



# NORTHSTAR

ASSET MANAGEMENT

## Northstar Met Managed Fund - February 2013

Portfolio Information			
<b>Portfolio value:</b>	<b>R175.3 million</b>	2010 distribution:	4.98 cpu
Original buying price:	95.00 cents	2011 distribution:	3.50 cpu
Minimum Investment:	R10 000 lump sum or R500 monthly debit order	2012 distribution:	3.68 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:	1st working day of July/Jan		

<b>Performance Fee:</b>	<b>Total Expense Ratio (TER):</b>	<b>1.51%</b>
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.	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.	

Asset Class	Domestic	International	Total	Top 10 Equity Holdings	
Stocks	38.7%	21.8%	60.5%	Suprgrp	Omnia
Property	1.7%	0.0%	1.7%	Anglo	Angloplat
Bonds	7.2%	0.0%	7.2%	Tesco PLC	Reunert
Cash	29.2%	1.5%	30.6%	Sasol	Microsoft
<b>Total</b>	<b>76.8%</b>	<b>23.2%</b>	<b>100.0%</b>	Kgmedia	Brimstn N

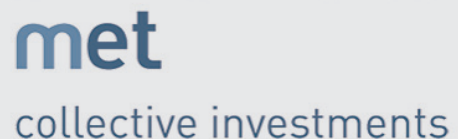
### Annualised Performance\* as at 28 February 2013

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

	1 year	3 years	5 years
<b>Fund</b>	15.64%	9.95%	5.72%
<b>Benchmark</b>	10.58%	9.96%	11.63%

#### 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 - February 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

The Northstar Met Managed Fund continues to enjoy strong tail winds that we ascribe to three key factors:

- Our decision 18 months ago to lift the offshore weighting in the fund to the maximum allowable level of 25%.
- Our decision 18 months ago, to get close to maximum exposure to equities within our offshore holdings and focus this exposure on developed market companies.
- Sound stock selection in both the domestic and offshore environment.

Against these positive factors, the fund has been conservatively weighted in domestic equities – approximately 40%. Had our exposure been higher in this area, the portfolio's sound returns over the past 12 months could have been even better.

It should be borne in mind however, that our benchmark is to beat inflation plus 5% and the fund returned in excess of inflation plus 10% for the year. The current managers of the Northstar Met Managed Fund have a track record exceeding 14 years in managing a balanced fund with annualized returns exceeding inflation plus 10% and this has been achieved whilst simultaneously managing risk both in terms of standard deviation and absolute returns as can be seen by the high levels of positive months.

We must admit to the last 12 months surprising us in terms of the market's performance, we were expecting a significantly more muted response from equities. In rand terms, the JSE produced returns of 19.3%, with Health care a touch short of 50% and Consumer Goods up 44%, being the most explosive sectors. Basic Materials delivered a 5% negative return (this sector constitutes the largest weighting in the All Share Index of 27%).

Our current weighting in equities is 62%, the level we have operated at for most of the past year. Our most aggressive call remains being 23% offshore exposed and 94% of this being equity based. Although in hindsight, we should have been more bullish on the SA market; our decision to overweight offshore equities was spot-on. In US dollar terms, the JSE produced a return of -4.7% over the past 12 months. For the same period, in dollars, the S&P did 13.5%, the Dax 10.4% and the Cac 10.1%.

We struggle to justify exiting our positions in large, secure multinationals that are financing their businesses with long-duration credit at historically low levels. Comparing purely the dividend yields on quality global franchises to the natural alternative, that being developed fixed income markets; we find, at this point, no compelling justification to switch into fixed income markets offering rates of 0.67% (Japanese 10 year Government bond), 1.45% (Eurozone 10 year Government bond) or even the "lofty" yields available in the UK on 10-year paper of 1.97%. That said, the extent to which equities were almost a risk-free trade 18 months ago, is no longer the case and many good businesses are now being rated for the quality that they offer!

On the local front, the larger cap diversified domestic industrial and financial companies have produced steady earnings and in general not disappointed the market. On the consumer side of things however, particularly in retail, earnings disappointments have begun to emerge and our perpetual warnings of severe pull backs in share prices have now finally unfolded. We continue to struggle to find compelling value in SA industrials but on a stock by stock basis, opportunities do exist, particularly in the mid cap space. Resource earnings have been severely impacted by domestic wage negotiations and other local cost pressures. The diversified miners, particularly Anglos have also been affected by inappropriate capital allocation and write downs on investments. In general, we view the commodity companies as cheap but we are expecting a long runway before earnings quality and predictability improves. In weakness, we will raise our exposure to cyclical businesses but in a highly selective manner.

### 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%
<b>Total Management Fee:</b>	<b>1.35%</b>
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, Tel (021) 940-5981, Fax (012) 675-3889, Call Centre, Tel: 0860 100 279, Email: ci.clientservice@momentum.co.za, PO Box 925 Bellville 7535, Registration No 1991/03741/06

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 Limited 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/MoneyMate, 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 Limited 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 Limited 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's product.