



NORTHSTAR
ASSET MANAGEMENT

Northstar Met Managed Fund - May 2013

Portfolio Information																											
Portfolio value: R216.6 million Original buying price: 95.00 cents Minimum Investment: R10 000 lump sum or R500 monthly debit order Manager's upfront charge (max): 0.00% (incl. VAT) FSP upfront comm (max): 3.42% (incl. VAT) Annual management fee: 1.54% (incl. VAT)		2010 distribution: 4.98 cpu 2011 distribution: 3.50 cpu 2012 distribution: 3.76 cpu Benchmark: CPI + 5% over a 2 year rolling period Risk: Moderate Fund Classification: SA Multi Asset High Equity Valuation time: 15h00 Transaction time: 13h00																									
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 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 (TER): Northstar MET Managed Fund: 1.53% Northstar MET Managed Fund A1: 1.36% <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>																									
<table border="1"> <thead> <tr> <th>Asset Class</th> <th>Domestic</th> <th>International</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Stocks</td> <td>35.8%</td> <td>21.6%</td> <td>57.4%</td> </tr> <tr> <td>Property</td> <td>1.3%</td> <td>0.0%</td> <td>1.3%</td> </tr> <tr> <td>Bonds</td> <td>6.8%</td> <td>0.0%</td> <td>6.8%</td> </tr> <tr> <td>Cash</td> <td>33.0%</td> <td>1.5%</td> <td>34.5%</td> </tr> <tr> <td>Total</td> <td>76.9%</td> <td>23.1%</td> <td>100.0%</td> </tr> </tbody> </table>	Asset Class	Domestic	International	Total	Stocks	35.8%	21.6%	57.4%	Property	1.3%	0.0%	1.3%	Bonds	6.8%	0.0%	6.8%	Cash	33.0%	1.5%	34.5%	Total	76.9%	23.1%	100.0%	Top 10 Equity Holdings Suprgrp Sasol Anglo Tesco PLC Kgmedia Omnia Microsoft Angloplat MTN Group ING Groep NV		
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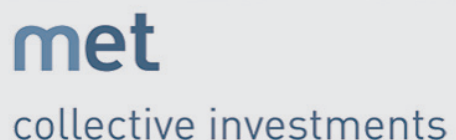
Annualised Performance
as at 31 May 2013*

*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



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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.

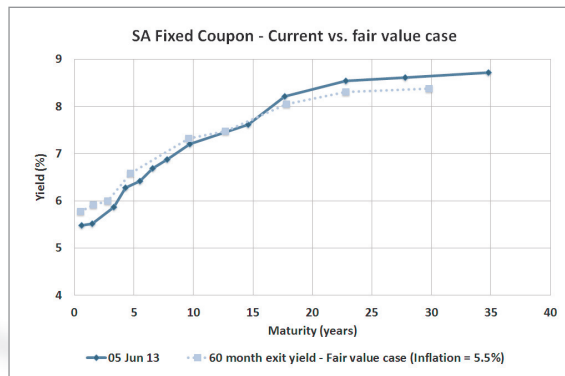
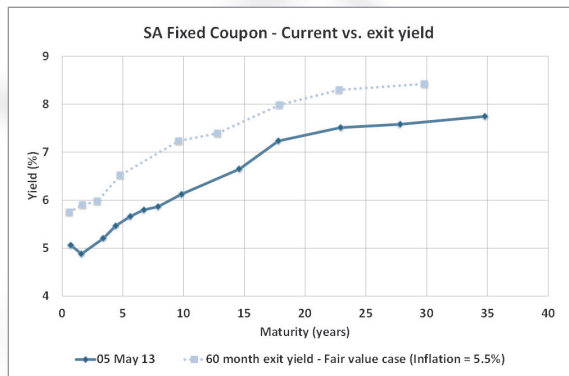
Investment Objectives

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

Fund Managers Commentary

We have been extremely cautious on the South African stock market and most risky asset groups in the last few months of 2013.

On the 5th of May we presented at a Momentum conference providing our views on the various domestic asset classes, assessing major asset classes from a return perspective. We initiated the analysis by assessing the SA nominal bond curve, looking at each bond on the curve and gauging the risk being taken by investors for the duration of the investment. In our opinion, SA bonds were totally overvalued and we created our own notional curve showing what yield each bond should be at, considering consensus inflation of 5.5%. From this analysis, we also valued other yielding assets, including inflation linkers and property. Our analysis clearly showed that inflation linkers were the most overvalued, nominal bonds were also dangerously overvalued (pricing in 4.5% inflation versus consensus of 5.5%). Property we decided to avoid due to bonds being vulnerable. Since our analysis, SA property has declined by 11.1%. Below, we show our notional bond curve (light blue curve - where we thought bonds should have been priced) versus the actual bond curve (dark blue) on the 5th of May. Since then, bonds have had a huge correction, with double digit capital losses on the long end – we show the curve at the 5th of June, exactly a month after we spoke at the conference.



What is evident from the second graph; is how the dark blue line (the actual bond) curve has shifted almost precisely onto our expected or notional bond curve since our presentation. The SA All Bond Index lost 4.64% in May with the long end producing capital losses in excess of 7%.

This analysis extended to equities, from a top down perspective, we valued each major area of the market by normalizing profit levels and valuations. Purely from a top down perspective, this showed that industrials were overvalued, financials were fairly valued and resources looked to offer value. This view has not changed, albeit that our portfolio does contain many mid cap industrials that we do not think are overvalued.

We remain very cautious on markets but will use weakness in specific areas to purchase selective favoured equity, bond and property counters.

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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