



NORTHSTAR

ASSET MANAGEMENT

Northstar Met Managed Fund - November 2013

Portfolio Information																																			
<p>Portfolio value: R300.8 million</p> <p>Original buying price: 95.00 cents</p> <p>Minimum Investment: R10 000 lump sum or R500 monthly debit order</p> <p>Manager's upfront charge (max): 0.00% (incl. VAT)</p> <p>FSP upfront comm (max): 3.42% (incl. VAT)</p> <p>Annual management fee: 1.54% (incl. VAT)</p> <p>Formation date: 01 / 03 / 1998</p> <p>Date of income declaration: 30 June / 31 Dec</p> <p>Date of income payment: 2nd working day of July/Jan</p>	<p>2010 distribution: 4.98 cpu</p> <p>2011 distribution: 3.50 cpu</p> <p>2012 distribution: 3.76 cpu</p> <p>Benchmark: CPI + 5% over a 2 year rolling period</p> <p>Risk: Moderate</p> <p>Fund Classification: SA Multi Asset High Equity</p> <p>Valuation time: 15h00</p> <p>Transaction time: 13h00</p>																																		
<p>Performance Fee:</p> <p><small>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.</small></p>	<p>Total Expense Ratio (TER):</p> <p>Northstar MET Managed Fund: 1.55%</p> <p>Northstar MET Managed Fund A1: 1.44%</p> <p><small>Please note: the TER has been calculated using data from 1 October 2012 to 30 September 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></p>																																		
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Asset Class</th> <th style="text-align: right;">Domestic</th> <th style="text-align: right;">International</th> <th style="text-align: right;">Total</th> </tr> </thead> <tbody> <tr> <td>Stocks</td> <td style="text-align: right;">37.1%</td> <td style="text-align: right;">22.5%</td> <td style="text-align: right;">59.6%</td> </tr> <tr> <td>Property</td> <td style="text-align: right;">1.0%</td> <td style="text-align: right;">0.0%</td> <td style="text-align: right;">1.0%</td> </tr> <tr> <td>Bonds</td> <td style="text-align: right;">4.8%</td> <td style="text-align: right;">0.0%</td> <td style="text-align: right;">4.8%</td> </tr> <tr> <td>Cash</td> <td style="text-align: right;">32.8%</td> <td style="text-align: right;">1.8%</td> <td style="text-align: right;">34.6%</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">75.7%</td> <td style="text-align: right;">24.3%</td> <td style="text-align: right;">100.0%</td> </tr> </tbody> </table>	Asset Class	Domestic	International	Total	Stocks	37.1%	22.5%	59.6%	Property	1.0%	0.0%	1.0%	Bonds	4.8%	0.0%	4.8%	Cash	32.8%	1.8%	34.6%	Total	75.7%	24.3%	100.0%	<p>Top 10 Equity Holdings</p> <table style="width: 100%;"> <tr> <td>Suprgrp</td> <td>Tesco PLC</td> </tr> <tr> <td>Microsoft</td> <td>Kgmedia</td> </tr> <tr> <td>Sasol</td> <td>British Am. Tobacco</td> </tr> <tr> <td>Anglo</td> <td>MTN Group</td> </tr> <tr> <td>Stanbank</td> <td>ING Groep NV</td> </tr> </table>	Suprgrp	Tesco PLC	Microsoft	Kgmedia	Sasol	British Am. Tobacco	Anglo	MTN Group	Stanbank	ING Groep NV
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Annualised Performance as at 30 November 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



Northstar Met Managed Fund - November 2013

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

Although it may be a little premature considering it is not yet the end of the year, but we are beginning to look back at 2013 and observe what worked for us and what did not.

From a positive perspective, 2013 has been a high 'hit rate' year for stocks in our portfolio. If one takes the top 52 best performing companies on the JSE so far this year into account, we managed to contain a healthy dose of them. In addition, we owned very few of the worst performing companies. We believe that this is a measure of a low risk manager – better the shot gun approach with multiple hits on a target than being a sniper, relying on one or two hits (stocks) to generate all the returns for the period. Our high hit rate pushed the odds heavily in our favour.

We were also happy with our overall asset allocation in 2013. We avoided bonds, which produced returns of less than 1%; we skipped overvalued inflation linkers and did not participate in the property sector which underwent a severe sell-off (we defaulted all this exposure to cash). We also actively positioned our portfolio for rand weakness, utilizing our full offshore allowance and in this, aggressively over weighted equities. In hindsight, this was the right call.

That said, we made two mistakes this past year. The first was being underweight in domestic equities. The JSE rallied hard in 2013 and we expected a much more muted year considering valuation levels at the end of 2012. The domestic market was heavily buoyed by the currency's weakness - the ZAR inflated the value of many dual listed companies, which played a significant role in the tailwinds for the JSE. Our market had a strong year relative to various other emerging markets and the rand was instrumental in this although, in dollar terms, it was a poor performer.

The second mistake was that of under-appreciating our real strength – our research capability. Whilst we picked the winners, we did not provide enough conviction in that the exposures we had to top performing companies was too low. Our research team continues to grow and so does the quality and quantity of our research. This places us in an even better position to unearth winning businesses and we intend (within reason) to increase our bet sizes in 2014.

In conclusion, the following two observations can be made. Firstly, the Northstar Met Managed Fund operated for the year at total equity levels below 60%, mostly around 55% (this included domestic and foreign equity), yet the fund produced similar returns to the very buoyant 'all equity' JSE index (Fund up 19.02% year-to-date, the ALSI is up 17.92% year-to-date). Thus again, from a risk-adjusted perspective, our performance was stellar.

Secondly, taking the full set of decisions that we made into account over the year, we navigated carefully in 2013 avoiding some serious pitfalls and, as a whole, generated good returns for our investors. That said, we are well aware that we did not capitalize enough on our powerful stock picking skills, although 2014 will see a change in that!

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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