



NORTHSTAR

ASSET MANAGEMENT

Northstar Met Managed Fund - December 2013

Portfolio Information																																			
<p>Portfolio value: R312.6 million</p> <p>Original buying price: 95.00 cents</p> <p>Minimum Investment: R10 000 lump sum or R500 monthly debit order</p> <p>Manager's upfront charge (max): 0.00% (incl. VAT)</p> <p>FSP upfront comm (max): 3.42% (incl. VAT)</p> <p>Annual management fee: 1.54% (incl. VAT)</p> <p>Formation date: 01 / 03 / 1998</p> <p>Date of income declaration: 30 June / 31 Dec</p> <p>Date of income payment: 2nd working day of July/Jan</p>	<p>2010 distribution: 4.98 cpu</p> <p>2011 distribution: 3.50 cpu</p> <p>2012 distribution: 3.76 cpu</p> <p>Benchmark: CPI + 5% over a 2 year rolling period</p> <p>Risk: Moderate</p> <p>Fund Classification: SA Multi Asset High Equity</p> <p>Valuation time: 15h00</p> <p>Transaction time: 13h00</p>																																		
<p>Performance Fee:</p> <p><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></p>	<p>Total Expense Ratio (TER):</p> <p>Northstar MET Managed Fund: 1.55%</p> <p>Northstar MET Managed Fund A1: 1.44%</p> <p><small>Please note: the TER has been calculated using data from 1 October 2012 to 30 September 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.</small></p>																																		
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Asset Class</th> <th style="text-align: right;">Domestic</th> <th style="text-align: right;">International</th> <th style="text-align: right;">Total</th> </tr> </thead> <tbody> <tr> <td>Stocks</td> <td style="text-align: right;">29.4%</td> <td style="text-align: right;">22.6%</td> <td style="text-align: right;">52.0%</td> </tr> <tr> <td>Property</td> <td style="text-align: right;">0.9%</td> <td style="text-align: right;">0.0%</td> <td style="text-align: right;">0.9%</td> </tr> <tr> <td>Bonds</td> <td style="text-align: right;">4.6%</td> <td style="text-align: right;">0.0%</td> <td style="text-align: right;">4.6%</td> </tr> <tr> <td>Cash</td> <td style="text-align: right;">40.7%</td> <td style="text-align: right;">1.8%</td> <td style="text-align: right;">42.5%</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">75.6%</td> <td style="text-align: right;">24.4%</td> <td style="text-align: right;">100.0%</td> </tr> </tbody> </table>	Asset Class	Domestic	International	Total	Stocks	29.4%	22.6%	52.0%	Property	0.9%	0.0%	0.9%	Bonds	4.6%	0.0%	4.6%	Cash	40.7%	1.8%	42.5%	Total	75.6%	24.4%	100.0%	<p>Top 10 Equity Holdings</p> <table style="width: 100%;"> <tr> <td>Suprgrp</td> <td>Stanbank</td> </tr> <tr> <td>Sasol</td> <td>British Am. Tobacco</td> </tr> <tr> <td>Anglo</td> <td>ING Groep NV</td> </tr> <tr> <td>Microsoft</td> <td>MTN Group</td> </tr> <tr> <td>Tesco PLC</td> <td>Adcorp</td> </tr> </table>	Suprgrp	Stanbank	Sasol	British Am. Tobacco	Anglo	ING Groep NV	Microsoft	MTN Group	Tesco PLC	Adcorp
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Annualised Performance

as at 31 December 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 - December 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

Probably the most topical discussion point to initiate our final commentary of 2013 for the Northstar Met Managed Fund is that of the South African rand.

We have alluded to the fact that tapering is not emerging-market-friendly and have accepted the common belief that reducing liquidity in the global financial system will undoubtedly raise the cost of funding (particularly for emerging economies) and force marginal foreign investors to demand a higher carry, which results in higher interest rates!

However, should low interest rate levels be maintained by central bank authorities (due to slow domestic demand), then the natural equalizing factor has to be their currencies. To a large extent, this is precisely what is playing out in global markets at the moment, and South Africa is no exception.

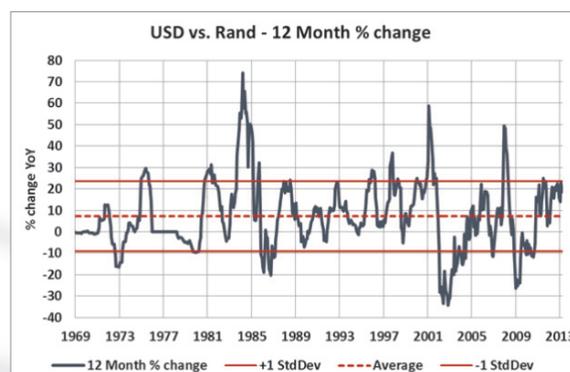
Since the start of 2011, the South African rand has weakened by almost 61% against the US \$ or 16.7% per annum. During this period our currency has devalued by 65% against the euro or 17.6% per annum. In 2013 alone, the rand fell by 15.5% against the dollar and 18% against the euro. This should be placed in context with the rand's normal slow slide against developed market currencies, which is driven by the inflation differential between ourselves and our trading partners. Since the beginning of 2004, our currency has weakened by 5% annually against the euro and 4.2% annually against the dollar. If we go back to 1974, we will see that the rand has weakened on average by 7.3% annually against the dollar - clearly more than since 2004, but a lot less than the high double digit retreat that we have witnessed over the past two years.

The last time the rand weakened by such a magnitude was from February 2006 (ZAR 9.8 to a euro) to March 2009 (ZAR 13.15 to a euro) - an annualized collapse of 22%. The rand subsequently recovered by 33% over the next two years!

We are not rand bears at present and are more inclined to view our currency as oversold at levels over ZAR 10.5 to the US \$. However, we must admit to being concerned about the high foreign ownership levels of certain companies, equity sectors and other assets that we deem overvalued in SA and believe that retailers are a prime example of this. It is our contention that foreigners invested in inappropriately valued SA assets will be disappointed by these investments and risks remain high for further cash outflows from the domestic equity and bond markets - it is well documented that this has already been happening in 2013.

With our renewed yet cautious interest in certain domestic government bonds, as well as our exposure to certain domestic interest rate sensitive companies (such as Standard Bank and Super Group), the direction of the rand becomes meaningful. This is equally true for exposures which we have to dual listed companies, many of which have their prices made in foreign markets such as London - a weak domestic currency leads to their SA share prices appreciating ceteris paribus.

Evidently, there is a complex array of forces at play for the rand right now, leading to a large range of potential outcomes. For this reason, we do not believe that a binary bet on either rand strength or rand weakness is appropriate at this point in time and we are slowly moving towards a rand-neutral portfolio.



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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