

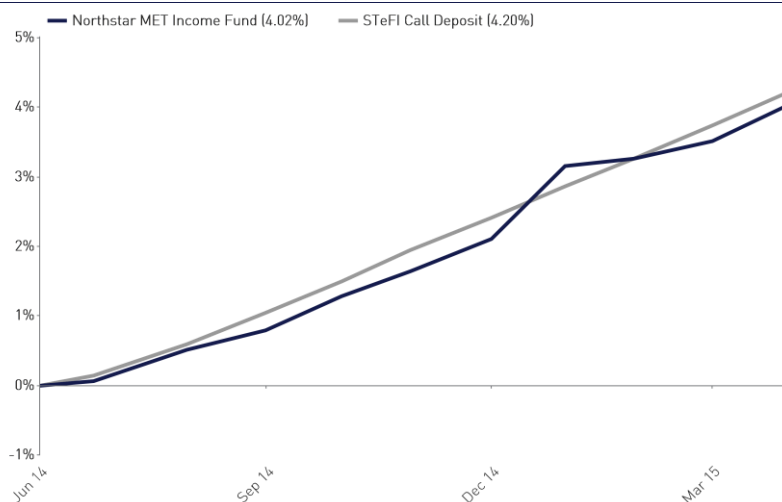
Northstar MET Income Fund

MET Collective Investment Scheme (CIS) portfolio
Class A | Minimum Disclosure Document (MDD) as at 30 April 2015
Assets managed by: Northstar Asset Management



Portfolio performance

Since launch cumulative performance graph



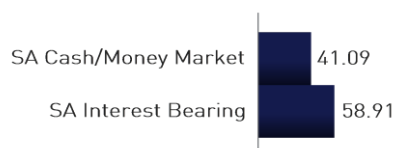
| Monthly (%) | Aug'14 | Sep'14 | Oct'14 | Nov'14 | Dec'14 | Jan'15 | Feb'15 | Mar'15 | Apr'15 |
|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Fund | 0.45 | 0.28 | 0.49 | 0.35 | 0.46 | 1.02 | 0.11 | 0.24 | 0.49 |
| Benchmark | 0.45 | 0.44 | 0.46 | 0.44 | 0.46 | 0.44 | 0.39 | 0.46 | 0.45 |

| | Cumulative (%) | | | | Annualised (%) | | | |
|----------|----------------|-----------|------|-----------|----------------|-----------|------|-----------|
| | Fund | Benchmark | Cash | Inflation | Fund | Benchmark | Cash | Inflation |
| 1 month | 0.49 | 0.45 | 0.51 | 1.43 | - | - | - | - |
| 3 months | 0.84 | 1.30 | 1.52 | 1.89 | - | - | - | - |
| 6 months | 2.70 | 2.66 | 3.09 | 1.89 | - | - | - | - |
| 9 months | 3.95 | 4.06 | 4.66 | 3.10 | - | - | - | - |
| Launch | 4.02 | 4.68 | 5.38 | 4.30 | - | - | - | - |

Portfolio holdings

Asset allocation (%)

Top holdings (%)



| | |
|---|------|
| Republic of South Africa 8.00% 31012030 | 6.75 |
| ABSA F/R 09042019 | 4.87 |
| Barclays Africa Group Ltd F/R 19112019 | 3.51 |
| Standard Bank 8.87% 24/05/2019 | 3.30 |
| Investec Bank Ltd. F/R 02042017 | 2.96 |
| Republic of South Africa ILB 07/12/2023 | 2.84 |
| FirstRand Bank Ltd F/R 02062019 | 2.47 |
| FirstRand 8.75% 01102020 | 2.42 |
| FirstRand 9.50% 01102026 | 2.36 |
| Capitec Bank Ltd. 8.50% 06052020 | 1.89 |

Interest bearing allocation (%)



Portfolio profile

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. The recommended investment horizon for this fund is 1 year or more. It is highly unlikely that this fund will have a negative return over any 1 year rolling period.

Portfolio information

| | |
|------------------------------|------------------|
| Portfolio inception: | 22 July 2014 |
| Portfolio size (30/04/2015): | R 204.96 million |
| Launch: | 22 July 2014 |
| NAV price (Launch): | 100.00 (cpu) |
| NAV price (30/04/2015): | 100.42 (cpu) |
| JSE code: | NMIF |
| ISIN number: | ZAE000193132 |

Classification: SA - Multi Asset - Income
Benchmark: 110% of STeFI Call

| | |
|-----------------------|----------|
| Minimum lump sum: | R 10,000 |
| Minimum monthly: | R 500 |
| Valuation: | Daily |
| Valuation time: | 15h00 |
| Dealing cut-off time: | 14h00 |

Portfolio income

| | Distribution cpu | Dividend | Interest | Total |
|--------|------------------|----------|----------|-------|
| Sep`14 | | 0.000 | 0.000 | 0.000 |
| Dec`14 | | 0.000 | 0.170 | 0.170 |
| Mar`15 | | 0.000 | 1.350 | 1.350 |

Declaration: 31 Mar/30 Jun/30 Sep/31 Dec
Payment: 2nd working day of Apr/Jul/Oct/Jan

Portfolio costs

| | |
|------------------------------------|------------|
| Initial fee - MetCI (incl. VAT): | 0% |
| Initial fee - Adviser (incl. VAT): | 0% - 3.42% |
| Annual management fee (incl. VAT): | 1.14% |

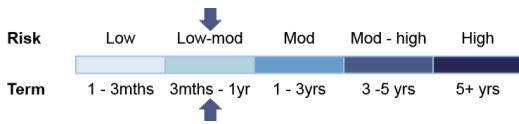
Performance fee: No
Total expense ratio (TER) (incl. VAT): N/A

Portfolio managers

Northstar Research Team

Northstar 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.

Portfolio risk and term



Regulation 28

| | | | | | |
|---|----------|---------------------|---------|--------|--|
| Compliant: | Yes | | | | |
| Portfolio intended maximum limits (IML's) | | | | | |
| Equity | Property | Equity and property | Foreign | Africa | |
| 10.00% | 15.00% | 25.00% | 20.00% | 5.00% | |

Portfolio mandate

Objective/investment policy

The Northstar MET income Fund aims to provide investors with a regular and stable income that targets inflation beating returns over the long term, while actively managing the risk of capital loss in the short term. Investments to be included in the portfolio 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 which are considered consistent with the portfolio's primary objective and that the Act may allow. The portfolio's equity exposure will be limited a maximum of 10% of the portfolio's asset value. The portfolio may from time to time invest in financial instruments in order to achieve the portfolio's investment objective. The manager may also include forward currency, interest rate and exchange rate swap transactions for efficient portfolio management purposes. 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 of a sufficient standard to provide investor protection at least equivalent to that in South Africa and which is consistent with the portfolio's primary objective. The Fund will be managed within the requirements of retirement funds prudential investment guidelines as well as the requirements of the Act. For the purpose of this portfolio, the manager shall reserve the right to close the portfolio to new investors. This will be done in order to be able to manage the portfolio in accordance with its mandate. The Trustee shall ensure that the investment policy is carried out.

Limits and constraints

- Maximum effective equity exposure (including international equity) of up to 10%.
- Maximum effective property exposure (including international property) of up to 25%.

Portfolio commentary

Making sense of the property sector outperformance.

Historically, income investors have gravitated towards listed property, attracted to their higher yields vs. other traditional income assets such as government bonds. The rationale for this has been that the positive growth in property distributions has compensated investors for the added risk taken vs. investing in government guaranteed bonds.

Distribution growth has been phenomenal since 2004 and has more than compensated investors for the additional risk over government bonds. Concurrently, local inflation has been well contained, assisted by strong currency gains after 2000 and more recently, falling commodity prices. Consequently, interest rates have continued to decline, drawing further attention from income seeking investors who have been willing to accept ever lower yields. So much so that property yields currently trade at 3.4% below the 10-year bond yield, a gap which has been increasing over the last decade (barring some contractions in 2006 and 2008).

The question one needs to ask is, 'What is keeping distribution growth buoyed above the prevailing inflation rate and could this dynamic continue to play out at least for the next couple of years?'

We believe there are a couple of reasons for the continued real distribution growth. Firstly, most companies in the sector have weighted average lease terms of three years. The implication is that, historically, most companies have been able to set rental escalations at above the prevailing inflation. As inflation has continued to decline, real distribution growth has remained positive.

Secondly, the weighted average interest rate on debt instruments used by property companies to finance their business have come down significantly. This is a function of lower funding costs, with the repo rate having come down and managements' use of derivative instruments (predominantly swaps) to fix debt at lower rates. As interest rates have come down, companies have unwound existing high-yielding swap hedging instruments and entered into new, lower-yielding instruments, while the loss on the unwound instrument has been capitalised and written off over a multi-year period. The net effect has been additional amounts of cash flows available for distribution.

Although the environment for listed property is expected to be tougher with high levels of caution required and rising interest rates during the latter half of 2015, we believe that opportunities still exist in the property sector. Companies in which we would have a specific interest are those with longer weighted average lease periods and high levels of fixed debt, where the rise in interest rates will have a much lower impact on funding costs. Most importantly, we'll be scouting for favourable entry yields into these to ensure favourable investment returns.

Disclosures

MET Collective Investments (RF) (Pty) Ltd (the "Manager"), registration no.1991/003741/07, is authorised in terms of the Collective Investment Schemes Control Act (CISCA) to administer Collective Investment Schemes (CIS) in Securities. The Manager is the manager of the MET Collective Investments Scheme, and MMI Holdings Ltd is a full member of the Association for Savings and Investment SA. Standard Bank of South Africa Limited (+27 (0)21 441 4100 PO Box 54, Cape Town, 8000) is the trustee of the scheme. Northstar MET Income Fund is a portfolio of the MET Collective Investments Scheme and Northstar Asset Management (Pty) Ltd, registration no.1996/001423/07, an approved financial services provider (FSP No: 601), is responsible for managing the assets of this portfolio. CIS 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. CIS are traded at ruling prices and can engage in borrowing and scrip lending. The CIS may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. Different classes of units apply to portfolios, which are subject to different fees and charges. A schedule of fees and charges and maximum commissions is available on request from the Manager. The Manager reserves the right to close and reopen certain portfolios from time to time in order to manage them more efficiently in accordance with their mandate. Portfolios are valued daily at approx. 15h00, latest prices can be viewed at www.metci.co.za. Forward pricing is used. Instructions must reach the Manager before 14h00 to ensure same-day value. The Manager does not provide any guarantee, either with respect to the capital or the return of this portfolio. Additional information on the proposed investment can be obtained, free of charge, at www.metci.co.za or may be requested from the Manager.

Northstar MET Income Fund is a third party named CIS portfolio, the assets of which are administered by Northstar Asset Management (Pty) Ltd, registration no.1996/001423/07, a registered financial services provider, FSP No 601. The Manager retains full legal responsibility for all third party named CIS portfolios under the MET Collective Investments Scheme.

No Total Expense Ratio (TER) for this portfolio/class of participatory interest is disclosed; due to the length of time that this portfolio/class has been in existence the TER cannot be accurately determined. The TER of this portfolio/class of participatory interest will be higher than the quoted annual service charge.

Performance is calculated for a portfolio/portfolio class. Individual investor returns may differ as a result of fees, actual date(s) of investment, date(s) of reinvestment of income and withholding tax. Annualised returns, also known as Compound Annualised Growth Rates (CAGR), are calculated from cumulative returns; they provide an indication of the average annual return achieved from an investment that was held for the stated time period. Actual annual figures are available from the Manager on request. Performance figures quoted are from Morningstar, as at 30/04/2015, for a lump sum investment, using NAV-NAV prices with income distributions reinvested on the ex-dividend date. CPI/Inflation figures, where present, are lagged by one month.

This document should not be seen as an offer to purchase any specific product and is not to be construed as advice. Investors are encouraged to obtain independent professional investment and taxation advice before investing with or in any of the Manager's products.

Contact and other information

Scheme

MET Collective Investments Scheme

Custodian/Trustee

Standard Bank of South Africa Limited

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Management company

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Call centre: 0860 111 899

Email: ci.clientservice@momentum.co.za

Web: www.metci.co.za

Registration no.: 1991/003741/07

Third party manager

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