

## 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%
<b>Total Stock Exposure</b>	<b>59%</b>	<b>69%</b>
Preference Shares	0%	0%
Property	2%	0%
Domestic Bonds	2%	10%
Domestic Cash	36%	10%
International Cash & Other	1%	11%
<b>Total Fixed Income Exposure</b>	<b>41%</b>	<b>31%</b>

### 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

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

as at 31 July 2012

### 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.

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. 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. 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.

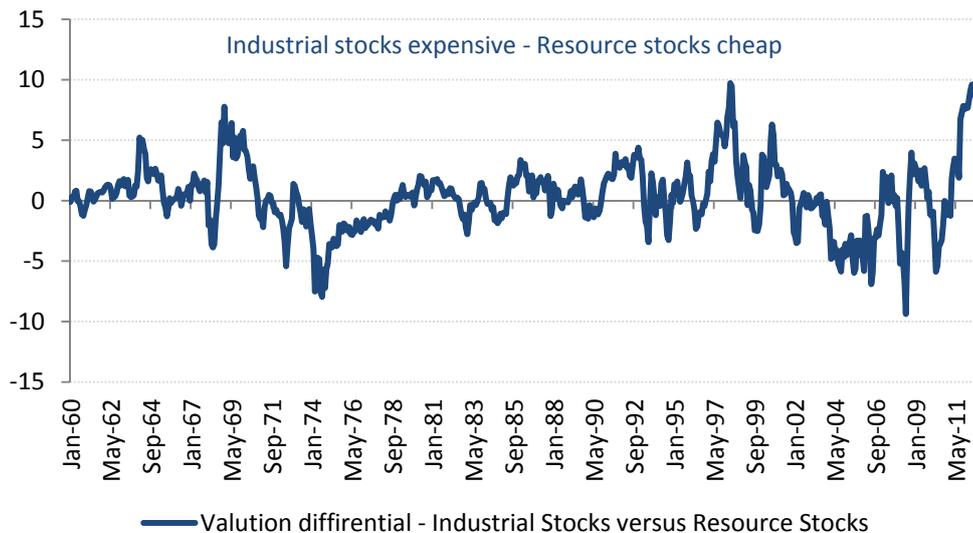
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### Fund Managers Commentary

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.