METROPOLITAN
COLLECTIVE INVESTMENTS

Metropolitan Managed Fund

November 2011

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:	R58.3 million
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:	2.29 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: 1.40%

Please note: the TER has been calculated using data from 1 October 2010 until 30 September 2011. 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 Metropolitan Managed Fund is to offer investors moderate to high long term total returns.

Asset Allocation

	Current	Benchmark
Domestic Stocks	31%	55%
International Stocks	8%	14%
Total Stock Exposure	**39%**	**69%**
Preference Shares	0%	0%
Property	0%	0%
Domestic Bonds	5%	10%
Domestic Cash	49%	10%
International Cash & Other	7%	11%
Total Fixed Income Exposure	**61%**	**31%**

Top Holdings

Anglo	4.21%
Kagiso Media	3.81%
Supergroup	3.63%
Steinhoff	3.52%
MTN Group	3.50%
Sasol	3.21%
Microsoft	2.88%
Tesco PLC	2.31%
Reunert	2.26%

Annualised Performance

as at 30 November 2011

	Fund	Benchmark
1 year	3.58%	9.56%
3 years	5.76%	10.71%
5 years	5.21%	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. Metropolitan 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.

Metropolitan Managed Fund

November 2011

Fund Managers Commentary

The Metropolitan Managed Fund has been under new management for the past four months and any opinion on such short-term performance is superfluous as the investments that are made are done with a very long investment horizon.

Whilst 2011 has certainly not been an easy year for markets and the management of money for anyone anywhere, we are very comfortable with the way the fund has been repositioned thus far and we are confident that we would comfortably beat our inflation-plus-5% benchmark over the next couple of years. Our confidence is borne out of our tried and tested approach which we have employed on the PSG Balanced Fund, a fund we have managed for the last 13 years and which has produced outstanding inflation adjusted returns. The Metropolitan Managed Fund will be managed on precisely the same basis!

Year to date the All Share Index has returned 5.1% with Industrials being the best performing sub-sector (13.2%) and Resources being the worst performing sub-sector (-1.6%). For twelve months the ALSI has returned 11.7%. The best risk adjusted returns this last year have emanated from asset classes other than equities, the ABSA Government Inflation-linked bond index has returned 10.8% over twelve months and bonds with a duration of 7 to 12 years have produced returns of 9.5%. Our exposure in the fund has mainly been in the inflation-linked area with 70% of our 5% bond exposure inflation-linked.

The decision to maintain the fund's domestic equity exposure at low levels, not exceeding 45% since we took over management, has been the correct one given the volatility in markets and the fact that they have essentially been trending sideways since August this year. Foreign exposure, in line with our view that many asset classes abroad are in general better priced than those here, has been built up gradually to a current level of 15.1%, with exposure to offshore stocks currently sitting at 8.4%. Our total equity exposure at 39% is still significantly below benchmark of 69%, and this gap will only narrow as individual investment opportunities arise.

Since August, the fund's performance has satisfied our pre-set primary objectives which are in order of importance:

- Preserving capital.
- Producing inflation beating returns – we target inflation plus 5%.
- Producing top returns relative to peers

We enter 2012 underweight domestic equities, underweight offshore equities (but aggressively increasing it), highly exposed to cash, well exposed to inflation-linked bonds and underexposed to property. Our large domestic holdings presently include some cyclical companies – that being Steinhoff, Anglo and Sasol, but the fund also owns some mid caps, mostly industrials and predominantly compounding business models with solid moats and tested management teams. Offshore, our equity exposure is highly focused on large cap, compounding stories, a function of where value resides. We believe our portfolio is less exposed to a profit collapse, a risk inherent in the JSE with the large commodity weighting and the fund's P/B of 1.8 times and PE of just over 13, we see as fair, given the quality businesses we own.

The fund is well positioned for the year ahead, one which we view as requiring astute stock picking skills.

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. Metropolitan 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.