



NORTHSTAR

ASSET MANAGEMENT

Northstar MET Managed Fund - August 2014

Portfolio Information

Portfolio value:	R471.8 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:	14h00
Date of income payment:	2nd working day of July/Jan		

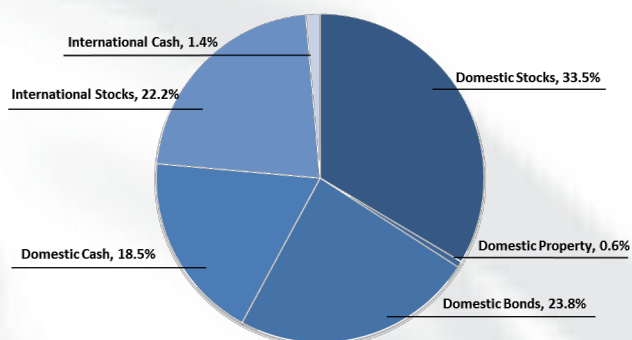
Performance Fee:

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)	Annual Management Fee (incl.VAT)
	Performance Fees	Performance Fees
	Other costs	Other costs
	Total TER	Total TER
	1.54%	1.54%
	1.71%	1.69%
	0.05%	-0.08%
	3.30%	3.15%

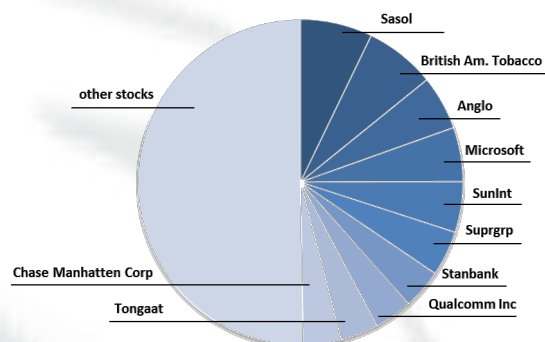
Please note: the TER has been calculated using data from 1 July 2013 to 30 June 2014. The TER is disclosed as a percentage of the average Net Asset Value of the portfolio that were incurred as charges, levies and fees related to the management of the portfolio. The TER is adjusted for significant subsequent 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	33.5%	22.2%	55.7%
Property	0.6%	0.0%	0.6%
Bonds	23.8%	0.0%	23.8%
Cash	18.5%	1.4%	19.9%
Total	76.4%	23.6%	100%



Top 10 Equity Holdings

Sasol	Supergrp
British Am. Tobacco	Stanbank
Anglo	Qualcomm Inc
Microsoft	Tongaat
Sunint	Chase Manhattan Group



Annualised Performance

as at 31 August 2014*

* the Management team changed on 1 November 2011.

	1 year	2 years	3 years
Fund	14.37	16.49	15.01
Benchmark	11.66	11.66	11.17

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 - August 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

Our July fund fact sheet delved into the reasoning for our cautious position on SA equities. Our August fund fact sheet looks at our offshore exposure and why we feel more comfortable owning global stocks on a multi-year view. It is important to again highlight that our analysis is driven by our bottom-up fundamental research process and to a lesser extent, our quantitative top-down process.

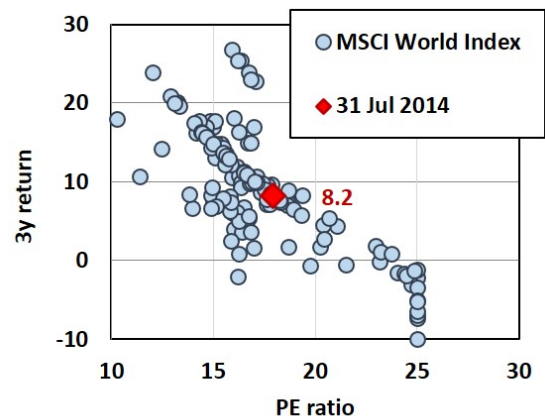
None of our work relies on unsubstantiated linkages that are so often alluded to in our industry - a typical example being the relationship between GDP and equity returns. We do not employ a guessing game approach to managing money and, instead, our focus is on two factors. The first - creating probabilities - which drives our top-down calls and the second being bottom-up company research.

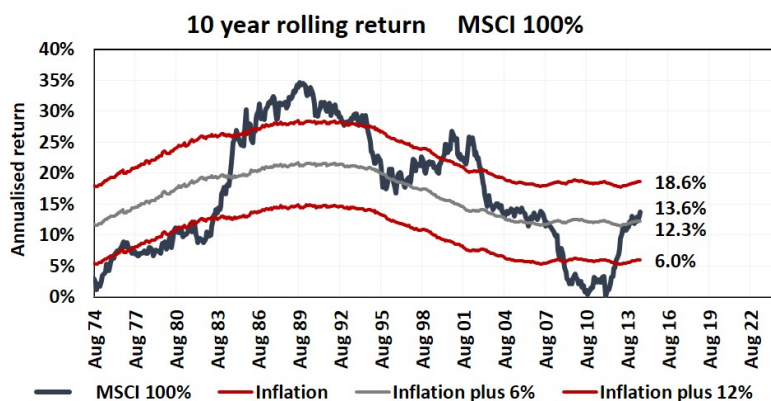
It is these two factors that are demonstrated once again in this report. Our thesis is that SA equities look expensive compared to developed market equities, but developed equities are not cheap! Coincidentally, emerging equities look attractive relative to SA and developed market stocks.

Our first graph represents a scatter diagram depicting the relationship between three-year annualized prospective dollar returns from the MSCI at varying P/E multiples. To clarify, a P/E of 10 has historically generated three-year prospective (future) annualized returns of about 18%. P/E's below 15 do not normally produce negative returns over three years. P/E's above 15 can generate negative prospective returns, but in general, returns are usually positive. These statistics create a map of probabilities and the objective is to stack numbers in your favour.

At the current multiple of 18 times, the MSCI, based on normalized prospective exit PE's, produces three year annualized dollar returns of 8.2%. Readers of our monthly commentaries (our July fund fact sheet) will be aware that comparing this MSCI scatter to the JSE scatter produces completely different results - the JSE off its current high P/E rating, on this analysis, is shown to produce single digit future returns.

On 10-year current rolling returns, going back to 1964, the MSCI is in line with its long-term average inflation adjusted return - over the past 10 years, annualized returns have been 13.6% and 6% real. In 2001, the MSCI had produced 10-year annualized returns in excess of 25% and above 12% real; it then de-rated to 0% nominal (-6% real) in 2010 but has subsequently rebounded. What this demonstrates is that there is nothing out of the ordinary about the MSCI's current return profile relative to its long history. The JSE is in stark contrast to this however, (details in our July Fund Fact Sheet) - JSE 10 year annualized returns are now as high as they were in 1987 and 2008 - all time high levels.





This is purely a snippet of the data we constantly review as we construct our portfolio. It is again worth highlighting that our quantitative top-down analysis has a diluted impact on our decision making. The most important factor driving our asset allocation is our detailed fundamental analysis on the assets we intend to buy. Where markets are priced could, in certain instances, have limited impact on our equity exposure and we might, in a generally expensive market, be finding companies where their current share prices are substantially below what we have calculated their true value to be. In this instance, our equity exposure could well be high. Unfortunately this is not the case at present on the JSE. The majority of domestic stocks going through our stringent

research process are priced by our market at premiums to what we have calculated their fair values to be. Offshore however, we feel comfortable being overweight equities as the companies in which we are invested do not reflect their underlying inherent 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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