met

collective investments

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)

Asset Allocation

	Current	Benchmark
Domestic Stocks	34%	55%
International Stocks	20%	14%
Total Stock Exposure	55%	69%
Preference Shares	0%	0%
Property	0%	0%
Domestic Bonds	4%	10%
Domestic Cash	40%	10%
International Cash & Other	1%	11%
Total Fixed Income Exposure	46%	31%

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.

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

as at 30 June 2012

	Fund	Benchmark
1 year	5.16%	10.84%
3 years	7.56%	10.16%
5 years	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.

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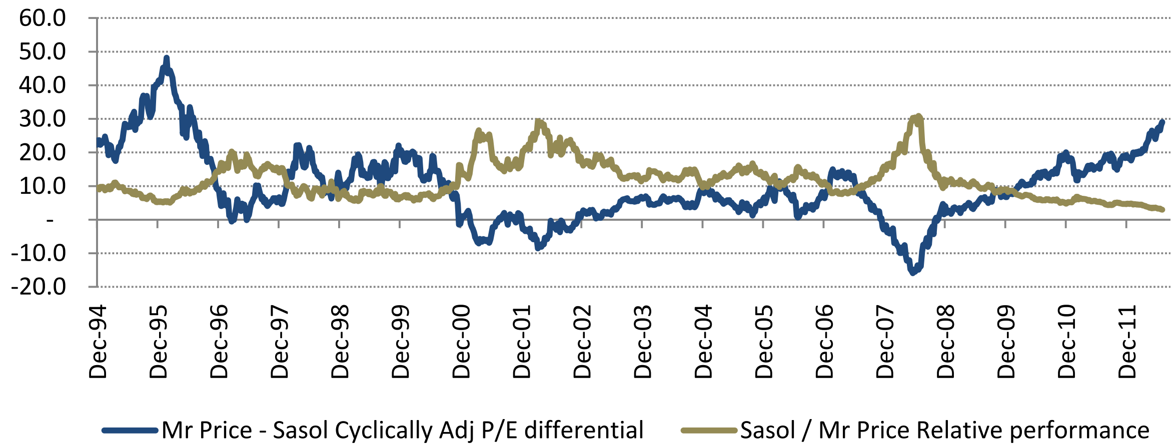
Fund Managers Commentary

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.

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