

## MET Managed Fund

October 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

Portfolio value:	R157.5million
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:	01/03/1998
Date of income declaration:	31 Dec/30 June
Date of income payment:	7 Jan/7 July
2010 distribution:	4.98 cpu
2011 distribution:	3.50 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 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:** 1.81%

Please note: the TER has been calculated using data from 1 July 2011 until 30 June 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	37%	55%
International Stocks	22%	14%
<b>Total Stock Exposure</b>	<b>59%</b>	<b>69%</b>
Preference Shares	0%	0%
Property	2%	0%
Domestic Bonds	6%	10%
Domestic Cash	31%	10%
International Cash & Other	2%	11%
<b>Total Fixed Income Exposure</b>	<b>41%</b>	<b>31%</b>

### Top Holdings

Anglo American	5.3%
Sasol	5.0%
Tesco PLC	4.8%
Steinhoff International	4.7%
Supergroup	4.4%
Angloplats	3.4%
Kagiso Media	3.1%
Reunert	2.7%
ING Groep	2.5%
Microsoft	2.5%

### Annualised Performance

as at 31 October 2012

	Fund	Benchmark
1 year	13.37%	10.80%
3 years	8.79%	10.01%
5 years	4.18%	11.84%

### 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 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. 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

Markets continue to defy gravity despite all the talk about the US Fiscal Cliff, the escalating pressure from the EU crisis and domestic growth concerns. The Fund has maintained its exposure to stocks at 59%, with almost a third of this sitting offshore. Domestically, of the bigger positions in the fund, Steinhoff has seen a strong price performance, while Anglo American continues to be a drag on performance.

Anglo American has announced the resignation of its CEO, Cynthia Carroll, but unfortunately it is unlikely to rid Anglo American of all of the problems it currently faces. The strike at Angloplats is ongoing and the losses at the moment is sit just below R2bn. Minas Rio has indicated further capital expenditure overruns, with total capital expenditure at Minas Rio and Amapa now sitting at close to \$10bn. We think this bad news is reflected in the share price, which is why we own it, but the market will take time before it regains confidence in this business again.

We still own a reasonable exposure to medium capitalization industrial companies. They are trading at attractive valuations and have management teams in which we have a lot of confidence. In this context, Supergroup is a good example and one of our ten biggest positions.

Industrial companies generally continue to benefit from the low interest rate environment and despite the momentum in growth slowing, the JSE-listed quality industrials trade on very high ratings. The margin of safety in these interest rate sensitive companies is in many instances at record low levels, but investors continue to chase these stocks because of rising prices.

Cash levels in the fund are sitting at 31% which gives us adequate firepower when new opportunities present themselves. We are holdings about 6% in bonds, which are mostly floating rate notes and therefore carry little interest rate risk. We will be looking for buying opportunities in the bond market into a sell-off.