



September 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
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%	-0.2%				2.7%

PERFORMANCE SUMMARY

Month	12 Months	Since Inception	Strategic Benchmark (12 Months)
-0.2%	7.3%	16.5%	7.5%

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

Three years on, September brought back memories of the dark days post the collapse of Lehman Brothers. Markets fell, the rand weakened and commodity prices plummeted as Greece's troika of foreign lenders, the European Central Bank, the European Commission and the IMF demanded additional austerity measures as a condition for releasing the next instalment of US\$11 billion in aid. Fears of a Greek default panicked world markets and revealed deep fissures in the European Union. Global economic weakness added fuel to the fire. Nervous investors poured cash into safe havens, such as the US dollar, gold and the Swiss franc. Gold price reversed however, and the rand plunged, as the US dollar strengthened and a need for liquidity sapped investments out of the emerging markets.

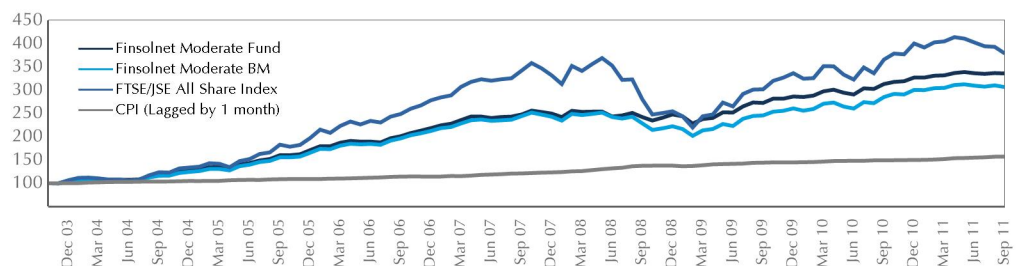
Cutting its global growth forecast to 4.0% for 2011, the IMF warned the global economy had entered a "dangerous new phase". Amid growing criticism that Europe's response to the debt crisis lacks coordination, France and Germany pushed for the ratification of the agreement reached on 21 July 2011 to expand the European rescue fund to €440 billion. Rumours also spread that the two countries are working on building a "firebreak" around Greece, Portugal and Ireland to prevent the crisis spreading to Italy and Spain, countries considered "too big to bail".

The Fed meanwhile ramped up its aid to the US economy but stopped short of QE3 measures.

The rand dominated headlines as it plunged from R7.30/US\$ at the start of September to a 28-month low of R8.49/US\$ mid-month, before ending the month at R8.07/US\$ on the back of portfolio flows. The South African economy proved once again that it is not immune to the global crisis with the short term economic indicators pointing to a weak third quarter.

CPI stayed level at 5.3% year-on-year in August, but is expected to pick up by year end on the back of higher food, oil and energy prices. The Reserve Bank left the repo rate unchanged at 5.5% and is not expected to increase rates for as long as growth is anaemic. The FTSE/JSE All Share Index ended the month 3.6% down, pulled down by Resources (-4.7%). Both Industrial and Financial sectors ended the month negative (-3.4% and -3.3% respectively). The bond market suffered from strong foreign selling, falling by 2.1%. International exposure fared better, largely aided by the sharp depreciation of the rand.

CUMULATIVE RETURNS



FUND SUMMARY

Inception (back dated):	01-Nov-03
Inception (actual):	12-Nov-09
Number of Months	23

	FUND	BMK
Sharpe Ratio	0.69	0.48
Sortino Ratio	1.13	0.77

*BMK = strategic benchmark

RISK ANALYSIS

	FUND	BMK
% Positive Months	67.4%	66.3%
% Negative Months	32.6%	33.7%
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	8.3%	9.7%
Downside Deviation	5.1%	6.1%

CORRELATIONS

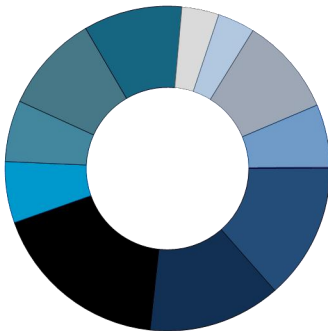
FTSE/JSE All Share Index	0.90	0.96
BESA All Bond Index	0.33	0.25

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 - 13.2%
- Cannon Equity - 17.9%
- Coronation Bonds - 6.1%
- Cadiz Bonds - 6.1%
- Catalyst Property - 9.8%
- Prescient ILBs - 9.8%
- Cadiz Cash - 3.7%
- Prescient Cash - 3.7%
- Allan Gray Life Foreign Portfolio - 9.8%
- Catalyst Global Real Estate Portfolio - 6.2%
- Cash - 0.1%

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PERFORMANCE ANALYSIS

PERFORMANCE

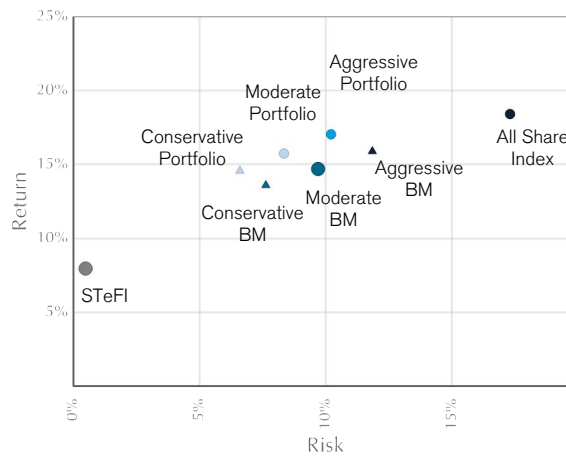
Calendar Years

	FUND	BENCHMARK	DIFFERENCE
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

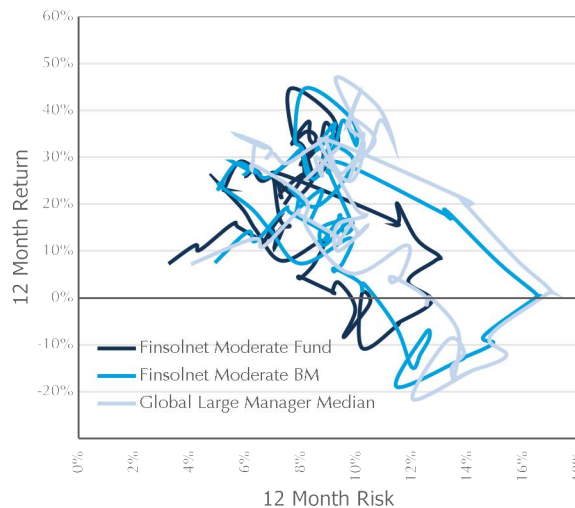
	FUND	BENCHMARK	DIFFERENCE
1 month	-0.2%	-1.2%	1.0%
3 month	-0.1%	-1.0%	0.8%
6 month	1.2%	0.6%	0.7%
Year to date	2.7%	2.0%	0.6%
1 year	7.3%	7.5%	-0.2%
2 year	11.0%	11.7%	-0.7%
3 year	11.5%	10.3%	1.2%
5 year	10.8%	9.3%	1.5%
Since Inception (back dated)	16.5%	15.2%	1.3%

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



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