

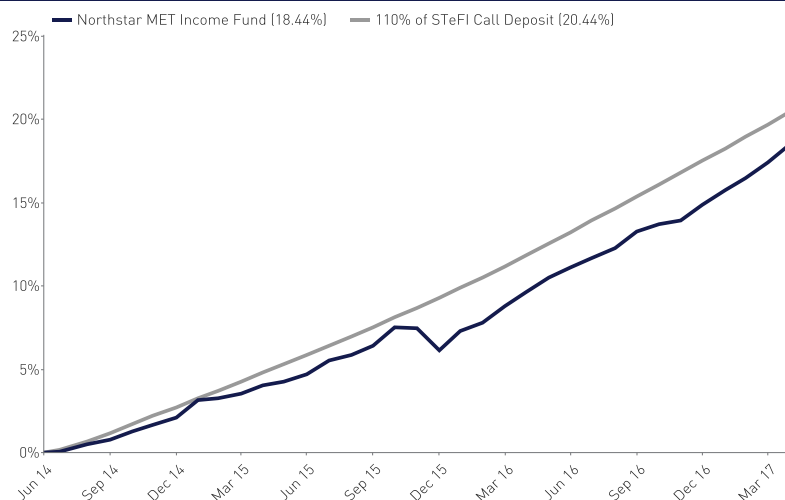
# Northstar MET Income Fund

MET Collective Investment Scheme (CIS) portfolio  
Class A | Minimum Disclosure Document (MDD) as at 30 April 2017  
Assets managed by: Northstar Asset Management



## Portfolio performance

### Since launch cumulative performance graph



Monthly (%)	May'16	Jun'16	Jul'16	Aug'16	Sep'16	Oct'16	Nov'16	Dec'16	Jan'17	Feb'17	Mar'17	Apr'17
Fund	0.81	0.57	0.48	0.57	0.89	0.39	0.18	0.84	0.74	0.63	0.82	0.86
Benchmark	0.63	0.61	0.63	0.63	0.61	0.63	0.61	0.61	0.65	0.57	0.63	0.61

Yearly (%)	Apr'16	Apr'17
Fund	5.37	8.06
Benchmark	6.71	7.66

Yearly (%) since launch	Highest	Lowest
Fund	8.26 [Dec'16]	3.94 [Dec'15]

%	YTD	1m	3m	6m	9m	1y	2y	Launch
Fund	3.08	0.86	2.32	4.14	6.08	8.06	6.71	6.29
Benchmark	2.48	0.61	1.82	3.74	5.68	7.66	7.18	6.91

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

## Portfolio holdings

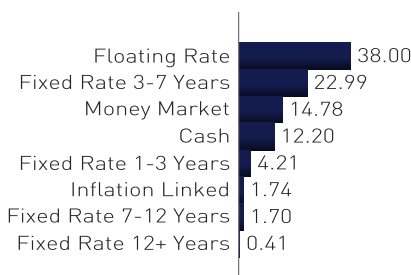
### Asset allocation (%)

### Top holdings (%)

R203 8.25% 150917	4.54
IV041 11.97% 290921	4.44
IBL83 8.8830% 220319	4.28
ABFN15 8.7920% 111120	3.82
SBS40 8.892% 121120	3.81
ABS14 9.30% 111120	3.16
IBL88 10.32% 200521	2.71
IBL49 7.335% 020418	2.68
SBS50 9.455% 310122	2.58
BGL01 10.6250% 191119	2.56

SA Bonds	69.05
SA Cash/Money Market	22.71
Foreign Cash/Money Market	4.27
SA Equity (Real Estate)	3.97

## Interest bearing allocation (%)



## Portfolio profile

The Fund aims to provide regular and stable income that targets money market beating returns, while managing the risk of capital loss in the short term. The recommended investment horizon for this fund is 1 to 3 years.

## Portfolio information

Classification: SA - Multi Asset - Income  
Benchmark: 110% of STeFI Call  
Portfolio size (28/04/2017): R 401.28 million  
Portfolio inception: 22 July 2014  
The Portfolio inception (above) is the inception date of this portfolio on the MetCI Scheme. The Launch date (below) depicts the class specific launch/performance start date.  
Launch: 22 July 2014  
NAV price (Launch): 100.00 (cpu)  
NAV price (28/04/2017): 99.63 (cpu)  
JSE code: NMIF  
ISIN number: ZAE000193132  
Minimum lump sum: R 10,000  
Minimum monthly: R 500

## Portfolio income

Distribution cpu	Dividend	Interest	Total
Jun'16	0.030	1.200	1.230
Sep'16	0.000	1.780	1.780
Dec'16	0.051	1.791	1.842
Mar'17	0.038	1.820	1.858
May'16 - Apr'17	0.119	6.590	6.710

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  
Financial year end TER (incl. VAT): 1.30%  
The disclosed Financial year end TER (total expense ratio) is shown as an annual percentage based on data for the 1 year period to 30 June 2016.

Cost ratios (incl. VAT) as at 31 December 2016:		
TER (%)	TC (%)	TIC (%)
1.21%	0.03%	1.24%

1Yr to 31 December 2016: TER (%) 1.30%

TER (%): Total Expense Ratio, TC (%): Transactions Costs Ratio, TIC (%): Total Investment Charges (TER (%) + TC (%))  
Please see Disclosures section for further information on cost ratios

## Risk/reward profile and 2 year statistics

Risk	Low	Low-mod	Mod	Mod - high	High
Term	1 - 3mths	3mths - 1yr	1 - 3yrs	3 - 5 yrs	5+ yrs
Standard deviation <sup>1)</sup>			1.64		
Sharpe ratio <sup>2)</sup>			-0.24		
Largest negative monthly return			-1.24		
Number of positive months			22 / 24		

### 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.

<sup>1)</sup>Standard deviation – measures the volatility of fund returns <sup>2)</sup>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 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 commentary

The Northstar Met Income fund is conservatively positioned with a running yield of 8.6% and a modified duration of 1.1.

Over the last month the fund delivered a return of 0.86% vs. cash return of 0.57%. The listed property index underperformed cash, and with exposures to Growthpoint and Redefine led to small negative attributions. Conversely our holding in Redefine International performed well, resulting in an overall property related attribution of 8bps. The bulk of positive attributions came from corporate bond holdings in the 3y to 7y space, with yields stabilising and rallying around 18bps post the March cabinet reshuffle.

Over the short term inflation continues to surprise to the downside (driven largely by the food, beverages and motor vehicle components), with consensus expecting levels to remain below the upper end of the target band for the balance of the year. The major risks which could upset this outcome include a weaker currency due to unforeseen global developments, further credit rating downgrades as a result of political turmoil and increased food pricing due to resumption in drought conditions.

Overshadowing the positives of subdued inflation and a potential interest rate cut later this year, is the heightened political risk post the recent seemingly unsubstantiated cabinet reshuffle. The latest positive developments include the signing of the FICA bill, the court's finding in favour of the DA's application to provide justification for the cabinet reshuffle and the court's ruling that the nuclear agreements and processes were unlawful. Conversely, discussions around land reform by expropriation without compensation and the agenda of radical economic transformation continue to create uncertainty for longer term investors.

Against this backdrop we remain vigilant, incorporating healthy discounts into our valuation models and favour more liquid holdings.

## 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, No 45 of 2002 (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, registration number 1962/000738/06, 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 authorised financial services provider ("FSP") under the Financial Advisory and Intermediary Services Act No. 37 of 2002 ("FAIS"), FSP number: 601, is the investment manager of this portfolio.

Northstar MET Income Fund is a co-named portfolio, operating under an agreement entered into between the Manager and Northstar Asset Management (Pty) Ltd, registration number: 1996/001423/07, an authorised FSP under FAIS, FSP number: 601. A co-named portfolio is a third party named portfolio bearing the name of both the Manager and the FSP, where the FSP undertakes financial services of a discretionary nature, as contemplated in FAIS, in relation to the assets of the portfolio. The Manager retains full legal responsibility for all third party named portfolios under the MET Collective Investments Scheme. This information is not advice, as defined in the Financial Advisory and Intermediary Services Act (No. 37 of 2002). Please note that there may be representatives of the FSP acting under supervision. Your financial adviser may be a related party to the FSP and/or the Manager of this portfolio. It is your financial adviser's responsibility to disclose details of any conflicts of interests that may apply, as well as all fees that they receive, in relation to an investment in this portfolio.

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.

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 2016. The Transaction Costs Ratio (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. Transaction costs are a necessary cost in administering the Financial Product and impacts Financial Product returns. The TC 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 2016. The Total Investment Charges (TIC) is the sum of the TER and the TC and is shown as a percentage depicting the annual costs relating to the investment of the Financial Product. Cost ratios are 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.

All portfolio 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. All portfolio performance figures quoted (tables and charts where present) are as at 30/04/2017, based on 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. All figures quoted in ZAR. Source: Morningstar and/or Momentum.

Any forecasts and/or commentary included in this document about the expected future performance of portfolios, asset classes or the market in general are not guaranteed to occur. 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](http://www.metci.co.za) and in some national newspapers. 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 including, but not limited to, brochures, application forms and the annual report and any half yearly report can be obtained, free of charge, at [www.metci.co.za](http://www.metci.co.za) or on request from the Manager.

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

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Registration no.: 1996/001423/07

### Scheme

MET Collective Investments Scheme

### Custodian/Trustee

Standard Bank of South Africa Limited

Telephone: +27 (0)21 441 4100

Registration no.: 1962/000738/06

### Management company

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Registration no.: 1991/003741/07

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A member of MMI Holdings

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