

## Investment Objectives and Strategy

The Fund aims to provide regular and stable income that targets long term inflation beating returns, while managing the risk of capital loss in the short term. Investments to be included may, apart from assets in liquid form, consist of equity and non-equity securities, fixed interest instruments (including, but not limited to, bonds, corporate bonds, inflation linked bonds, convertible bonds, cash deposits and money market instruments), debentures, preference shares and property securities as well as any other income enhancing securities consistent with the objective. Equity exposure will be limited to a maximum of 10%. The Manager may include participatory interests and other forms of participation of local and global collective investment schemes, or other similar schemes operated in territories with a regulatory environment which is at least equivalent to that in South Africa. The Fund will be managed within the requirements of retirement funds prudential investment guidelines.

## Fund Statistics

Inception Date	2014/07/22
Fund Size	R 123 675 263
NAV	1.00
Ticker	NMIF
Benchmark	110% of STeFi Call
ASISA Sector	(ASISA) South African MA Income
Risk & Investment Term	Low, 3mths - 1yr
Portfolio Manager	Northstar Fixed Income Team
Annual Management Fee	1.14% (incl. VAT)
Manager's Upfront Charge (max)	0% (incl. VAT)
FSP Upfront Comm (max)	3.42% (incl. VAT)
Total Expense Ratio (TER) *	
Date of Income Declaration	31 Mar / 30 Jun / 30 Sep / 31 Dec
Minimum Lumpsum Investment	R10 000
Minimum Monthly Investment	R500
Valuation Time	15h00
Transaction Time	14h00

\* No TER has been calculated due to the fund not having been in existence for a minimum of 12 months. The TER is disclosed as a percentage of the average Net Asset Value of the portfolio that were incurred as charges, levies and fees related to the management of the portfolio. The TER is adjusted for significant subsequent portfolio restructurings and/or fee changes. A higher TER ratio does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER can not be regarded as an indication of future TERs.

## Disclaimer

Collective Investment Schemes (CIS) in securities are generally medium to long term investments. The value of participatory interests may go down as well as up and past performance is not necessarily a guide to the future. All CIS are traded at ruling prices and can engage in borrowing and scrip lending. A schedule of fees and charges and maximum commissions is available on request. Commission may be paid and if so, would be included in the overall costs. Forward pricing is used. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. MET Collective Investments (RF) (Pty) Ltd reserves the right to close and reopen certain portfolios from time to time in order to manage them more efficiently. The Fund may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. Different classes of participatory interests apply to certain portfolios, which are subject to different fees and charges. Performance figures quoted are from Morningstar, as at the date of this factsheet for a lump sum investment, using NAV-NAV prices with income distributions reinvested. Service charges and investment manager charges are calculated and accrued on the daily marketed value of the investment and paid out monthly. MET Collective Investments (RF) (Pty) Ltd is the Manager of the MET Collective Investments Scheme, and a full member of the Association for Savings and Investment SA. Although reasonable steps have been taken to ensure the validity and accuracy of the information in this document, MET Collective Investments (RF) (Pty) Ltd does not accept any responsibility for any claim, damages, loss or expense, howsoever arising, out of or in connection with the information in this document, whether by a client, investor or intermediary. This document should not be seen as an offer to purchase any specific product and is not to be construed as advice or guidance in any form whatsoever. Investors are encouraged to obtain independent professional investment and taxation advice before investing with or in any of MET Collective Investments Limited (RF) (Pty) Ltd's product.

## Performance

Performance data is not displayed as regulations governing the content of this factsheet preclude the publication of performance data for any fund/class that is less than 6 months old.

## Monthly Returns

Performance data is not displayed as regulations governing the content of this factsheet preclude the publication of performance data for any fund/class that is less than 6 months old.

## Risk Statistics (3 Years)

Time Period: 2011/11/01 to 2014/10/31

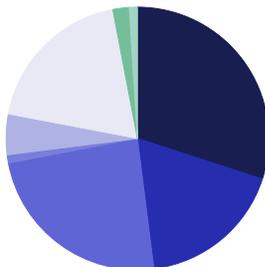
	Fund	Benchmark
Std Dev		
Sharpe Ratio (arith)		
Max Drawdown (12 months)		

## Income Distribution

The first income distribution will be on the second working day of January 2015

## Asset Allocation

Portfolio Date: 2014/10/31



	%
● Cash	30.0
● Money Market	18.0
● Fixed Rate NCDs	24.0
● Floating Rate NCDs	1.0
● Commercial Paper	5.0
● Corporate Bond (Floating)	19.0
● Corporate Bond (Fixed)	2.0
● RSA Government Bonds	1.0
<b>Total</b>	<b>100.0</b>

Modified Duration: 0.40

Effective Yield: 6.50%

## Regulation 28 Compliance & Intended Maximum Limits

Compliant	Equity	Property	Equity & Property	Foreign	Africa	Cash	Debt
YES	10%	15%	25%	20%	5%	100%	100%

### Investment Philosophy

Northstar Asset Management undertakes a rigorous and structured approach to analysing fixed income opportunities. We use proprietary systems to assess all instruments in our investment universe and manage our portfolios with an active bias. Our investment decision is based on detailed interest rate research (duration management and curve positioning), prudent fundamental credit analysis and vigorous liquidity management.

### FAIS Conflict of Interest Disclosure

Please note that in most cases where the FSP is a related party to Northstar Asset Management Pty (Ltd) and/or MET Collective Investments (RF) (Pty) Ltd, the Northstar Asset Management Pty (Ltd) and/or distributor earns additional fees apart from the FSP's client advisory fees. It is the FSP's responsibility to disclose additional fees to you as the client. Such fees are paid out of the portfolio's service charge and range anything between (excl VAT):

CIS Manager: Up to 0.15%  
Northstar Asset Management: Up to 0.60%  
Distributor/LISP: Up to 0.25%

**Total Management Fee: 1.00%**

### Contact Details

Custodian:  
Standard Executors & Trustees: Tel 021 441-4100

Administrator:  
MET Collective Investments, 268 West Avenue, Centurion, 0157; PO Box 7400, Centurion, 0046  
Call Centre Tel: 0860 111 899, Fax (012) 675-3889  
Email: ci.clientservice@momentum.co.za  
Registration No: 1991/03741/06

Fund Manager:  
Northstar Asset Management  
Tel: 021 810-8400  
Email: admin@northstar.co.za  
Address: Suite 1A, Ground Floor, Madison Place, Alphen Office Park, Constantia Road, Constantia, 7806

### Deposit Details

Deposits can be made at any First National Bank:  
Account Holder: Met Collective Investments Ltd - METCI Client Deposit Trust  
Account Number: 623 614 33784  
Branch Code: 253 145  
Bank: First National Bank  
Please fax deposit slip to: (012) 675 3889  
or email to: ci.clientservice@momentum.co.za

### Monthly Commentary

#### Emerging markets and the changing global environment

As 2014 draws to a close, there is an increasing sense that the world is on the cusp of a change away from easy money and central bank accommodation. As investors in an emerging market, we question the likely impact that these possible changes might have on local capital markets.

The closest experience perhaps from which to draw a parallel, is the events of the 1990's. An emerging market financial crises began in Mexico in 1994, precipitated by the Federal Reserve raising rates sharply to combat inflation. This prompted the flow of money from emerging markets back to the developed world. The Mexican government could not continue to combat the weakening peso and significant currency weakness followed. Contagion spread to Asia and Turkey between 1998 and 2001 and currencies and securities devalued significantly across emerging markets.

This type of event is, perhaps, the single largest concern for emerging market bond investors now. Emerging market debt has ballooned as QE-induced flows have kept EM bond yields at record low levels. South Africa forms part of the so-called "Fragile Five" economies – Brazil, Turkey, Indonesia, India & RSA – these countries are likely to suffer significant capital withdrawals in the event of tighter US monetary policy. A combination of current account deficits, high inflation and/or structural and political obstacles to growth make these economies susceptible. South Africa (as depicted in the table below) finds itself in an undesirable position of high inflation, low growth, a large current account deficit, a strained national balance sheet and a central bank that is possibly behind the curve.

%	Growth	Inflation	Budget Balance	Current Account Balance	Policy Rate	Real Policy Rate	10Y Yield
<b>Brazil</b>	-0.9	6.6	-4.9	-3.7	11.25	4.7	12.9
<b>India</b>	5.7	6.5	-5.1	-1.9	8.00	1.5	8.2
<b>Indonesia</b>	5.0	4.8	-1.7	-3.4	7.50	2.7	7.9
<b>Russia</b>	0.7	8.3	-0.3	2.4	8.50	0.2	10.1
<b>South Africa</b>	1.0	5.9	-4.1	-6.2	5.75	-0.2	7.9
<b>Turkey</b>	2.1	9.0	-0.6	-6.6	8.25	-0.8	8.4

We believe monetary policy will be dictated by the Federal Reserve in 2015 – leaving the SARB reactive. With very little room to manoeuvre, the National Treasury could be forced to increase bond issuance in this situation as emerging market growth stagnates as markets adjust to higher US interest rates. These events potentially signal significant headwinds for emerging market bonds. At Northstar, we are positioned at lower levels of duration, cognisant of these risks, but would look to add duration when we perceive value in a higher yielding environment.