

October 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%	4.3%			7.1%

PERFORMANCE SUMMARY

Month	12 Months	Since Inception	Strategic Benchmark (12 Months)
4.3%	10.3%	17.0%	11.1%

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

The euro zone debt crisis continued to unfold in a month marred by the death of Steve Jobs, floods in Thailand, a major earthquake in Turkey, social unrest in Greece and France, spreading of the anti-capitalism 'Occupy Wall Street' movement and violence around the capture of Gaddafi. After ending the third quarter of 2011 at a two-year low, equity markets rallied strongly in October, as European politicians appeared to regain some control over the Greek debt crisis.

September's economic data showed a sideways drift for most countries other than the euro zone which is now close to a recession. There were no changes in interest rate policies, but the ECB unveiled a new liquidity programme for banks, while the Bank of England resumed quantitative easing. Almost unnoticed US companies entered yet another earnings reporting season, with some severe disappointments on the cards.

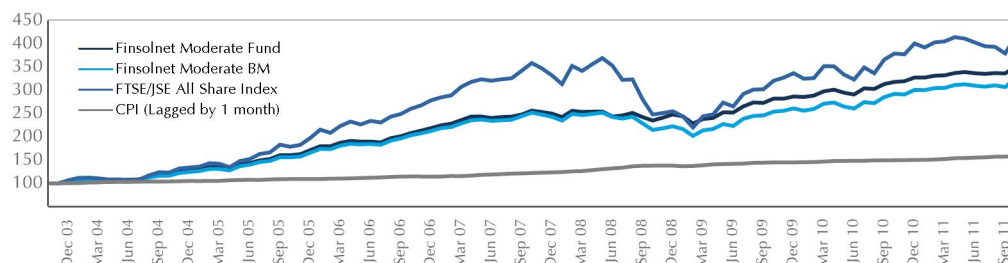
Most of the attention was on Greece which raced against time to make sufficient spending cuts to secure the release of a further €8 billion in aid which has been deferred to November.

The last week of October finally brought some resolution. European leaders agreed that €110 billion needs to be injected into the European banking system and that banks will need to hold more capital. They also persuaded bondholders to take 50% voluntary losses on Greek debt and agreed to boost the European bail-out fund to €1 trillion, but without concrete proposals. The announcement initially sent the markets soaring.

Minister of Finance Gordhan's Mid-term Budget Policy Statement dominated the South African economic news. As expected, growth forecasts were revised lower over the next three years, but inflation estimates were surprisingly benign. The economy is expected to expand by 3.1% this year, 3.4% in 2012 and 4.1% in 2013. Consumer inflation is projected to average 5.0% in 2011, 5.4% in 2012 and 5.6% in 2013. The budget deficit is expected to expand at a moderate pace as spending is curtailed, with the budget shortfall now forecast at 5.5% of GDP in 2011/12.

The FTSE/JSE All Share Index ended the month up 9.3%, with Resources up 11.4%, Industrials 10.5% and Financials 6.4%. The bond market recovered from the earlier foreign sell-off, rising by 2.8%. Returns on foreign assets were reduced by the 1.8% appreciation of the rand against the US dollar.

CUMULATIVE RETURNS



FUND SUMMARY

Inception (back dated):	01-Nov-03
Inception (actual):	12-Nov-09
Number of Months	24

	FUND	BMK
Sharpe Ratio	0.73	0.54
Sortino Ratio	1.20	0.87

*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%	6.1%

CORRELATIONS

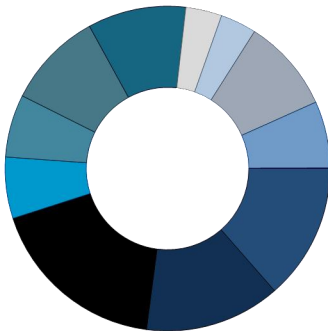
FTSE/JSE All Share Index	0.90	0.96
BESA All Bond Index	0.34	0.26

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 - 13.6%
- Kagiso Equity - 13.5%
- Cannon Equity - 18.0%
- Coronation Bonds - 6.1%
- Cadziz Bonds - 6.3%
- Catalyst Property - 9.6%
- Prescient ILBs - 9.8%
- Cadziz Cash - 3.6%
- Prescient Cash - 3.6%
- Allan Gray Life Foreign Portfolio - 9.3%
- Catalyst Global Real Estate Portfolio - 6.7%
- Cash - 0.1%

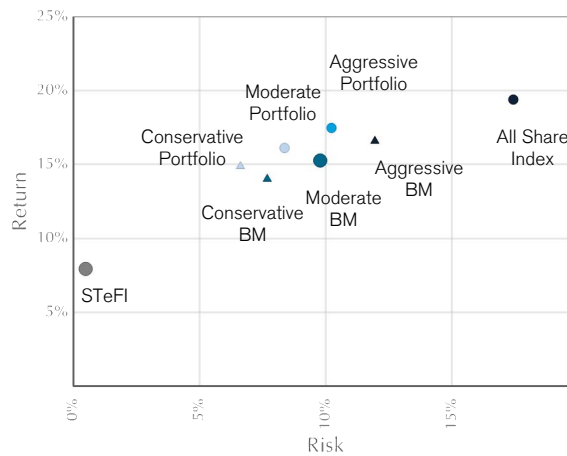
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PERFORMANCE ANALYSIS

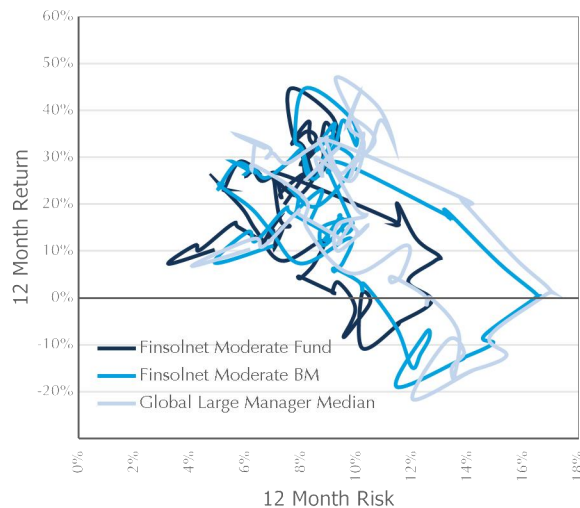
PERFORMANCE	FUND	BENCHMARK	DIFFERENCE
Calendar Years			
2005	32.6%	33.0%	-0.4%
2006	27.7%	28.3%	-0.7%
2007	14.3%	14.4%	-0.1%
2008	-0.7%	-8.5%	7.8%
2009	15.5%	17.2%	-1.7%
2010	14.3%	15.2%	-1.0%
Periodic Performance			
1 month	4.3%	5.8%	-1.5%
3 month	4.6%	5.5%	-0.9%
6 month	4.0%	4.3%	-0.3%
Year to date	7.1%	8.0%	-0.9%
1 year	10.3%	11.1%	-0.8%
2 year	11.5%	13.1%	-1.6%
3 year	14.3%	14.8%	-0.5%
5 year	11.0%	9.8%	1.2%
Since Inception (back dated)	17.0%	15.8%	1.1%

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



FAIS Notice and Disclaimer:

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