

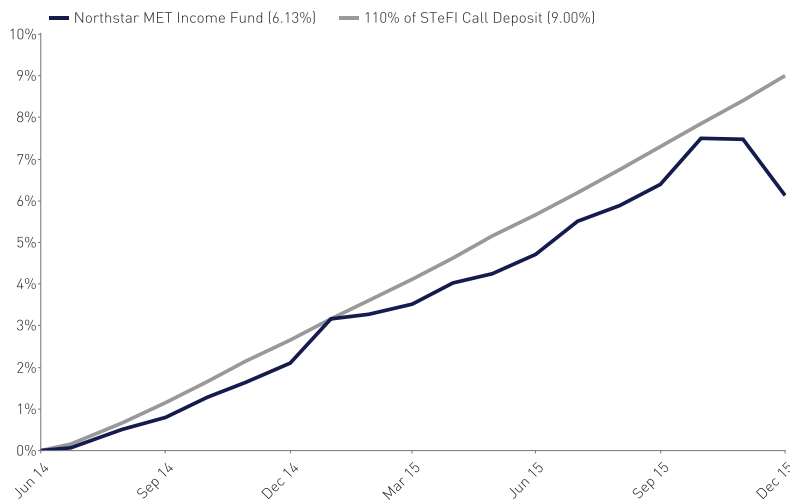
Northstar MET Income Fund

MET Collective Investment Scheme (CIS) portfolio
Class A | Minimum Disclosure Document (MDD) as at 31 December 2015
Assets managed by: Northstar Asset Management



Portfolio performance

Since launch cumulative performance graph



Monthly (%)

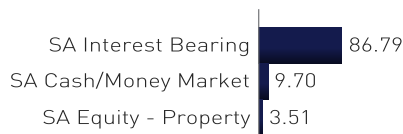
	Jan'15	Feb'15	Mar'15	Apr'15	May'15	Jun'15	Jul'15	Aug'15	Sep'15	Oct'15	Nov'15	Dec'15
Fund	1.02	0.11	0.24	0.49	0.22	0.45	0.76	0.36	0.49	1.03	-0.03	-1.24
Benchmark	0.48	0.43	0.50	0.49	0.51	0.48	0.50	0.52	0.51	0.53	0.51	0.55

Cumulative (%)

	Cumulative (%)				Annualised (%)			
	Fund	Benchmark	Cash	Inflation	Fund	Benchmark	Cash	Inflation
1 month	-1.24	0.55	0.55	0.09	-	-	-	-
3 months	-0.25	1.59	1.62	0.34	-	-	-	-
6 months	1.36	3.15	3.24	1.84	-	-	-	-
9 months	2.53	4.68	4.85	4.48	-	-	-	-
1 year	3.94	6.16	6.46	4.77	3.94	6.16	6.46	4.77
Launch	6.13	8.97	9.35	6.49	4.20	6.13	6.38	4.45

Portfolio holdings

Asset allocation (%)



Top holdings (%)

ABSA F/R 11112020	5.13
Standard Bank F/R 12112020	5.13
ABSA 9.30% 11112020	3.88
Standard Bank 9.98% 14112022	3.86
ABSA F/R 14052020	3.43
Emira Property Fund CP 6.717% 04022016	3.42
GrowthPoint Properties Ltd CP 6.717% 11022016	3.41
Investec F/R 26112018	3.41
ABSA F/R 09042019	3.36
Republic of South Africa 8.00% 21/12/2018	3.30

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.

Portfolio information

Portfolio inception:	22 July 2014
Portfolio size (31/12/2015):	R 295.49 million
Launch:	22 July 2014
NAV price (Launch):	100.00 (cpu)
NAV price (31/12/2015):	99.34 (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
Mar'15	0.000	1.350	1.350
Jun'15	0.000	1.490	1.490
Sep'15	0.020	1.600	1.620
Dec'15	0.000	1.700	1.700
Jan'15 - Dec'15	0.020	6.140	6.160
2015 Total:	0.020	6.140	6.160
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

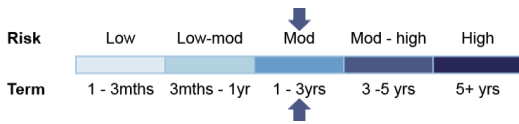
Northstar undertakes a rigorous and structured approach to analysing fixed income opportunities. We use proprietary systems to assess all instruments in our investment universe and manage our portfolios with an active bias. Our investment decision is based on detailed interest rate research (duration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



collective investments

A member of MMI Holdings

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 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

On 16 December 2015, after seven years of accommodative policy, the U.S. Federal Reserve raised the target funds rate by 0.25% to initiate a gradual process of rates normalisation. While this single event was expected to have a marked impact on global bond markets, the South African landscape was dominated by other factors which partially masked the effect of this event.

President Zuma's decision to remove Finance Minister Nhlanhla Nene on 9 December 2015 had market repercussions that the current administration certainly had not anticipated. While investors were trying to digest Mr van Rooyen's appointment, the Rand collapsed by more than 9% over the course of two days touching 16 ZARUSD. South African bond yields followed suit with the yield on the R186 rising by 1.7% to record one of the worst two-day sell-offs the local bond market has seen to date.

The dramatic public outcry that followed forced the President to retract his decision and appoint previous Minister of Finance Mr Gordhan on 11 December 2015. While this decision had an immediate positive market impact, bond yields and the Rand have not recovered to pre "Nene" levels and market volatility has not abated.

The loss of confidence caused by the sacking of the Minister of Finance comes at a bad time, as South Africa has been downgraded by two rating agencies and is on the verge of losing its investment grade credit rating. While both S&P and Fitch downgraded the South African sovereign rating from BBB to BBB- (one notch away from Junk) in early December 2015, S&P also changed its rating outlook to negative. The basis for this change in outlook is ascribed primarily to the country's weak growth outlook, vulnerability to foreign capital flows and risks posed to the fiscus by strained State Owned Companies.

The risk of a further rating downgrade has increased following Nene's sacking, as rating agencies had previously expressed satisfaction with Mr Nene's tough measures set during his medium-term budget speech in October 2015. His sacking has certainly raised questions about South Africa's willingness to implement disciplined policies.

While we believe bond yields are offering value in a relatively low inflation environment, following the December sell-off, we expect the market to remain volatile and news flow to be negative.

Given these uncertain economic, political and financial times, we are positioning ourselves in the shorter area of the curve, where real rates of in the region of 3% can now be earned, as opposed to the longer end, which remains vulnerable to downgrade (i.e. political) risk.

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 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.

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 31/12/2015, 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

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[MET Collective Investments Scheme](#)

Custodian/Trustee

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