

# Atlantic Enhanced Income Fund

## Fund Factsheet

August 2011



### 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 maximized.

### Portfolio Manager

Arno Lawrenz B.Sc (Hons), CFA

### Investment Objective

The objective of the Atlantic Enhanced Income Fund is to preserve capital and to maximize 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

In the aftermath of a dramatic fall in US Treasury yields, local yields followed suit, and of course, given that we had exited most of our nominal yield position early in August, we did not share completely in that run. We did of course say last month that we would consider re-entering the market at appropriate levels, which given the volatility we subsequently saw, we did have the opportunity to re-open a position. In the light of the changing circumstances surrounding policy and inflation outlooks, we

*“While nominal yields appear to be running into technical profit-taking (foreigners are again reaching record exposure to South African bonds—30% of total outstanding bonds in issue), the bid into weakness remains.”*

Market Outlook

are of the opinion that the market remains a bond friendly environment, and we will continue to maintain a tactical approach to our positions in the nominal bond market.

Local property stocks got a bit of a boost with the turnaround in monetary policy expectations over the last month or so, and this area has delivered great returns for us, despite being considered rather risky earlier in the year. We are wary of becoming overconfident though in this respect, as economic conditions locally are far from optimum from a property perspective.

Inflation linked bonds benefit from the dramatic drop in nominal bond yields, and given where real yields now trade, on a standalone basis with current inflation dynamics, ILB's do not offer attractive return dynamics unless real yields decline further or inflation surprises significantly to the upside of consensus. As such we would want to be careful in managing these exposures going forward.

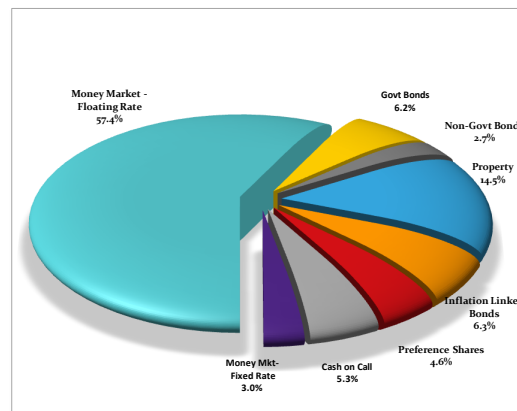
### Investment Information

<b>Risk Profile:</b>	Low-Moderate
<b>Benchmark:</b>	ALBI 1-3 Year Total Return Index
<b>ASISA Fund classification:</b>	Domestic - Fixed Interest - Varied Specialist Portfolio
<b>Launch Date:</b>	1 November 2007
<b>Distribution Frequency:</b>	Quarterly
<b>Fund Size at 31 August 2011:</b>	R 1,357.90m
<b>Distribution Per Unit (Class A):</b>	Aug'11 1.47 cents per unit May'11 2.00 cents per unit Feb'11 1.55 cents per unit
<b>Fees (Class A):</b>	Initial: 0.00% Annual: 1.14% per annum including VAT.
<b>Valuation time of fund:</b>	15:00 (Quarter end: 17:00)
<b>Trading Closing Time:</b>	16:45
<b>Month End Nav Price:</b>	104.63c (class A)
<b>TER:</b>	Class A 1.14% Class C 2.39%
<b>Minimum Investment amount:</b>	Monthly debit order R250 pm, Single premium R2000 or subject to LISP minimums
<b>Initial Max Broker Fee:</b>	1.14% including VAT.
<b>Management Company:</b>	PSG Collective Investments Limited

The Atlantic Enhanced Income Fund has a Total Expense Ratio (TER) as listed above. For the period from 1 July 2010 to 30 June 2011 the above TER of the average Net Asset Value of the portfolio were incurred as charges, levies and fees related to the management of the portfolio. The ration does not include transaction costs. A higher TER does not necessarily imply a poor return, nor does a lower TER imply a good return. The current TER can not be regarded as an indication of future TER's.

### Asset Allocation August 2011

#### Atlantic Enhanced Income Fund



Performance (annualised)	1-Year	2-Year	3-Year	Inception
Atlantic Enhanced Income Fund	6.09%	7.68%	8.56%	8.86%
*ALBI 1-3 Total Return	9.31%	9.21%	10.24%	9.59%

\* Figures Quoted are from @2011 Moneymate for the period ending August 2011 for a lumpsum using NAV to NAV prices with income distributions reinvested

**Conflict of Interest Disclosure :** The Fund may from time to time invest in a fund managed by a related party. A process is in place to ensure the same selection criteria apply to all funds when selecting the underlying portfolios. PSG Collective Investments the Fund Manager may negotiate a discount on the fees charged by the underlying Fund Manager. All discounts negotiated are reinvested in the Fund for the benefit of the unit holder. Neither PSG Collective Investments or the Fund manager retain any portion of such discount for their own account



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ASISA

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Collective Investment Schemes in Securities (Unit Trusts) are generally medium to long term investments. The value of participatory interests (units) may go down as well as up and past performance is not a guide as to future performance. Collective Investment Schemes are traded at ruling price and can engage in borrowing and scrip lending. The price of participatory interests (units) and the amount of income distributed or accumulated may go down as well as up. Commission and incentives must be paid and if so, included in the overall costs. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. The portfolio may be capped at anytime in order for the fund to be managed in accordance with the mandate. Atlantic Asset Management is an associate member of the Association for Savings and Investment South Africa (ASISA). A schedule of fees and charges and maximum commissions is available on request from the company. Company Scheme PSG Collective Investments, 1st Floor PSG House, Alphen Park, onstantia Main Road, Conrstantia, 7806, Member of ASISA.