

Investment Objectives and Strategy

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. Investments to be included 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 consistent with the objective. Equity exposure will be limited to a maximum of 10%. 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 at least equivalent to that in South Africa. The Fund will be managed within the requirements of retirement funds prudential investment guidelines.

Fund Statistics

Inception Date	2014/07/22
Fund Size	R 129 864 778
NAV	1.00
Ticker	NMIF
Benchmark	110% of STeFi Call
ASISA Sector	(ASISA) South African MA Income
Risk & Investment Term	Low, 3mths - 1yr
Portfolio Manager	Northstar Fixed Income Team
Annual Management Fee	1.14% (incl. VAT)
Manager's Upfront Charge (max)	0% (incl. VAT)
FSP Upfront Comm (max)	3.42% (incl. VAT)
Total Expense Ratio (TER) *	
Date of Income Declaration	31 Mar / 30 Jun / 30 Sep / 31 Dec
Minimum Lumpsum Investment	R10 000
Minimum Monthly Investment	R500
Valuation Time	15h00
Transaction Time	14h00

* No TER has been calculated due to the fund not having been in existence for a minimum of 12 months.

The TER is disclosed as a percentage of the average Net Asset Value of the portfolio that were incurred as charges, levies and fees related to the management of the portfolio. The TER is adjusted for significant subsequent portfolio restructurings and/or fee changes. A higher TER ratio does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER can not be regarded as an indication of future TERs.

Disclaimer

Collective Investment Schemes (CIS) in securities 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. All CIS are traded at ruling prices and can engage in borrowing and scrip lending. A schedule of fees and charges and maximum commissions is available on request. Commission may be paid and if so, would be included in the overall costs. Forward pricing is used. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. MET Collective Investments (RF) (Pty) Ltd reserves the right to close and reopen certain portfolios from time to time in order to manage them more efficiently. The Fund may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. Different classes of participatory interests apply to certain portfolios, which are subject to different fees and charges. Performance figures quoted are from Morningstar, as at the date of this factsheet for a lump sum investment, using NAV-NAV prices with income distributions reinvested. Service charges and investment manager charges are calculated and accrued on the daily market value of the investment and paid out monthly. MET Collective Investments (RF) (Pty) Ltd is the Manager of the MET Collective Investments Scheme, and a full member of the Association for Savings and Investment SA. Although reasonable steps have been taken to ensure the validity and accuracy of the information in this document, MET Collective Investments (RF) (Pty) Ltd does not accept any responsibility for any claim, damages, loss or expense, howsoever arising, out of or in connection with the information in this document, whether by a client, investor or intermediary. This document should not be seen as an offer to purchase any specific product and is not to be construed as advice or guidance in any form whatsoever. Investors are encouraged to obtain independent professional investment and taxation advice before investing with or in any of MET Collective Investments Limited (RF) (Pty) Ltd's product.

Performance

Performance data is not displayed as regulations governing the content of this factsheet preclude the publication of performance data for any fund/class that is less than 6 months old.

Monthly Returns

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Risk Statistics (3 Years)

Time Period: 2011/12/01 to 2014/11/30

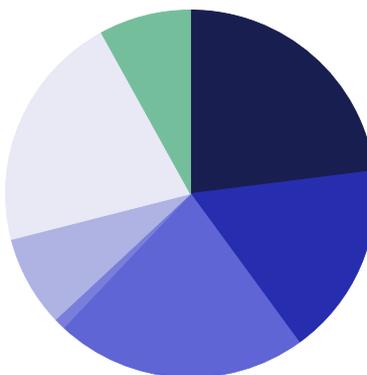
	Fund	Benchmark
Std Dev		
Sharpe Ratio (arith)		
Max Drawdown (12 months)		

Income Distribution

The first income distribution will be on the second working day of January 2015

Asset Allocation

Portfolio Date: 2014/11/30



	%
● Cash	23.0
● Money Market	17.0
● Fixed Rate NCDs	22.0
● Floating Rate NCDs	1.0
● Commercial Paper	8.0
● Corporate Bond (Floating)	21.0
● Corporate Bond (Fixed)	8.0
Total	100.0

Modified Duration: 0.44

Effective Yield: 6.58%

Regulation 28 Compliance & Intended Maximum Limits

Compliant	Equity	Property	Equity & Property	Foreign	Africa	Cash	Debt
YES	10%	15%	25%	20%	5%	100%	100%

Investment Philosophy

Northstar Asset Management 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.

FAIS Conflict of Interest Disclosure

Please note that in most cases where the FSP is a related party to Northstar Asset Management Pty (Ltd) and/or MET Collective Investments (RF) (Pty) Ltd, the Northstar Asset Management Pty (Ltd) and/or distributor earns additional fees apart from the FSP's client advisory fees. It is the FSP's responsibility to disclose additional fees to you as the client. Such fees are paid out of the portfolio's service charge and range anything between (excl VAT):

CIS Manager: Up to 0.15%
 Northstar Asset Management: Up to 0.60%
 Distributor/LISP: Up to 0.25%

Total Management Fee: 1.00%

Contact Details

Custodian:
 Standard Executors & Trustees: Tel 021 441-4100

Administrator:
 MET Collective Investments, 268 West Avenue, Centurion, 0157; PO Box 7400, Centurion, 0046
 Call Centre Tel: 0860 111 899, Fax (012) 675-3889
 Email: ci.clientservice@momentum.co.za
 Registration No: 1991/03741/06

Fund Manager:
 Northstar Asset Management
 Tel: 021 810-8400
 Email: admin@northstar.co.za
 Address: Suite 1A, Ground Floor, Madison Place, Alphen Office Park, Constantia Road, Constantia, 7806

Deposit Details

Deposits can be made at any First National Bank.
 Account Holder: Met Collective Investments Ltd - METCI Client Deposit Trust
 Account Number: 623 614 33784
 Branch Code: 253 145
 Bank: First National Bank
 Please fax deposit slip to: (012) 675 3889
 or email to: ci.clientservice@momentum.co.za

Monthly Commentary

The Rand, the Oil Price and the disconnect in bond yields

As the US moves closer to rate normalisation (which recent hawkish Federal Reserve member speeches are suggesting) and economic growth keeps gaining pace, the US Dollar Index will continue to be the main beneficiary; it recorded a 1.2% gain this past month. As a consequence, commodity prices have declined and both demand and supply side factors have colluded to drive prices down significantly. Oil, in particular, has been hit by OPEC's decision to keep supply stable. These factors have translated in emerging market currency weakness across the board, particularly against the US Dollar. In November the Russian Rouble lost 19.8%, followed by the Mexican Peso (-5.7%), and the Chilean Peso (-5.8%) to single out a few. The South African Rand has weakened by 3.3% over the month and is trading at levels last seen during the emerging market currency crisis of the early 2000's.

This creates an interesting dilemma – a weakening rand has negative pass-through implications for inflation while the lower oil price translates into lower petrol prices which detracts from inflation. Economists have already revised down their inflation forecasts to an average of 5.4% in 2015 and 5.65% in 2016 – comfortably within the SARB's target band.



Looking at the correlation between inflation, USDZAR and crude prices, it is interesting to note that since the re-basing of the CPI basket in 2012, the correlation between inflation and oil prices is stronger at +0.4 versus +0.3 for the correlation between inflation and the Rand. This is in stark contrast to the period pre-2012 where there was a correlation of +0.5 between inflation and the Rand. One of the explanations for this might be that due to the re-basing, a larger portion of the CPI basket is biased towards services and rentals where rand weakness would have a more limited pass-through effect. At the same time, the weighting for food, energy and administered prices increased and these are heavily influenced by oil prices. If this trend of limited pass-through during extended periods of Rand weakness sustains, then South African bond yields should take their cue more from oil prices than from the absolute level of the Rand.

Consequently, given current yield curve levels, we believe that opportunities might arise in the short end of the curve, with lower inflations expectations on extended oil price weakness and a likely mild normalisation of the interest rate cycle. This is predicated on inflation remaining contained due to limited pass-through from a weak rand. Therefore, at Northstar we prefer shorter term bonds over the medium term and will look to build positioning at yields where we see an adequate margin of safety.