Metropolitan Absolute Provider Portfolio

October 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:	R50.6 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):	3.42% (incl. VAT)
Annual service fee:	1.14% (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%
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) of 10% p.a. on a high water mark principle. 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: 1.36%

Please note: the TER has been calculated using data from 1 July 2010 until 30 June 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

In selecting securities for this portfolio, the Manager seeks, where possible, positive returns regardless of stock market and bond market trends.

Asset Allocation

	Current	Benchmark
Domestic Stocks	36%	55%
International Stocks	5%	14%
Total Stock Exposure	**41%**	**69%**
Preference Shares	0%	0%
Property	0%	0%
Domestic Bonds	7%	10%
Domestic Cash	42%	10%
International Cash & Other	10%	11%
Total Fixed Income Exposure	**59%**	**31%**

Top Holdings

Steinhoff	5.38%
Anglo	4.24%
MTN Group	3.84%
Supergroup	3.71%
Kagiso Media	3.68%
Sasol	3.19%
Reunert	2.61%
Standard Bank	2.07%
EOH	1.96%

Annualised Performance

as at 31 October 2011

	Fund	Benchmark
1 year	2.71%	9.35%
3 years	6.26%	10.87%
5 years	5.52%	11.95%

Investment Strategy

The Metropolitan Absolute Provider Portfolio will be a portfolio investing in selected securities, non-equity securities, assets in liquid form and will make use of derivatives to reduce risk that a general decline in the value of stock and bond markets may have on the value of the portfolio. The portfolio may also invest in participatory interests and other forms of participation in portfolios of collective investments schemes, registered in South Africa and other similar schemes operated in territories with a regulatory environment which is to the satisfaction of the manager and trustees of a sufficient standard to provide investor protection at least equivalent to that in South Africa and which is consistent with the portfolio's primary objective. In selecting securities for this portfolio, the Manager seeks, where possible, positive returns regardless of stock market and bond market trends. Depending on the view of the Manager the portfolio may vary the combination of assets as well as being fully invested in any of the above-mentioned securities, subject that the portfolio investment limitations will be in line with the investment structure of a retirement Portfolio and that the portfolio adhere to the statutory investment limitations. It is anticipated that the listed securities would mainly be large cap securities. The use of derivative strategies will be pursued actively and will only be limited by the statutory limitations placed on the inclusion of financial instruments in portfolios.

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.

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Fund Managers Commentary

Markets remain in turmoil as a result of the political deadlock and economic slump in some of the Southern European States and a lot of questions remain unanswered regarding the sustainability of the European Union and Euro as a single currency zone in its current form.

Given this uncertainty, markets have experienced levels of volatility last seen during the 2008 credit crisis and investor fear has significantly impaired stock prices even for high quality global businesses. We used these bouts of weakness to increase the stock exposure of the Metropolitan Absolute Provider Fund to roughly 41%, of which 5% is constituted from foreign companies.

Given the origin of the current financial crisis, it should be no surprise to find the most depressed markets and hence the most attractive opportunities in the hardest hit Euro Zone countries. Consequently, we believe stock returns from this region should be excellent for long term investors and capital committed to these high quality companies, in the current environment, is in our view a low risk investment approach. The offshore businesses that we have acquired thus far have mostly been in Europe and the UK, but we will build more US exposure outside our Microsoft holding over time.

Ratings of domestic industrial companies on the other hand are at very high levels from where, historically, returns have been very poor. Given the current consensus view that interest rates will stay low for longer and possibly even decline has lead to a new influx of capital into this area. We view the potential for permanent loss of capital as high within certain SA industrial companies due to their premium ratings. Where we do own JSE listed industrial stocks, we have chosen those where the ratings are reasonably low and levels of profitability are not as high as the peak levels that we believe is the case for many of the alternative counters. For our chosen companies, we anticipate acceptable growth in per share earnings from these levels that should translate into similar levels of capital appreciation. Generally though we are struggling to find many opportunities where we feel comfortable to commit significant amounts of capital and we therefore maintain a low exposure to domestic stocks.

We have recently added to our inflation linked bond exposure and have also established new positions in medium term government bonds. Our reasoning to add to bond positions was that the yield on slightly shorter dated maturity government bonds seemed to offer reasonable value with limited capital risk. The fund has enjoyed a yield pick-up with this new exposure. The current total bond exposure, which includes vanilla bonds and inflation-linked bonds, is at 7%. The fund remains heavily weighted towards cash.

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