

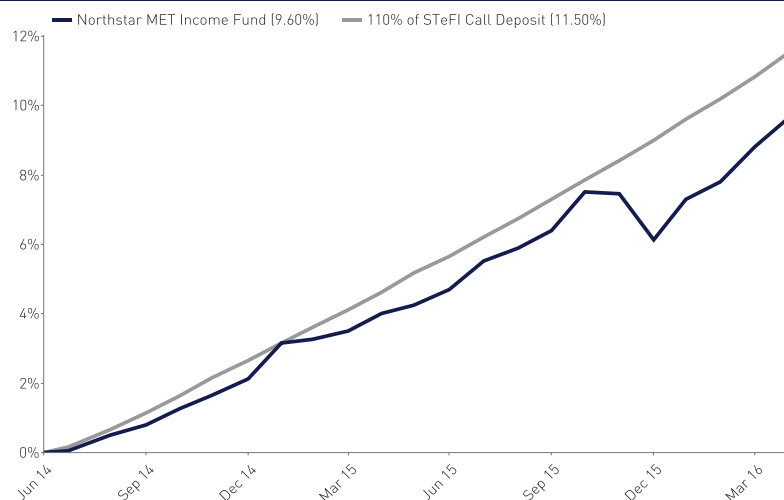
Northstar MET Income Fund

MET Collective Investment Scheme (CIS) portfolio
Class A | Minimum Disclosure Document (MDD) as at 30 April 2016
Assets managed by: Northstar Asset Management



Portfolio performance

Since launch cumulative performance graph



Monthly (%)	May'15	Jun'15	Jul'15	Aug'15	Sep'15	Oct'15	Nov'15	Dec'15	Jan'16	Feb'16	Mar'16	Apr'16
Fund	0.22	0.45	0.76	0.36	0.49	1.03	-0.03	-1.24	1.11	0.46	0.95	0.72
Benchmark	0.51	0.48	0.50	0.52	0.51	0.53	0.51	0.55	0.55	0.53	0.60	0.59

%	1m	3m	6m	9m	1y	Launch
Fund	0.72	2.14	1.95	3.88	5.37	5.30
Benchmark	0.59	1.73	3.37	4.98	6.54	6.30

Cumulative for all periods less than 1 year, annualised for all longer periods

Portfolio holdings

Asset allocation (%)

Top holdings (%)

SA Interest Bearing	84.44
SA Cash/Money Market	12.87
SA Equity - Property	1.83
Foreign Cash/Money Market	0.87

Republic of South Africa 8.25% 15/09/2017	4.93
Standard Bank F/R 15022021	4.12
ABSA F/R 11112020	4.11
Standard Bank F/R 12112020	4.11
Investec F/R 22032019	4.09
Standard Bank 9.98% 14112022	3.33
ABSA 9.30% 11112020	3.31
Republic of South Africa 8.00% 21/12/2018	2.76
ABSA F/R 14052020	2.75
Emira Property Fund F/R 22082016	2.75

Interest bearing allocation (%)

Interest Bearing 3 - 7 yr	40.73
Interest Bearing 1 - 3 yr	40.06
Cash	6.49
Money Market	6.38
Inflation Linked Bonds	1.86
Interest Bearing 7 - 12 yr	1.24
Foreign Cash	0.87
Interest Bearing 12+ yr	0.54

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.

Portfolio information

Portfolio inception:	22 July 2014
Portfolio size (29/04/2016):	R 370.25 million
Launch:	22 July 2014
NAV price (Launch):	100.00 (cpu)
NAV price (29/04/2016):	99.18 (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

Portfolio income

	Distribution cpu	Dividend	Interest	Total
Sep'15		0.020	1.600	1.620
Dec'15		0.000	1.700	1.700
Mar'16		0.000	1.640	1.640
Apr'16		0.000	0.560	0.560
May'15 - Apr'16	0.020	6.990	7.010	

Declaration: 31 Mar/30 Jun/30 Sep/31 Dec
Payment: 1st 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

Cost ratios (incl. VAT):

TER (%)	TC (%)	TIC (%)
1.14%	0.06%	1.20%

TER (%): Total Expense Ratio, TC (%): Transactions Costs Ratio, TIC (%): Total Investment Charges (TER (%) + TC (%))

Please see Disclosures section for further information on cost ratios

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.

Risk/reward profile and 1 year statistics

Risk	Low	Low-mod	Mod	Mod - high	High
Term	1 - 3mths	3mths - 1yr	1 - 3yrs	3 - 5 yrs	5+ yrs
Standard deviation ¹⁾			2.18		
Sharpe ratio ²⁾			-0.56		
Largest negative monthly return			-1.24		
Number of positive months			10 / 12		

Specific risks

Risks to changes in portfolio valuations include: inflation rate changes, interest rate changes, corporate yield spread changes, changes in local currency cross-rates and equity market price fluctuations. This portfolio is permitted to invest in foreign securities which, within portfolios, may have additional material risks, depending on the specific risks affecting that country, such as: potential constraints on liquidity and the repatriation of funds; macroeconomic risks; political risks; foreign exchange risks; tax risks; settlement risks; and potential limitations on the availability of market information. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. Investors are reminded that an investment in a currency other than their own may expose them to a foreign exchange risk.

¹⁾Standard deviation – measures the volatility of fund returns ²⁾Sharpe ratio – fund return minus cash return (STeFI composite), divided by the Standard deviation (of fund returns)

Portfolio mandate

Objective/investment policy

The Northstar MET Income Fund is an income portfolio with an objective 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 from time to time. The portfolio's equity exposure will be limited to 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 to the extent allowed by the Act (CISCA). The Trustee shall ensure that the investment policy is carried out. 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.

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

Inflation-linked bonds

Inflation linked government bonds (ILB's) have returned 5.44% percent over one year versus the All Bond Index of 1.88%. The outperformance over nominal bonds came about after upside surprises to the inflation number and the subsequent market expectation that higher inflation would persist. This was in addition to the severe underperformance of nominal bonds after the Nene-gate debacle.

A simple way to look at relative value between nominal government bonds and ILB's is to compute the breakeven inflation rates. This is simply the yield on the government bond less the yield on the inflation-linked bond with the closest maturity profile.

Analysts expect average inflation to be far below that of what the market is pricing at just above 7% for 2017. This could indicate a potential mispricing in the market if inflation averages less or more than 7%. If one assumes that the nominal bond market is correctly priced (not our view at Northstar) and one believes that the analysts are correct in their inflation expectations, ILB's appear expensive relative to nominal bonds.

Adjustments in breakeven rates are usually more likely to be via a change in nominal bond yields – especially over the shorter term. This is due to the lack of liquidity in the ILB market, which increases the difficulty in realising small mispricing opportunities.

We at Northstar believe that there is no significant mispricing evident in the inflation linked bond market at present. We are therefore looking to maintain our current positioning, while monitoring breakeven rates to determine opportunities with sufficient risk return metrics.

Disclosures

MET Collective Investments (RF) (Pty) Ltd (the "Manager"), registration number 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 number: 1996/001423/07, an approved financial services provider (FSP) under the Financial Advisory and Intermediary Services Act (No. 37 of 2002), FSP number: 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 to new investors 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 portfolio that derives its income primarily from interest-bearing instruments. The yield (where present) is current and calculated daily.

Northstar MET Income Fund is a third party named CIS portfolio, the assets of which are administered by Northstar Asset Management (Pty) Ltd, registration number: 1996/001423/07, a registered financial services provider, FSP number: 601. The Manager retains full legal responsibility for all third party named CIS portfolios under the MET Collective Investments Scheme.

The Total Expense Ratio (TER) is the percentage of the net asset value of the class of the Financial Product incurred as expenses relating to the administration of the Financial Product. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. A current TER may not necessarily be an accurate indication of future TER's. The disclosed TER is shown as an annual percentage based on data for the period from 22 July 2014 to 31 December 2015. The Transaction Costs (TC) is the percentage of the net asset value of the Financial Product incurred as costs relating to the buying and selling of the assets underlying the Financial Product. TC are a necessary cost in administering the Financial Product and impacts Financial Product returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of Financial Product, the investment decisions of the investment manager and the TER. The disclosed TC is shown as an annual percentage based on data for the period from 22 July 2014 to 31 December 2015. The Total Investment Charges (TIC), the TER + the TC, is the percentage of the net asset value of the class of the Financial Product incurred as costs relating to the investment of the Financial Product. It should be noted that a TIC is the sum of two calculated ratios (TER+TC). The TER and TC have been calculated using historical actual and/or estimated data and are provided solely as an indication/guide as to the annual expenses/costs that could be incurred. These ratios do not represent any current/actual charges or fees.

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 30/04/2016, 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. Cash figures, where present, are STeFI Composite Index returns.

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

Third party manager

Northstar Asset Management (Pty) Ltd

An authorised financial services provider, FSP No: 601

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Registration no.: 1996/001423/07

Scheme

MET Collective Investments Scheme

Custodian/Trustee

Standard Bank of South Africa Limited

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Management company

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Registration no.: 1991/003741/07

met

collective investments

A member of MMI Holdings

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ASSET MANAGEMENT