

## MET Managed Fund

November 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

<b>Portfolio value:</b>	R152.7million
<b>Original buying price:</b>	95.00 cents
<b>Minimum Investment:</b>	R5 000 lump sum or R500 monthly debit order
<b>Manager's upfront charge (max):</b>	0.00% (incl. VAT)
<b>FSP upfront comm (max):</b>	0.00% (incl. VAT)
<b>Annual service fee:</b>	1.54% (incl. VAT)
<b>Formation date:</b>	01/03/1998
<b>Date of income declaration:</b>	31 Dec/30 June
<b>Date of income payment:</b>	7 Jan/7 July
<b>2010 distribution:</b>	4.98 cpu
<b>2011 distribution:</b>	3.50 cpu
<b>Benchmark:</b>	CPI + 5% over a 2 year rolling period
<b>Risk:</b>	Moderate
<b>Fund Classification:</b>	Domestic Prudential Variable Equity
<b>Valuation and Transaction time:</b>	15h00
<b>Performance Fee:</b>	

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:** 1.73%

Please note: the TER has been calculated using data from 1 Oct 2011 until 30 Sept 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	38%	55%
International Stocks	23%	14%
<b>Total Stock Exposure</b>	<b>61%</b>	<b>69%</b>
Preference Shares	0%	0%
Property	2%	0%
Domestic Bonds	8%	10%
Domestic Cash	27%	10%
International Cash & Other	2%	11%
<b>Total Fixed Income Exposure</b>	<b>39%</b>	<b>31%</b>

### Top Holdings

Anglo American	6.0%
Sasol	5.2%
Tesco PLC	5.0%
Supergroup	4.5%
Steinhoff International	3.4%
Kagiso Media	3.4%
Angloplats	2.7%
ING Groep	2.6%
Reunert	2.6%
Microsoft	2.5%

### Annualised Performance

as at 30 November 2012

	Fund	Benchmark
<b>1 year</b>	12.45%	10.76%
<b>3 years</b>	8.35%	10.00%
<b>5 years</b>	4.16%	11.80%

### Investment Strategy

The portfolio will be managed in compliance with prudent 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 First National Bank

Account Holder: Met Collective Investments Ltd-METCI Client Deposit Trust  
Account Number: 623 614 33784  
Bank Code: 253 145  
Bank: FNB  
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

Looking back to the start of 2012 when expectations were limited, it has been a year of positive surprises. As we entered 2012, the European crisis was entering its fourth year, with limited visibility of any concrete solutions to the sovereign debt crisis that was engulfing the global economy. The Greek 10 year bond yield was trading at 35% while Italian 10 year yields were sitting around 7%. These yields were clearly unsustainable and something had to give. After numerous summit meetings and conventions between European politicians and central bankers, sovereign defaults in the peripheral Eurozone countries have yet again been avoided, although austerity measures has severely dented the growth potential of many Eurozone countries.

The robust stock market returns that we have seen over the last twelve months, in the context of the economic roller coaster in most parts of the global economy, is once more a very good illustration of the danger of investors focussing their investment process around macro outcomes.

However, one of the few economic variables that we feel has any significant bearing on an asset allocation process is the direction of interest rates. In our communication to clients at the beginning of the 2012 we expected muted performance from domestic stocks, but clearly underestimated the impact that interest rate compression can have on stock ratings. We maintain our view though that this part of the market is overvalued and investors who buy these companies solely on the back of prospective growth in profits will be very disappointed. Profit growth is not a prerequisite for positive stock market returns. There are many examples of very robust industrial businesses that managed to double their profits, in real terms, between 1998 and 2003 and still managed to lose investors up to 50% of their capital.

The long term return potential of any company is the yield that investors can comfortably expect over the long term, plus the growth in that yield. In many instances in the domestic market, yields are much lower than what can be sustained in an environment of normal interest rates and we expect the total return potential of these areas in the market to disappoint relative to the current market expectations.

We suspect that many investors will learn over the next few years that there is a major difference between investment skill and a bull market. The domestic stock market has generated real returns of roughly thirteen percent over the last decade, five percent per annum more than the average over the past forty years. It was relatively easy to squeeze out inflation-plus-five or eight percent returns. In future we are likely to have to sharpen our pencils a little more to achieve these returns.