

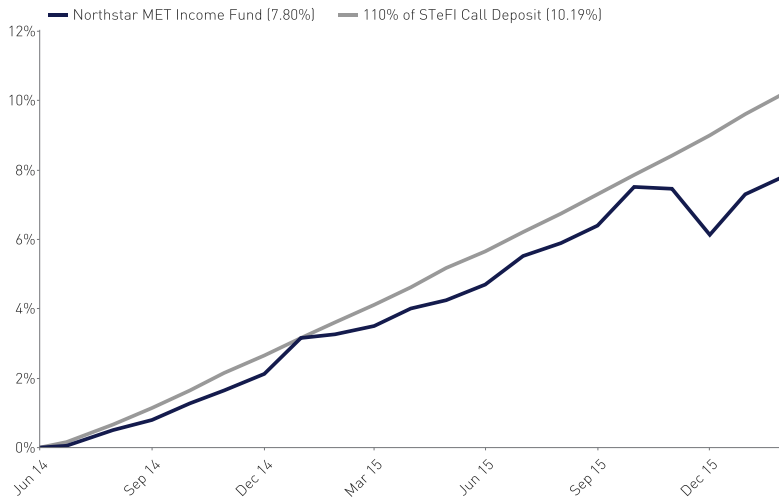
Northstar MET Income Fund

MET Collective Investment Scheme (CIS) portfolio
Class A | Minimum Disclosure Document (MDD) as at 29 February 2016
Assets managed by: Northstar Asset Management



Portfolio performance

Since launch cumulative performance graph



Monthly (%)

	Mar'15	Apr'15	May'15	Jun'15	Jul'15	Aug'15	Sep'15	Oct'15	Nov'15	Dec'15	Jan'16	Feb'16
Fund	0.24	0.49	0.22	0.45	0.76	0.36	0.49	1.03	-0.03	-1.24	1.11	0.46
Benchmark	0.50	0.49	0.51	0.48	0.50	0.52	0.51	0.53	0.51	0.55	0.55	0.53

	Cumulative (%)				Annualised (%)			
	Fund	Benchmark	Cash	Inflation	Fund	Benchmark	Cash	Inflation
1 month	0.46	0.53	0.53	0.77	-	-	-	-
3 months	0.30	1.64	1.64	1.12	-	-	-	-
6 months	1.80	3.21	3.26	1.38	-	-	-	-
9 months	3.41	4.77	4.90	3.16	-	-	-	-
1 year	4.39	6.35	6.55	6.23	4.39	6.35	6.55	6.23
Launch	7.80	10.15	10.55	7.59	4.77	6.20	6.43	4.65

Portfolio holdings

Asset allocation (%)

SA Interest Bearing	81.30
SA Cash/Money Market	15.78
SA Equity - Property	1.88
Foreign Cash/Money Market	1.03

Top holdings (%)

Republic of South Africa	8.25%	15/09/2017	5.30
ABSA F/R 11112020			4.28
Standard Bank F/R 12112020			4.28
Standard Bank F/R 15022021			4.28
Standard Bank 9.98% 14112022			3.36
ABSA 9.30% 11112020			3.36
ABSA F/R 14052020			2.86
ABSA F/R 09042019			2.86
Emira Property Fund F/R 22082016			2.86
Growthpoint Properties Ltd 7.583% 26052016			2.85

Interest bearing allocation (%)

Interest Bearing 3 - 7 yr	45.41
Interest Bearing 1 - 3 yr	32.11
Cash	11.88
Money Market	3.91
Inflation Linked Bonds	1.93
Interest Bearing 7 -12 yr	1.31
Foreign Cash	1.03
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 (29/02/2016):	R 351.67 million
Launch:	22 July 2014
NAV price (Launch):	100.00 (cpu)
NAV price (29/02/2016):	99.17 (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
Mar'15 - Feb'16	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

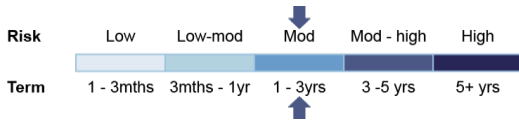
Initial fee - MetCI (incl. VAT):	0%
Initial fee - Adviser (incl. VAT):	0% - 3.42%
Annual management fee (incl. VAT):	1.14%
Performance fee:	No
Total expense ratio (TER) (incl. VAT):	1.14%

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 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

Newly re-appointed finance minister, Pravin Gordhan, had the formidable task of tabling a budget in February 2016 that would need to appease both rating agencies and voters during an election year.

While Gordhan managed to keep South Africa's credit rating stable, for now, the market still believes that it is just a matter of time before the sovereign loses its investment grade rating as growth rates decline and the government proves itself unable to deliver on expenditure cuts.

The risk of not delivering on proposals is considerable, as actions have been pushed out over the medium term, with little implementation tabled over this funding year. In this regard government has placed a freeze on any new public sector hiring and has, instead, decided to let nature take its course and wait for attrition rates to increase over time.

Despite the execution risk, the budget shows a faster pace of fiscal consolidation with a budget deficit forecast of 2.8% for 2017/18. This places the deficit at the same levels government expected in February 2015 – evidence of fiscal slippage and non-adherence to budgeted expenditures and shortfalls in budgeted revenues.

The bond market has seen some short-term respite from the lack of credit rating action following Gordhan's budget. However, a recent example in Brazil illustrates the negative feedback loops from austerity to growth on the fiscal position, which eventually led to a sovereign downgrade.

With credit metrics still leaning towards the BB medians (sub-investment grade), even after the more stringent budget, the probability of junk status for the South African sovereign remains high. We are cognisant of this outcome and will continue to construct our portfolio accordingly with selective positioning to guard against this 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.

The Total Expense Ratio (TER) has been calculated using data from 22 July 2014 to 31 December 2015. The TER is disclosed as a percentage of the average Net Asset Value of the portfolio that was incurred as charges, levies and fees related to the management of the portfolio and underlying portfolios. The TER does not include transaction costs. The TER is calculated quarterly but may additionally be re-calculated with effect from any significant portfolio restructurings and/or fee changes occurring. A higher TER ratio does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TER's.

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 29/02/2016, 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.

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

Telephone: +27 (0)21 441 4100

Management company

[MET Collective Investments \(RF\) \(Pty\) Ltd](#)

268 West Avenue, Centurion, 0157

PO Box 7400, Centurion, 0046

Facsimile: +27 (0)12 675 3889

Call centre: 0860 111 899

Email: ci.clientservice@momentum.co.za

Web: www.metci.co.za

Registration no.: 1991/003741/07

Third party manager

Northstar Asset Management (Pty) Ltd

An authorised financial services provider, FSP No: 601

Suite 1A, Madison Place, Alphen Office Park, Constantia Road, Constantia

PostNet Suite # 784, Private Bag X16, Constantia, 7848

Telephone: +27 (0)21 810 8400

Facsimile: +27 (0)21 794 2885

Email: admin@northstar.co.za

Web: www.northstar.co.za

Registration no.: 1996/001423/07