



June/18

FINSOLNET MONEY MARKET FUND

ABOUT THE PORTFOLIO

The Finsolnet Money Market Portfolio is a low risk portfolio that aims to deliver returns in excess of the STeFI consistently over time. The portfolio aims to exploit multiple sources of low risk excess returns within the money market arena.

The portfolio is managed on a multi-manager basis. The underlying managers have been selected, mandated, monitored and reviewed by EOH Employee Benefits 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.

PERFORMANCE SUMMARY

Month	12 Months	Since Inception
0.6%	8.7%	8.1%

PERFORMANCE COMMENTARY

Market sentiment in June was largely driven by the erratic behaviour of US President, Donald Trump, starting with his aggressive stance at the G7 meeting, followed by the tit-for-tat trade battles with China. The US Fed added to the toxic investment environment by raising interest rates to 2%, while the ECB indicated that it would wind down its €30 billion-a-month bond-buying program by December as inflation rose to meet the ECB's 2% target. This translated into a massive sell-off in emerging markets. A number of countries, such as India, Turkey, Indonesia and Argentina, increased interest rates to protect their currencies.

The historic summit between the US and North Korea yielded little. In Europe, Italy's new coalition government confirmed that although it had no intention of leaving the eurozone, it wanted a revision of budgetary constraints. While in Turkey, Recep Tayyip Erdogan was re-elected as president, promising to exert more control over the country's monetary policy.

South Africa and other emerging markets reeled from a sharp sell-off, with their currencies near multi-year lows. The rand came within a hair's breadth of the R14/US\$ level, while yields on benchmark 10-year government bonds spiked above 9% for the first time since December 2017. Foreign investors sold R34.7 billion worth of South African bonds between January and June, the highest sell-off on record. In another shock the economy shrank by 2.2% in the first quarter of 2018 compared with the final quarter of last year, while inflation fell to 4.4%.

Unfortunately, volatility remains on the horizon as Trump continues in his quest to get China to reduce its US\$375 billion trade deficit with the US by US\$200 billion.

The last days of June brought a bit of a respite as Trump seemed to soften his stance on additional investment restrictions on China in the face of growing political and business backlash. At the same time a softer US GDP growth number calmed concerns about a hawkish US Fed. Finally, the EU Summit migration agreement reduced the political risk of Germany's coalition government collapsing.

The FTSE/JSE SWIX Index delivered a return of 2.7%, with Resources at 6.4%, Industrials at 4.9% and Financials down 2.8%. The JSE All Bond Index fell by 1.2%, while the rand depreciated by 8.1% relative to the US dollar.

PERFORMANCE

PERIOD	FUND	BM	DIFFERENCE
1 month	0.6%	0.6%	0.0%
3 month	2.0%	1.8%	0.3%
6 month	4.2%	3.5%	0.7%
Year to date	4.2%	3.5%	0.7%
1 year	8.7%	7.4%	1.3%
2 year	8.8%	7.5%	1.3%
3 year	8.4%	7.3%	1.1%
5 year	7.6%	6.7%	0.9%

HISTORICAL PERFORMANCE

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2014	0.5%	0.5%	0.5%	0.6%	0.5%	0.6%	0.5%	0.0%	0.5%	0.6%	0.5%	0.6%	6.0%
2015	0.5%	0.5%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	7.2%
2016	0.5%	0.6%	0.6%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	8.4%
2017	0.7%	0.7%	0.7%	0.6%	0.8%	0.7%	0.8%	0.7%	0.7%	0.7%	0.6%	0.7%	8.8%
2018	0.8%	0.7%	0.7%	0.7%	0.7%	0.6%							4.2%

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