended the month 0.3% down, pulled down by Resources (-1.5%). Both the Industrial and Financial sectors ended the month positive (up 0.3% and 1.2% respectively). The bond market continued to benefit from strong foreign buying, rising by 3.5%. International exposure fared poorly, with the rand's depreciation not sufficient to compensate for the fall in the global equity markets.

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.

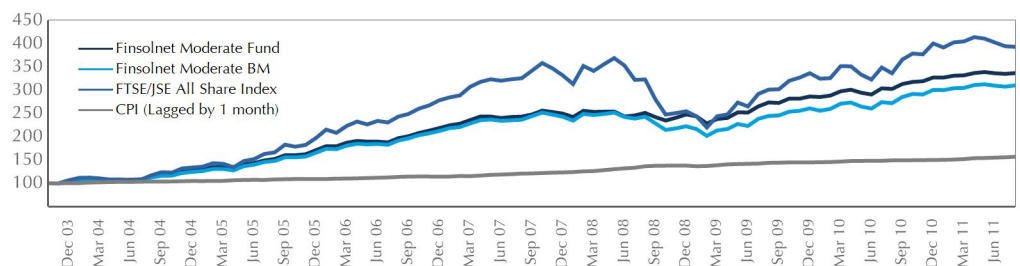
TOTAL EXPENSE RATIO

1.100% per annum (excluding VAT)

HISTORICAL PERFORMANCE

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Year |
|-------------|-------|-------|-------|------|-------|-------|-------|-------|-------|-------|-------|-------|--------------|
| 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% | 0.5% | 2.5% | 14.3% |
| 2011 | -0.1% | 1.2% | 0.3% | 1.5% | 0.6% | -0.8% | -0.4% | 0.5% | | | | | 2.9% |

CUMULATIVE RETURNS



FUND SUMMARY

| | |
|-------------------------|-----------|
| Inception (back dated): | 01-Nov-03 |
| Inception (actual): | 12-Nov-09 |
| Number of Months | 22 |

| | FUND | BMK |
|---------------|------|------|
| Sharpe Ratio | 0.71 | 0.52 |
| Sortino Ratio | 1.16 | 0.81 |

*BMK = strategic benchmark

RISK ANALYSIS

| | FUND | BMK |
|---------------------|--------|--------|
| % Positive Months | 68.1% | 67.0% |
| % Negative Months | 31.9% | 33.0% |
| 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% | 9.7% |
| Downside Deviation | 5.1% | 6.2% |

CORRELATIONS

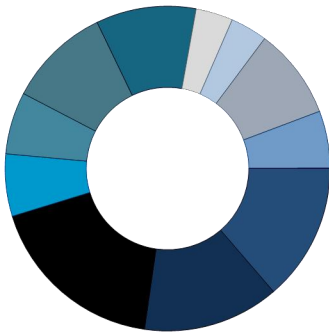
| | | |
|--------------------------|------|------|
| FTSE/JSE All Share Index | 0.90 | 0.96 |
| BESA All Bond Index | 0.33 | 0.24 |

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 - 13.7%
- Kagiso Equity - 13.6%
- Cannon Equity - 18.0%
- Coronation Bonds - 6.2%
- Cadiz Bonds - 6.2%
- Catalyst Property - 10.2%
- Prescient ILBs - 10.0%
- Cadiz Cash - 3.7%
- Prescient Cash - 3.7%
- Allan Gray Life Foreign Portfolio - 9.1%
- Catalyst Global Real Estate Portfolio - 5.7%
- Cash - 0.0%

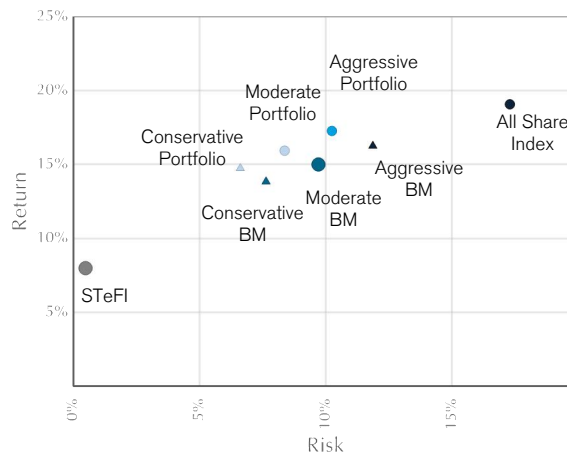
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PERFORMANCE ANALYSIS

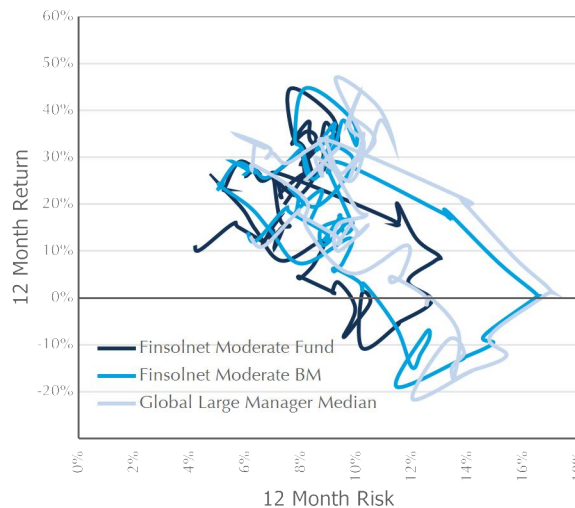
| PERFORMANCE | FUND | BENCHMARK | DIFFERENCE |
|------------------------------|-------|-----------|------------|
| Calendar Years | | | |
| 2005 | 32.6% | 33.0% | -0.4% |
| 2006 | 27.7% | 28.3% | -0.7% |
| 2007 | 14.3% | 14.4% | -0.1% |
| 2008 | -0.7% | -8.5% | 7.8% |
| 2009 | 15.5% | 17.2% | -1.7% |
| 2010 | 14.3% | 15.2% | -1.0% |
| Periodic Performance | | | |
| 1 month | 0.5% | 0.9% | -0.4% |
| 3 month | -0.7% | -0.7% | 0.1% |
| 6 month | 1.7% | 2.0% | -0.3% |
| Year to date | 2.9% | 3.3% | -0.4% |
| 1 year | 11.2% | 14.1% | -2.8% |
| 2 year | 10.9% | 12.6% | -1.7% |
| 3 year | 10.3% | 8.5% | 1.8% |
| 5 year | 11.3% | 10.1% | 1.2% |
| Since Inception (back dated) | 16.8% | 15.6% | 1.2% |

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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