



Atlantic

ASSET MANAGEMENT

Enhanced Income Fund

May 2009 Fund Fact Sheet



PRODUCT

The **Atlantic Enhanced Income Fund** is an actively managed income-producing fund, which seeks to provide income levels in excess of that provided by money market funds, while at the same time provide moderate capital growth by careful risk-constrained investment into securities offering good trading opportunities. By actively allocating and diversifying between various interest-bearing asset classes and listed property, total returns are also maximised.

PORTFOLIO MANAGER

Arno Lawrenz B.Sc(Hons), CFA

PERFORMANCE OBJECTIVE

The objective of the Atlantic Enhanced Income Fund is to preserve capital and to maximise income returns for investors. The performance objective of the fund is to achieve a total return in excess of the benchmark over rolling 36-month periods.

PORTFOLIO POSITIONING AND ACTIVITY

On the back of significant upwards moves in US Treasury yields recently, we remain of the opinion that the Fed has no choice but to ensure that such moves do not derail the global economic recovery. As such, while we indicated that our nominal bond position is likely to be exited, we do not believe that now is that time. Our move into inflation-linked (real yield) type assets is likely to be a multi-month strategy and continues unabated. Our exposure into credit will remain focused on short-term exposure in the money market space. Property remains vulnerable to the current corporate slowdown and increasing failure rate, and we are not intending to increase this exposure until a clearer picture emerges of the likely path of interest rates as well as the longer term outlook for inflation-targeting.

MARKET OUTLOOK

Incoming data relative to price action continues to show markets are priced almost to perfection. There seems to be little room for error as most leading indicator measures now find itself at or around pre-Lehman levels. The latest dataset in this regard has been the Bloomberg Professional Confidence Index Global Economy, printing at 43.57 in June from a previous 38.72, this versus a low in the cycle of 3.99 and a pre-Lehman level of 15. Of bigger interest to us, however, has been the S&P 500's failure to capitalize on the recent US non-farm payroll release, which surprised to the downside by almost 40%.

Of further interest has been the aggressive tightening of global credit spreads, the Merrill Lynch US high yield index (global benchmark) now trading just shy of levels last seen in August last year, having almost halved since the start of the year. We remain concerned about the market's interpretation of recent price action. In particular its take on the impact fiscal spending has had on asset prices. From our perspective fiscal spending could (and should) be seen as a form of life support. While at least 10 US banks now appear in a position to be paying back TARP funds, this does not by any means imply that historical corporate profits will be achievable in the foreseeable future. We therefore wholeheartedly agree with global rating agencies that the risk to the outlook for corporate credit ratings for the remainder of 2009 (and for some well into 2010) remain to the downside.

This realization now seems to be setting in on the local front, with specific sectors on the JSE in particular appearing to be coming under pressure. The property sector in particular has come in for some stormy weather of late – and almost in lagging fashion it has to be said – as the consumer seems to be capitulating very late in this current cycle. After a sharp rally in April (7.5%), the property index is down 6% from its April peak to current levels. It is unlikely that the local consumer will be a key player in assisting with any meaningful turnaround of the economic cycle in the short-term in the current environment...

This Fund does not hold any international assets

RISK PROFILE: Low

BENCHMARK: ALBI 1-3 Year Total Return Index

ACI FUND CLASSIFICATION: Domestic - Fixed Interest - Varied Specialist Portfolio

LAUNCH DATE: 1 November 2007

DISTRIBUTION FREQUENCY: Quarterly

FUND SIZE AT 31 MAY 2009: R 1.56bn

DISTRIBUTION PER UNIT:

Aug '08 2.58 cents per unit

Nov '08 2.55 cents per unit

Feb '09 2.47 cents per unit

May '09 2.17 cents per unit

FEES: Initial: 0.00% Annual: 1.00% per annum excluding VAT.

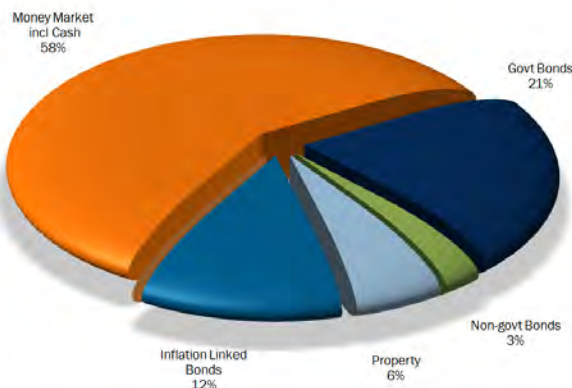
MONTH END NAV PRICE: 103.11c

TER: 1.13%

MINIMUM INVESTMENT AMOUNT: Monthly debit order R250 pm, Single premium R2000

MANAGEMENT COMPANY: PSG Collective Investments Limited

Atlantic Enhanced Income Fund
Asset Allocation 31 May 2009



MONTHLY RETURNS - Atlantic Enhanced Income Fund

Monthly performance since inception (1 November 2007)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual Return
2009	0.59%	0.12%	1.04%	1.33%	-0.02%								
2008	0.57%	0.63%	0.62%	0.55%	0.53%	0.77%	1.61%	0.99%	0.82%	0.38%	1.46%	1.85%	11.85%
2007											0.63%	0.65%	

Source: Morningstar: Annual performance calculated using daily data



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