FINSOLNET

Inflation (CPI) Plus 4-5 Targeted Return Strategy

28/June/2012

STRATEGY OBJECTIVE

The objective of this strategy is to target an annual return of CPI plus 4%-5% over a rolling 36-month period and not to lose capital over a rolling 24-month period.

LAUNCH DATE

22 September 2003

TOTAL EXPENSE RATIO

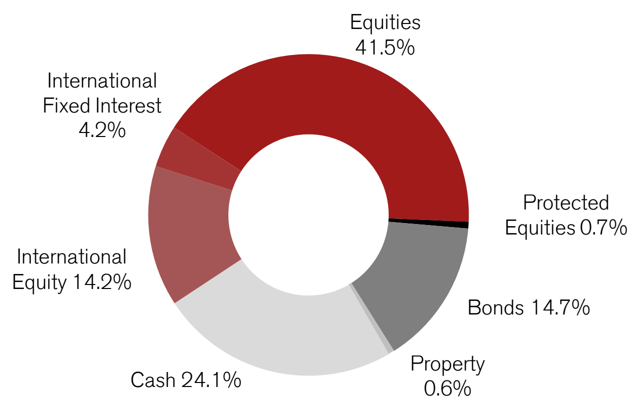
1.73%

* includes a rebate to FSP of 0.62% (incl. VAT)

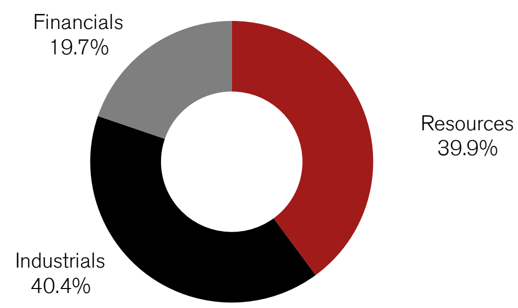
TOP 10 EQUITY HOLDINGS

Sasol Ltd	2.1%
Remgro Ltd	2.0%
Standard Bank Group	2.0%
New Gold Issuer Limited	1.8%
MTN Group Ltd	1.2%
SABMiller plc	1.2%
Anglo American plc	1.0%
Aspen Pharmacare Holdings	1.0%
Impala Platinum Ltd	0.9%
Reinet Investments SCA	0.9%

ASSET ALLOCATION



EQUITY SECTORS



PERFORMANCE ANALYSIS

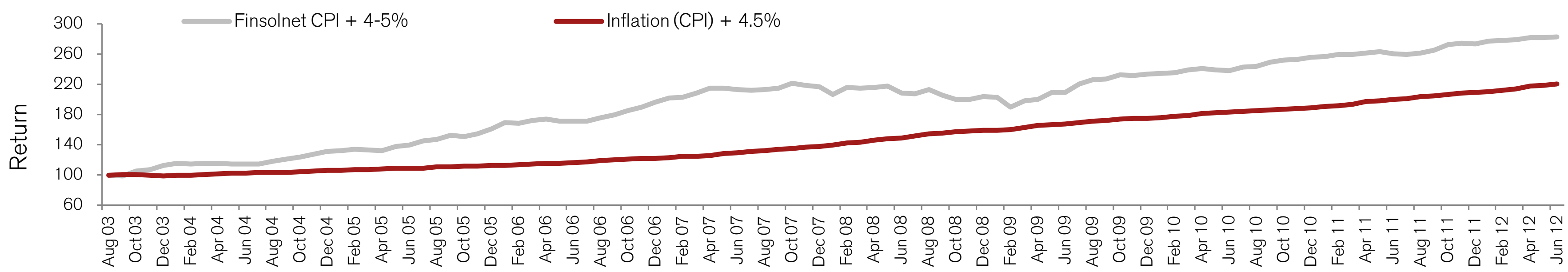
YEAR	FUND	CPI + 4.5%	DIFF
2005	23.2%	6.3%	16.9%
2006	21.8%	8.5%	13.3%
2007	10.2%	13.0%	-2.8%
2008	-5.8%	15.1%	-21.0%
2009	14.6%	10.3%	4.3%
2010	9.4%	8.1%	1.3%
2011	6.9%	10.6%	-3.7%

RISK ANALYSIS

	FUND	ALSI
% Positive Months	68.9%	63.2%
% Negative Months	31.1%	36.8%
Best Month	6.6%	12.5%
Worst Month	-6.3%	-13.2%
Average Negative Month	-1.1%	-3.4%
Max Drawdown	-14.2%	-40.4%
Standard Deviation	7.2%	17.1%
Downside Deviation	5.1%	10.3%

* Risk statistics are calculated since inception of the fund

CUMULATIVE PERFORMANCE GRAPH



Portfolio	Allocation	Month to date	3 Months	1 Year	3 Years	5 Years	Since Inception
Allan Gray Balanced Fund - B	24.25%	0.2%	1.2%	12.0%	12.0%	6.8%	
Coronation Absolute Fund - B	24.25%	0.7%	1.2%	8.5%	14.7%	7.0%	
Nedgroup Investments Positive Return Fund - A!	24.25%	-0.1%	-0.1%	1.9%	4.8%	6.8%	
Investec Cautious Managed Fund - A	24.25%	0.5%	2.8%	12.5%	9.5%	7.9%	
Absa Money Market Fund	3.00%	0.4%	1.3%	5.4%	6.2%	8.1%	
Finsolnet CPI + 4-5%		0.4%	1.3%	8.6%	10.6%	5.9%	12.5%
CPI + 4.5%		0.5%	2.7%	10.2%	9.4%	11.2%	9.3%
CPI		0.1%	1.6%	5.7%	4.9%	6.7%	4.8%

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SYGNIA
THE SUM OF ALL THINGS

FUND SENSITIVITY TO EQUITY MARKET

This scatter plot indicates the sensitivity of the fund returns to those of the equity market. This analysis shows that the fund exhibits little sensitivity to the direction of the equity market.

COMMENTARY

As the euro zone stumbled towards disaster, Spain's borrowing costs surged above the key 7% per annum level as it asked for up to €100 billion to recapitalise its banks. Global summits seem to lead nowhere and Greece, albeit opting to hang onto the euro by electing a pro-bailout government, immediately asked for a two-year extension to its austerity timetable. But the last day of June brought a surprise break-through. The EU agreed to use the euro zone's permanent bail-out fund, the €500 billion ESM, to recapitalise banks directly, without involving sovereign states, once a central EU banking supervisory body has been set up.

Economic news from the US was lukewarm, with the unemployment rate rising to 8.2% and manufacturing activity falling. In Europe the figures were bleaker with unemployment at 11% and manufacturing and services PMIs at three-year lows. Having spent last year putting on the brakes, China cut interest rates for the first time since the 2008/09 crisis. The economic problems led to the oil price dropping below the US$100 a barrel level, and the gold price temporarily rising above the US$1 600 an ounce. This was short-lived as the Fed failed to deliver on the third round of quantitative easing, instead merely extending the existing Operation Twist to lower long term interest rates.

Cyprus became the fifth euro zone country to request a bail-out as a consequence of its banks' heavy exposure to Greek debt. The IMF members promised to contribute a further US$456 billion for a "firewall" fund to prevent future financial crises.

France scored a minor victory by gaining EU approval for a "growth pact" valued at about €130 billion and for the implementation of the financial transaction tax by year-end.

The South African economy has started to show signs of strain, with consumer spending, retail sales growth and manufacturing activity all signalling a slow-down. On a more positive note, the outlook for real income growth is better than it was at the beginning of 2012. Public sector wage settlements look set to be at least 6.7%, and unsecured lending continues to grow, while consumer inflation fell to 5.7% in May. And on the political front President Jacob Zuma reshuffled his Cabinet, a move that makes it clear that he will do whatever is required to remain ANC president.

This entire clamour, as at the 28th of June, led to the FTSE/JSE All Share Index rising by 0.5%, the BESA All Bond Index by 3.2% and the Rand appreciating by 1.2% against the US dollar.

The aggregated strategy resulted in a portfolio predominantly invested in local and international equity. All of the underlying funds except for the Nedgroup portfolio delivered positive performance, although this was not enough for the combined strategy to outperform the benchmark. Since inception, however, the fund has successfully surpassed the benchmark and has delivered inflation beating returns.

HISTORICAL PERFORMANCE

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2008													
	-4.6%	4.3%	-0.2%	0.4%	0.8%	-4.1%	-0.5%	2.4%	-3.5%	-2.4%	0.0%	1.8%	**-5.8%**
2009													
	-0.7%	-6.3%	4.4%	1.1%	4.8%	-0.4%	5.6%	2.5%	0.2%	2.4%	-0.4%	1.1%	**14.6%**
2010													
	0.3%	0.6%	1.5%	0.7%	-0.8%	-0.2%	1.9%	0.1%	2.5%	1.0%	0.3%	1.2%	**9.4%**
2011													
	0.5%	0.9%	0.1%	0.9%	0.5%	-1.0%	-0.4%	0.8%	1.5%	2.8%	0.4%	-0.3%	**6.9%**
2012													
	1.3%	0.6%	0.3%	0.9%	0.0%	0.4%							**3.5%**