



NORTHSTAR

ASSET MANAGEMENT

Northstar Met Managed Fund - April 2014

Portfolio Information

Portfolio value:	R409.6 million	2011 distribution:	3.50 cpu
Original buying price:	95.00 cents	2012 distribution:	3.76 cpu
Minimum Investment:	R10 000 lump sum or R500 monthly debit order	2013 distribution:	2.32 cpu
Manager's upfront charge (max):	0.00% (incl. VAT)	Benchmark:	CPI + 5% over a 2 year rolling period
FSP upfront comm (max):	3.42% (incl. VAT)	Risk:	Moderate
Annual management fee:	1.54% (incl. VAT)	Fund Classification:	SA Multi Asset High Equity
Formation date:	01 / 03 / 1998	Valuation time:	15h00
Date of income declaration:	30 June / 31 Dec	Transaction time:	13h00
Date of income payment:	2nd working day of July/Jan		

Performance Fee:

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.

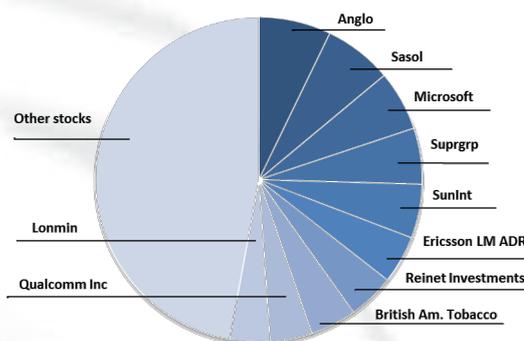
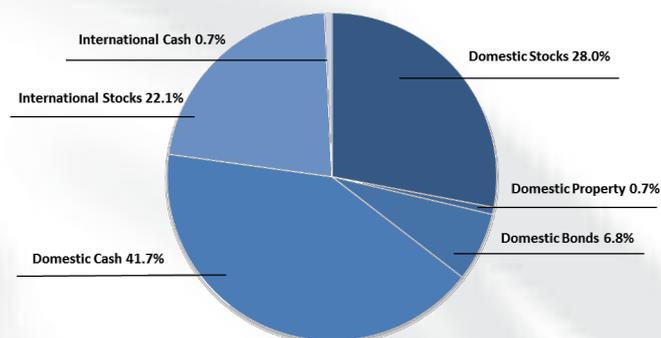
Total Expense Ratio (TER):	A Class:	A1 Class:	
Annual Management Fee (incl.VAT)	1.54%	Annual Management Fee (incl.VAT)	1.54%
Performance Fees	0.78%	Performance Fees	1.08%
Other costs	0.04%	Other costs	-0.09%
Total TER	2.36%	Total TER	2.53%

Please note: the TER has been calculated using data from 1 January 2013 to 31 December 2013. 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.

Asset Class	Domestic	International	Total
Stocks	28%	22.1%	50.1%
Property	0.7%	0.0%	0.7%
Bonds	6.8%	0.0%	6.8%
Cash	41.7%	0.7%	42.4%
Total	77.2%	22.8%	100%

Top 10 Equity Holdings

Anglo	Ericsson LM ADR
Sasol	Reinet Investments
Microsoft	British Am. Tobacco
Suprgrp	Qualcomm Inc
SunInt	Lonmin



Annualised Performance

as at 30 April 2014*

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

	1 year	2 years	3 years
Fund	19.80%	17.21%	12.57%
Benchmark	11.35%	11.26%	11.29%

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

met
collective investments

Northstar Met Managed Fund - April 2014

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

2014 has, to date, been a period characterized by a changing market tide.

For the past couple of years, we have felt very at ease actively exposing our portfolios to South African equities, been underweight in terms of long duration bonds and very selective with property exposure. Unfortunately, the previous ease with which we have found value in the domestic stock market has diminished this year. However, offsetting this, bonds have at times, offered better opportunities and we have been very active in the bond market. Our view on property remains decidedly negative.

Equities concern us from a bottom-up perspective. Our basic valuation process with respect to stocks assesses a company in terms of what it is worth if it achieves a normal and sustainable level of profitability. This negates the extreme highs and lows that an income statement experiences over the course of a company's life.

In addition to valuing the business on known factors and establishing an intrinsic value, we extend this process to account for influences that we deem possible but not present within the business at this point in time. In so doing, we aim to account for positive and negative externalities, allowing us to work towards a bull and a bear case for each company. This fortifies our understanding of the company's valuation and provides insight into a pay-off profile or the asymmetry of returns - we can now establish whether the upside is much more than the downside.

A present concern for the Northstar Investment Team is that companies on the JSE are trading at levels very close to our intrinsic values. In fact, the potential upside on our 'Buy List', which is comprised of the best quality, highest value stocks on our market with the greatest potential returns (according to our extensive research) has shrunk to single digits. It is becoming increasingly clear that our market is pricing in a very rosy picture - edging towards our bull case on many companies. We feel uncomfortable following a market that is slowly but surely disconnecting from prudent long-term valuations based on sustainable profit levels.

The Northstar Met Managed Fund continues to attract excellent inflows and, as our investors are aware, we pulled our foot off the accelerator in April and allowed the fund to build cash as we have not been deploying capital into equities. In fact, we have been net sellers over the last couple of months. We are not sure whether this strategy will prove painful in the short-term, however, we are adamant that we will not populate any portfolio we manage (a multi-asset fund) with any instruments that trade above intrinsic value, thus not allowing for a 'margin of safety'.

Fortunately, we do not have the same problem abroad and our 'Buy List' of offshore companies continues to provide us with prospective annualized returns in double digits in the years ahead. We are presently visiting companies abroad and, although many stocks are not as cheap as they were when we actively started buying in 2008, we are still finding opportunities in high quality businesses.

In conclusion, we again did well in April with respect to acquiring a small bond stake. Our intention remains one of building a solid bond holding in the fund during periods of market mispricing, however, when we have taken a position in anticipation of building exposure, the market has rallied and stocks have hit our intrinsic values. In April, we bought the R214 (26.8 year maturity and a modified duration of 10.4), the position being a rather small 2% of the value of the fund. Post purchasing these gilts, yields rallied hard, resulting in a capital return of 3%. Whilst happy with the unexpected return, we unfortunately, had to realize the position as these instruments had moved from being undervalued to fair value.

FAIS Conflict of Interest Disclosure

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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 (RF) (Pty) Ltd, 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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