met
collective investments

MET Managed Fund

July 2012

The management team of this fund changed on 01 August 2011.

Fund Managers

PSG Asset Management

Neels van Schaik
B.Com (Econ) (Stel); CFA

Adrian Clayton
B.Soc Sc. (UCT);
PDM (UCT);
MBL (UNISA)

Portfolio Information

Portfolio value:	R135.2million
Original buying price:	95.00 cents
Minimum Investment:	R5 000 lump sum or R500 monthly debit order
Manager's upfront charge (max):	0.00% (incl. VAT)
FSP upfront comm (max):	0.00% (incl. VAT)
Annual service fee:	1.54% (incl. VAT)
Formation date:	13/02/1998
Date of income declaration:	31 Dec/30 June
Date of income payment:	7 Jan/7 July
2010 distribution:	4.98 cpu
2011 distribution:	3.50 cpu
Benchmark:	CPI + 5% over a 2 year rolling period
Risk:	Moderate
Fund Classification:	Domestic Prudential Variable Equity
Valuation and Transaction time:	15h00

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 and high water mark 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: 1.81%

Please note: the TER has been calculated using data from 1 July 2011 until 30 June 2012. The TER is disclosed as % of the average Net Asset Value of the portfolio that were incurred as charges, levies and fees related to the management of the portfolio and underlying portfolios. 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.

Investment Objective

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

Asset Allocation

	Current	Benchmark
Domestic Stocks	36%	55%
International Stocks	23%	14%
Total Stock Exposure	59%	69%
Preference Shares	0%	0%
Property	2%	0%
Domestic Bonds	2%	10%
Domestic Cash	36%	10%
International Cash & Other	1%	11%
Total Fixed Income Exposure	41%	31%

Top Holdings

Steinhoff International Holdings	5.2%
Tesco Plc	5.2%
Sasol	5.1%
Anglo American	4.7%
Supergroup	4.5%
Kagiso Media	3.5%
Microsoft	2.9%
Reunert	2.5%
MTN Group	2.5%
Brimstone	2.2%

Annualised Performance

as at 31 July 2012

	Fund	Benchmark
1 year	7.67%	10.88%
3 years	7.59%	10.12%
5 years	4.28%	11.94%

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.

Deposits can be made at any ABSA Bank

Account Number:	360 000 931
Bank Code:	31 21 09
Bank:	ABSA
Please fax deposit to:	(021) 940 4856

Custodian: Standard Executors & Trustees: Tel (021) 401-2286. MET Collective Investments Limited Parc du Cap Mispel Road Bellville, PO Box 925 Bellville 7535 Tel (021) 940-5981, Fax (021) 940-5885
Call Centre, Tel: 0860 100 279 Registration No 1991/03741/06.

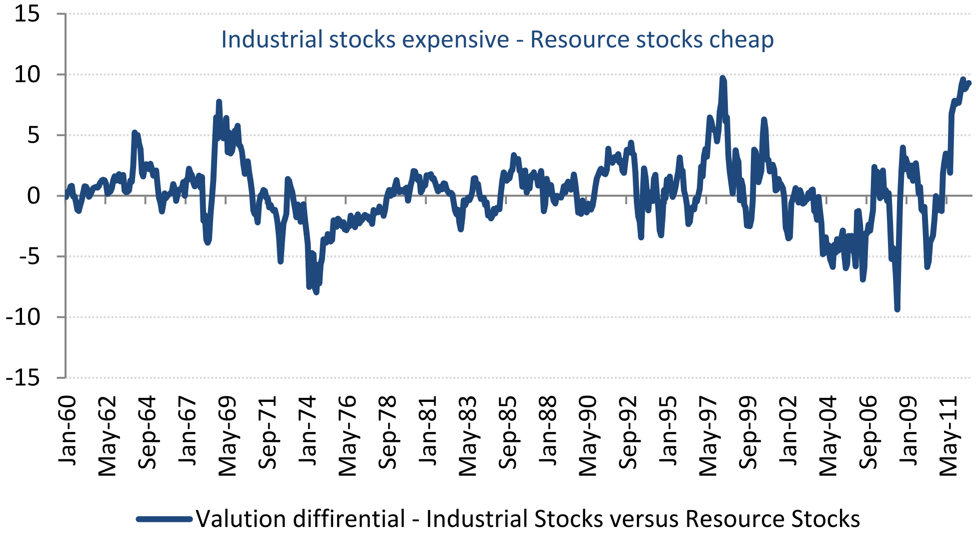
MET Managed Fund

July 2012

Fund Managers Commentary

Ongoing concerns about a global economic slowdown continue to weigh on cyclical industries. Meanwhile investors continue to flock to SA industrial stocks, in particular interest rate sensitive industries. The divergence in valuations between these two areas in the market has only been at such extremes once in the past, in 1998, and was almost as wide in December 1969.

While this outperformance in interest rate sensitive industries, at the expense of cyclical businesses, can continue in the short term, investors are taking on significant risk of capital loss over the medium to long term owning these industrial companies at current levels.



We have avoided and sold some of our industrial companies over the last year that reached our assessment of fair value, and started buying into selective cyclical businesses. The obvious question is why we started buying these companies and the answer lies in our conservative assessment of these businesses' long term earnings power, which is underappreciated by the market. We have therefore sacrificed short term performance, but we believe it is the prudent strategy in order to preserve and grow our investors' capital in the long run.

Interest rates are at record low levels in many parts of the world, including South Africa. Although this low interest rate environment might prevail for some time, it does distort valuations of certain assets, which is why investors need to be realistic in their expectations and valuation assumptions. Low interest rates act as an anchor for yields of all asset classes, but this is temporary in nature.

We have lowered our bond exposure towards the end of July post the recent interest rate cut by the South African Reserve Bank and the subsequent rally in bond yields across the whole maturity spectrum. Given the valuation of certain sectors in the stock market and the commensurate increase in the risk of capital loss, we believe bonds probably pose a lower risk of capital loss. We view both property and bonds as important building blocks in a portfolio in an environment where most asset classes offer low real returns, but only at the right yield.

Custodian: Standard Executors & Trustees: Tel (021) 401-2286. MET Collective Investments Limited Parc du Cap Mispel Road Bellville, PO Box 925 Bellville 7535 Tel (021) 940-5981, Fax (021) 940-5885
Call Centre, Tel: 0860 100 279 Registration No 1991/03741/06.