

## MET Managed Fund

June 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:	R130.4million
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:** 1.83%

Please note: the TER has been calculated using data from 1 April 2011 until 31 March 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	34%	55%
International Stocks	20%	14%
<b>Total Stock Exposure</b>	<b>55%</b>	<b>69%</b>
Preference Shares	0%	0%
Property	0%	0%
Domestic Bonds	4%	10%
Domestic Cash	40%	10%
International Cash & Other	1%	11%
<b>Total Fixed Income Exposure</b>	<b>46%</b>	<b>31%</b>

### Top Holdings

Tesco PLC	5.1%
Anglo American	5.1%
Sasol	4.4%
Steinhoff International Holdings	4.4%
Supergroup	4.4%
Kagiso Media	3.7%
Microsoft	3.1%
MTN Group	2.3%
Brimstone	2.2%
Reunert	2.1%

### Annualised Performance

	Fund	Benchmark
<b>1 year</b>	5.16%	10.84%
<b>3 years</b>	7.56%	10.16%
<b>5 years</b>	4.27%	11.96%

### 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. 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. 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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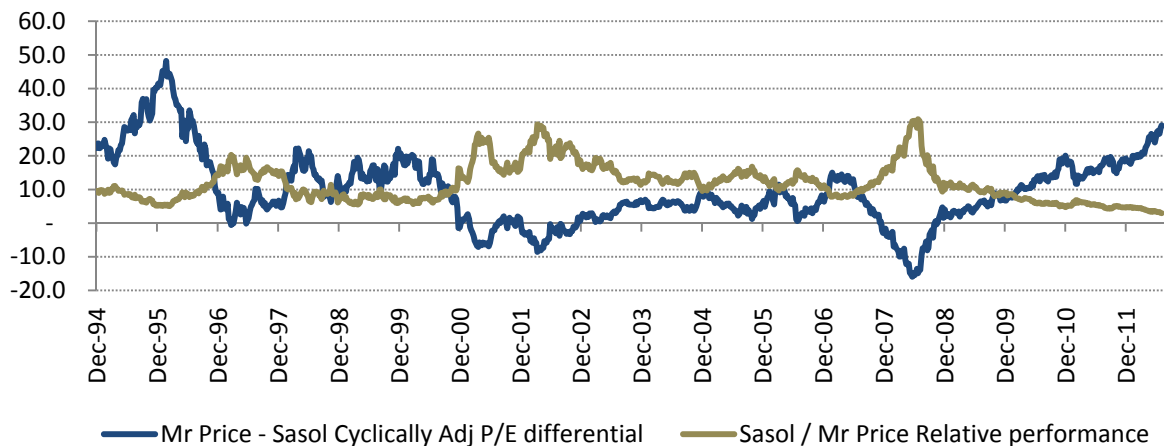
### Fund Managers Commentary

The failure of European leaders to find firm and enduring solutions for the European financial crisis, after yet another summit, is holding global stock markets hostage. Domestic stocks have given back most of their gains achieved during the first half of June.

Despite these global economic and political upheavals, domestic industrial stocks remain resiliently elevated and consequently, expensive. Our preference is to own high quality businesses over time, these we define as companies that deliver fairly stable cash profits over long time periods due to the competitive advantages that exist within their business models. These companies are unfortunately the most expensive area of the domestic stock market currently.

On the other end of the spectrum, cyclical companies which tend to deliver unpredictable cash flow streams, have suffered the most as a result of the financial crisis. Some of these companies are pricing in a permanent impairment of their businesses, which we believe to be an incorrect assessment by the market. Given our contrarian investment approach, we are now buyers of these companies.

The attached graph illustrates our point above; it shows the dislocation between general retailers and resource producers, comparing the cyclically adjusted price-to-earnings ratio of Mr Price to Sasol (blue line). We use the average 5 year profits for both companies. The last time Mr Price traded at such a large premium to Sasol was in the mid-nineties. The gold line shows that Mr Price has never managed to sustain its outperformance once it reaches these extreme valuations. Something extraordinary therefore needs to happen for Mr Price to sustain its current premium relative to Sasol.



In our portfolios we do not own any domestic retailers, while Sasol is a fairly sizable holding. We are very aware that the current outperformance of domestic industrials like Mr Price can continue for an extended period of time, but we view the risk of permanent capital loss within these companies, given time, as very high! The combination of high ratings and record profit levels is, in our view, a lethal concoction that offers limited scope for earnings disappointments which is inevitable for any industry or company. Yet another concern is that these extreme rating and profit levels are reliant on artificially low interest rates, this to must not be regarded as a perpetual state.

From an asset allocation perspective, we remain comfortable being defensive. However, our equity position is above benchmark offshore based on valuations. The volatile nature of the market has meant that our large cash position is not acting as a performance drag and the fund's exposure to bonds, is outperforming cash. While interest rates maintain their current flat trajectory, we are still comfortable with our bond holding, and into weakness will consider raising the levels of inflation linked bonds as well as conventional bonds at the shorter end of the maturity spectrum.