

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	R88 600 688
NAV	0.99
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 marketed 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: 2011/10/01 to 2014/09/30

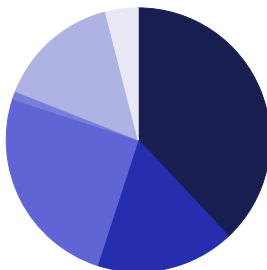
	Fund	Benchmark
Std Dev		0.1
Sharpe Ratio (arith)		4.6
Max Drawdown (12 months)		

Income Distribution

The first income distribution will be on the second working day of October 2014

Asset Allocation

Portfolio Date: 2014/09/30



	%
● Cash	38.0
● Money Market	17.0
● Fixed Rate NCDs	25.0
● Floating Rate NCDs	1.0
● Floating Rate Notes (FRNs)	15.0
● Fixed Coupon Bonds	4.0
Total	100.0

Modified Duration: 0.29

Effective Yield: 6.22%

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

ECB: Re-igniting the search for yield?

As the new South African Reserve Bank governor, Letsetja Kganyago, takes the reins he finds himself in a highly undesirable position – inflation is above the targeted 4-6% band and SA growth is lacklustre at best. As pointed out on numerous occasions by the SARB themselves, their decisions remain beholden to their international counterpart, with ever diverging economic landscapes. Closely watched employment data in the United States has posted steady gains with the unemployment rate at a six year low of 5.9%. Federal Reserve members have communicated expectations that the first interest rate hike will occur in H2 2015. Inflation expectations, however, have trended downwards as evidenced by the breakeven 5Y5Y (expected 5 year inflation rate in 5 years time) Treasury Inflation Protected Security (TIPS) yield which is trading at levels where the Fed has traditionally been concerned (2.2%) and increased its buying of securities.

In Europe, growth has been on a steady decline and inflation has consistently been below the ECB's target of 2%. As a result, to combat deflation and stagnant growth, the ECB has implemented its own version of the US's quantitative easing program, focussed on asset-backed securities. The expectation is for sovereign bond buying to follow. As the wall of money from the US eases, the ECB stands ready to fill the gap. Emerging market bond yields have reached record low yields during the tenor of US quantitative easing as investors looked for risky assets that offer higher yields as opposed to record low yields in their own countries.

As an emerging market, South African bonds have had immense inflows from offshore investors with foreign holdings at 38% (in March 2013) from 10.6% in 2007. Although South Africa is struggling with its own fundamental problems – twin deficits, high inflation and high unemployment – this was not enough to deter foreign investors from investing in equity and bond markets when the Federal Reserve was growing its balance sheet exponentially. The question remains, will the ECB's injections of liquidity be enough to sway foreign investors to look outside their borders once again at the enticing yields that emerging markets have to offer? This, we are sure will be top of the mind of Governor Kganyago as he steps to the podium at his first MPC next month.

Taking these diverging trends into account, we remain at lower levels of risk in our fund. Should yields rise however due to the actions or inactions of central bankers around the globe, we are ready and willing to move appropriately and lift duration within the Northstar MET Income Fund.