



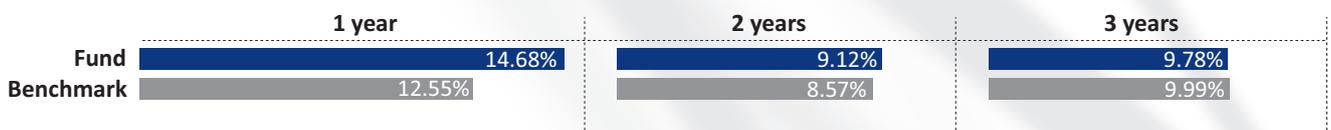
NORTHSTAR
ASSET MANAGEMENT

Northstar Met Managed Fund - April 2013

Portfolio Information																											
Portfolio value: R189.7 million Original buying price: 95.00 cents Minimum Investment: R10 000 lump sum or R500 monthly debit order		2010 distribution: 4.98 cpu 2011 distribution: 3.50 cpu 2012 distribution: 3.76 cpu																									
Manager's upfront charge (max): 0.00% (incl. VAT) FSP upfront comm (max): 3.42% (incl. VAT) Annual management fee: 1.54% (incl. VAT)		Benchmark: CPI + 5% over a 2 year rolling period Risk: Moderate Fund Classification: SA Multi Asset High Equity																									
Formation date: 01 / 03 / 1998 Date of income declaration: 30 June / 31 Dec Date of income payment: 2nd working day of July/Jan		Valuation time: 15h00 Transaction time: 13h00																									
Performance Fee: <small>20% (sharing rate) of out performance above the portfolio benchmark (hurdle rate), over a 2 year rolling period, capped at 2% p.a. The fees are accrued on a daily basis and paid out on a monthly basis. Any shortfall to the hurdle rate is carried forward for set-off against future positive out performances. Fee example: 0% performance fee if portfolio performs in line with its benchmark.</small>		Total Expense Ratio (TER): 1.51% <small>Please note: the TER has been calculated using data from 1 January 2012 until 31 December 2012. 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 TER's.</small>																									
<table border="1"> <thead> <tr> <th>Asset Class</th> <th>Domestic</th> <th>International</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Stocks</td> <td>39.2%</td> <td>21.1%</td> <td>60.3%</td> </tr> <tr> <td>Property</td> <td>1.6%</td> <td>0.0%</td> <td>1.6%</td> </tr> <tr> <td>Bonds</td> <td>23.7%</td> <td>0.0%</td> <td>23.7%</td> </tr> <tr> <td>Cash</td> <td>12.9%</td> <td>1.5%</td> <td>14.4%</td> </tr> <tr> <td>Total</td> <td>77.4%</td> <td>22.6%</td> <td>100.0%</td> </tr> </tbody> </table>	Asset Class	Domestic	International	Total	Stocks	39.2%	21.1%	60.3%	Property	1.6%	0.0%	1.6%	Bonds	23.7%	0.0%	23.7%	Cash	12.9%	1.5%	14.4%	Total	77.4%	22.6%	100.0%	Top 10 Equity Holdings Suprgrp Omnia Sasol Angloplat Anglo MTN Group Tesco PLC Microsoft Kgmedia Brimstn N		
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Annualised Performance
as at 30 April 2013*

*The management team changed on 1st of November 2011.



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: FNB
 Please fax deposit to: (012) 675 3889
 or email to: ci.clientservice@momentum.co.za



Northstar Met Managed Fund - April 2013

Investment Strategy

The portfolio will be managed in compliance with prudential investment guidelines for retirement funds in South Africa. In order to achieve its objective, the investments normally to be included in the portfolio may comprise a combination of assets in liquid form, money market instruments, bonds, debentures, corporate debt, equity securities, property securities, preference shares, convertible equities, derivatives, non-equity securities and any other securities which are considered to be consistent with the portfolio's primary objective and the Act or the Registrar may allow from time to time, all to be acquired at fair market value. The portfolio may from time to time invest in financial instruments, in accordance with the provisions of the Act, and the Regulations thereto, as amended from time to time, in order to achieve the portfolio's investment objective. The manager may also include unlisted forward currency, interest rate and exchange rate swap transactions for efficient portfolio management purposes. The portfolio will maintain an equity exposure (incl international) up to 75% of the portfolio's net asset value.

Investment Objectives

The primary objective of the Northstar Met Managed Fund is to offer investors moderate to high long-term total returns.

Fund Managers Commentary

At Northstar, we have completed our quarterly review of the current valuations of the various South African asset classes.

We initiated this exercise by estimating in our view, what the domestic yield curve is pricing-in, in terms of inflation rates. From this analysis, we believe SA bonds are pricing in inflation of about 4.5%. Considering headline inflation in March was 5.9% and Bloomberg consensus is 5.5%, one would think that this does not give a bond investor any room for error. Another way of looking at this is that if we assume inflation does average 5.5% for the next twelve months, most bonds along the curve could actually only have marginal upward moves in their yields and an investor would not outperform inflation.

Other asset classes price off bonds and from this analysis, property valuations look stretched, but we do think that inflation beating returns over a 3-year basis are possible, but only marginally so and with significant risk considering their heady ratings. We also normalized the ratings and ROE's of the various JSE indices and although this does not do justice to individual companies (and most of our work is bottom-up), here too, it highlighted to what extent future prospective returns should be tempered. From this top-down, asset allocation process, industrials look overpriced, financials look fairly priced and resources look to offer value. Overall, equities remain the asset class of choice on a 3-year view, with bonds (both nominal and inflation linkers) the least preferred asset class.

The above analysis does not drive our entire investment process as it accounts for only 20% to 30% of how we 'see the world', but it does offer perspective, a bird's eye view of valuations and makes us realize that we are operating within an environment where asset classes are trading in many instances, far from normal fair values. Appreciating the extent of under or over valuation of assets is only part of the analysis, it is equally important to understand why this is the case. We ascribe this to a concerted and collaborative strategy by central banks globally to re-inflate their domestic economies due to their government's inactive, ineffective or inefficient usage of fiscal tools. The consequence of this is that it is forcing investors into risky asset classes and distorting valuations. We have no idea how long this strategy will last, we guess longer than many anticipate.

Although we certainly take cognisance of the exercise conducted above, it is important to again highlight that as a house, we focus 70% to 80% of our efforts on bottom-up research. This is evidenced by most of our current equity exposure being in industrials, but we are mostly in mid cap space and in more defensive positions. We are underweight the index exposure in commodities as we have been concerned about earnings and although these stocks look cheap, we feel the market has been quite accurate in predicting the extent of earnings decay which has occurred. However, we do hold sizeable positions in Sasol and have been buyers of Anglo American which we feel has been overdone on the downside.

The fund has been overweight offshore stocks for two years, a position which has worked well and one we feel comfortable holding. Our bond exposure has been through floating rate notes, another strategy which we deem prudent but effective. Cash levels are high, this is opportunistic and to be used for stocks we uncover through our weekly deep dives. In the past month we undertook two such deep dives – on Clover and Pioneer foods. In conclusion, we remain convinced that our detailed bottom-up research will unearth opportunities, even within an elevated market.

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, 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 0.35%
Northstar Asset Management:	Up to 1.00%
Distributor/LISP:	Up to 0.25%

Total Management Fee:	1.35%
Performance fees:	Accrue to the Investment Manager

Custodian: Standard Executors & Trustees: Tel (021) 441-4100 MET Collective Investments Limited, Parc du Cap Mispel Road, Bellville, Call Centre Tel: 0860 111 899, Fax (012) 675-3889, Email: ci.clientservice@momentum.co.za, PO Box 925, Bellville 7535, Registration No 1991/03741/06

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