



NORTHSTAR

ASSET MANAGEMENT

Northstar Met Managed Fund - June 2013

Portfolio Information																																			
<p>Portfolio value: R222.2 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: 1.53%</p> <p>Northstar MET Managed Fund A1: 1.36%</p> <p><small>Please note: the TER has been calculated using data from 1 April 2012 to 31 March 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;">39.8%</td> <td style="text-align: right;">20.1%</td> <td style="text-align: right;">59.8%</td> </tr> <tr> <td>Property</td> <td style="text-align: right;">1.3%</td> <td style="text-align: right;">0.0%</td> <td style="text-align: right;">1.3%</td> </tr> <tr> <td>Bonds</td> <td style="text-align: right;">6.5%</td> <td style="text-align: right;">0.0%</td> <td style="text-align: right;">6.5%</td> </tr> <tr> <td>Cash</td> <td style="text-align: right;">30.8%</td> <td style="text-align: right;">1.5%</td> <td style="text-align: right;">32.3%</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">78.4%</td> <td style="text-align: right;">21.6%</td> <td style="text-align: right;">100.0%</td> </tr> </tbody> </table>	Asset Class	Domestic	International	Total	Stocks	39.8%	20.1%	59.8%	Property	1.3%	0.0%	1.3%	Bonds	6.5%	0.0%	6.5%	Cash	30.8%	1.5%	32.3%	Total	78.4%	21.6%	100.0%	<p>Top 10 Equity Holdings</p> <table style="width: 100%;"> <tr> <td>Suprgrp</td> <td>Omnia</td> </tr> <tr> <td>Sasol</td> <td>Microsoft</td> </tr> <tr> <td>Tesco PLC</td> <td>MTN Group</td> </tr> <tr> <td>Anglo</td> <td>Angloplat</td> </tr> <tr> <td>Kgmedia</td> <td>ING Groep NV</td> </tr> </table>	Suprgrp	Omnia	Sasol	Microsoft	Tesco PLC	MTN Group	Anglo	Angloplat	Kgmedia	ING Groep NV
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Annualised Performance as at 30 June 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 - June 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

At Northstar we continue to work tirelessly to find companies where growth prospects and a margin of safety converge to justify positions being held for our clients.

Our screening models are definitely directing us to high impact areas of the domestic and offshore markets where value is more apparent. Our research team is finding opportunities, but it is interesting to note that most of our deep dives are presently producing low to medium conviction buys, as against the high conviction opportunities found in the last few years. Thus from a bottom-up perspective, we are able to still put money to work, but with an overlay of caution.

Our bottom-up work is consistent with a backdrop which is not as equity friendly as was the case a year ago. This is being reflected in volatility in markets, particularly emerging markets. In US\$ terms, the MSCI Emerging market's index has collapsed 9.4% since January whereas the S&P has gained 13.8%. 2013 has seen a powerful drive from investors to exit cyclical markets that were previously buoyed by excessive money expansion – bond markets, emerging equities and beta currencies have borne the brunt of a flight to 'safety'. The extent of sell off is evident by looking at large markets, the likes of the Bovespa (-27.8%) and South Africa (-15.5%).

The current environment is fascinating, on the one hand, global equities trade on an undemanding forward P/E of 12.8 times (on consensus earnings) versus a long-run average of 15.8 times forward. On the other hand, higher bond yields; tapering QE and consensus earnings showing constant downgrades is negative for equities. Presently, global earnings are expected to rise about 10% to 12% for the next 12 months.

Emerging markets are actually beginning to look reasonable value, with some trading on sub double digit forward multiples, a level from which historically, excellent prospective returns have been derived. Russia is on a forward P/E of 5, just as cheap as it was in 2009.

What is worrying market participants however, is that profit levels look elevated in certain geographic zones (the US, a prime example). Although this is a concern, what is encouraging is that when assessing valuations using a cyclically adjusted P/E, which is a method to strip-out short-term profit peaks and troughs, the long-term non cyclical P/E for the World Index is 19 times against a long-term average of 24 – therefore not too rich. As mentioned above though, markets are not a dripping roast as was the case in 2008 when the cyclically adjusted P/E was a mere 12.5 times earnings.

Against most markets, the JSE looks expensive, our bottom-up research demonstrates this clearly and so do all the overall market statistics such as P/B, P/E, Dividend yield and the cyclically adjusted P/E. All that said, through sheer hard work, we continue to find stocks that are worth introducing into the portfolio and in the last month, we made as much as 18% in one small position which we introduced only a few weeks prior to quarter end. Such gains are not everyday occurrences, but it does talk to our granular work in tough markets.

In conclusion, current markets are volatile and demand a robust investment process with an obsessive focus on research to generate above average returns. We believe this is exactly the environment in which we thrive which is reflected in an excellent period of performance this last quarter for our clients at Northstar.

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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