



May/18

FINSOLNET MODERATE FUND

ABOUT THE PORTFOLIO

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 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 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	Large Manager Median (12 Months)
-1.6%	5.4%	15.1%	5.4%

PERFORMANCE COMMENTARY

May brought more volatility to investment markets as geopolitical events competed with corporate fundamentals for attention. The US withdrawal from Iran's nuclear treaty and the imposition of sanctions against Venezuela led to a surge in the oil price which only fell to US\$75 a barrel after OPEC and Russia indicated they would boost supplies. China and US continued their tug-of-war trade negotiations, while the on/off summit between the US and North Korea added to the uncertainty.

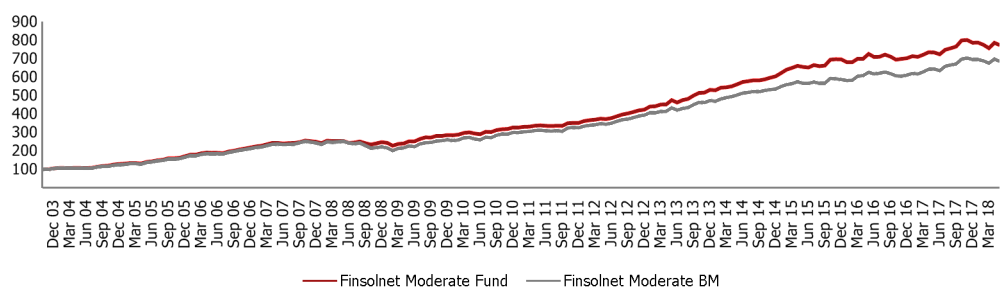
Month-end brought turmoil to the markets originating from Italy and Spain. In Italy, home to arguably Europe's most problematic banking sector, President Sergio Mattarella moved to block the formation of an anti-establishment government. In Spain, the pro-market, centre-right party faced a vote of no confidence. Both events have rekindled fears of the euro's fragility.

In the US, just as the negotiations over the US/China trade war seemed to be making headway, the Trump administration announced the intention to impose 25% tariffs on US\$50 billion in imports from China as well as restrictions meant to prevent Chinese acquisition of US technology. The US economy continued to thrive with unemployment at 3.9% in April. Bullish data pushed the US 10-year yield through a key level of 3.0%, raising worries of higher interest rates. This, combined with a stronger US dollar, had a massive impact on emerging markets which came under acute selling pressure. In response, Indonesia, Argentina and Turkey raised interest rates, while Hong Kong stepped in to prop up its currency. Other countries whose currencies came under pressure included Colombia, South Africa, India and Mexico.

South Africa narrowly escaped another downgrade by S&P in a month which saw the rand trade mostly in a weak R12.40 to R12.80 range relative to the US dollar. On the economic front, the Absa manufacturing PMI beat expectations rising to 50.9 in April. The unemployment rate remained unchanged at 26.7% in the first quarter. The Reserve Bank kept interest rates on hold at 6.5%, citing upside risks to inflation from US dollar strength and the surge in oil prices. April's consumer price index rose to 4.5%.

The FTSE/JSE SWIX Index delivered a negative 4.7%, with only the Resources sector benefitting from a weaker rand which depreciated by 1.9% relative to the US dollar. The bond market fell by 2.0%, while the property sector fell by 5.9%.

CUMULATIVE RETURNS



HISTORICAL PERFORMANCE

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2014	-0.4%	2.6%	0.4%	1.0%	2.0%	2.2%	0.7%	0.9%	-0.1%	0.9%	1.5%	1.3%	13.8%
2015	2.9%	3.0%	1.5%	1.7%	-0.9%	-0.5%	2.1%	-0.9%	0.5%	4.8%	0.4%	-0.1%	15.2%
2016	-2.1%	-0.1%	2.8%	0.0%	3.8%	-2.3%	0.2%	1.6%	-1.5%	-2.4%	0.6%	0.5%	0.9%
2017	1.6%	-0.5%	1.6%	1.9%	-0.2%	-1.3%	3.4%	1.1%	1.2%	4.4%	0.3%	-1.8%	12.0%
2018	0.1%	-1.5%	-2.4%	3.9%	-1.6%								-1.7%

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FUND SUMMARY

Inception (back dated):	01-Nov-03	
Inception (actual):	12-Nov-09	
Number of Months	103	
	FUND	LMM
Sharpe Ratio	0.59	0.46
Sortino Ratio	1.01	0.74

RISK ANALYSIS

	FUND	LMM
% Positive Months	69.7%	68.0%
% Negative Months	30.3%	32.0%
Best Month	6.3%	7.3%
Worst Month	-6.3%	-7.7%
Avg Negative Return	-1.2%	-1.6%
Maximum Drawdown	-10.8%	-23.8%
Standard Deviation	7.4%	9.0%
Downside Deviation	4.3%	5.6%

CORRELATIONS

	FUND	LMM
FTSE/JSE All Share Index	0.89	0.93
BESA All Bond Index	0.16	0.12

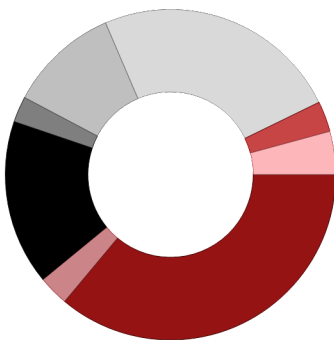
LMM = Global Large Manager Median

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.

ASSET ALLOCATION



- Domestic Equities - 36.1%
- Domestic Property - 3.0%
- Domestic Bonds - 16.2%
- Domestic Money Market - 2.5%
- Alternatives - 10.8%
- International - 24.2%
- Realignment Portfolio - 3.0%
- TAA - 4.2%

PERFORMANCE ANALYSIS

PERFORMANCE	FUND	BM	DIFFERENCE
Calendar Years			
2012	20.4%	21.1%	-0.7%
2013	25.4%	20.2%	5.2%
2014	13.8%	13.1%	0.7%
2015	15.2%	9.6%	5.6%
2016	0.9%	4.1%	-3.2%
2017	12.0%	13.9%	-1.9%

Periodic Performance

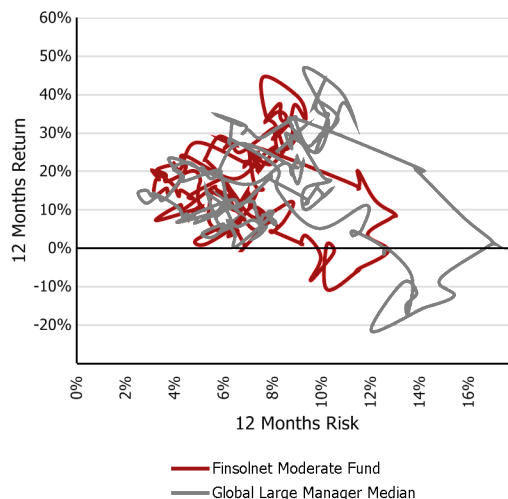
	FUND	BM	DIFFERENCE
1 month	-1.6%	-1.9%	0.3%
3 month	-0.3%	-0.5%	0.2%
6 month	-3.5%	-2.7%	-0.9%
Year to date	-1.7%	-1.6%	-0.1%
1 year	5.4%	6.3%	-0.8%
2 year	3.2%	4.6%	-1.4%
3 year	5.7%	6.5%	-0.9%
5 year	10.2%	9.6%	0.6%

FUND SENSITIVITY TO EQUITY MARKET



This scatterplot indicates the extent to which fund returns are correlated with those of the equity market.

12 MONTHS RISK/RETURN SNAIL TRAIL



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