

ATLANTIC ENHANCED INCOME FUND

Monthly Fund Fact Sheet
November 2008



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.

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-Variied Specialist Portfolio

LAUNCH DATE:

1 November 2007

DISTRIBUTION FREQUENCY:

Quarterly

FUND SIZE AT 30 NOVEMBER 2008

R 1.47bn

DISTRIBUTION PER UNIT:

Feb '08 2.17 cents per unit
May '08 2.23 cents per unit
Aug '08 2.58 cents per unit
Nov '08 2.55 cents per unit

FEES:

Initial: 0.00%

Annual: 1.00% per annum excluding VAT.

MONTH END NAV PRICE: 100.644c

TER: 1.10%

MINIMUM INVESTMENT AMOUNT:

Monthly debit order R250 pm, Single premium R2000

MANAGEMENT COMPANY:

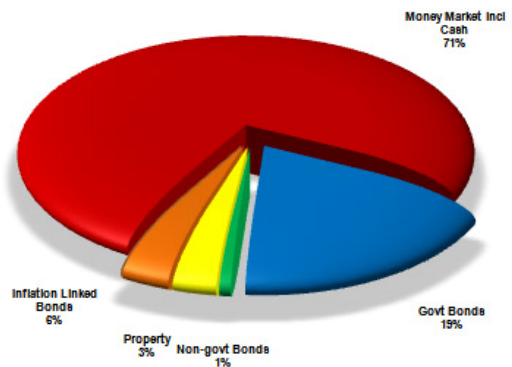
PSG Collective Investments Limited

MARKET OUTLOOK

In the aftermath of one of the worst months ever as far as equity markets were concerned, the bond and interest rate market was a haven of stability. Globally, we have seen bond yields in developed markets collapse, with 10 year US Treasury bond yields reaching all-time lows. A sure sign of the panic that still remains out there! With rising fears of deflation, it is almost certain that bond yields will fall even further. As it is, it has now become an objective of the US Fed to find ways and means of getting long term rates to fall – this will of course filter through to long term mortgage rates and support the collapsing housing market. So in the short/medium term we expect to see further falls in global bond yields and this will provide a support for local rates to fall further as well. A point of caution though must remain as far as the vulnerability of the Rand is concerned. If the global economic situation worsens further, there is no doubt that emerging market growth prospects will have to be further ratcheted downwards. This will put pressure on EM currencies to weaken as capital flows remain the key to currency stability. The prospect of a carry trade being a support for the high-yield currencies (of which SA is one) is also non-existent for the time being.

With that as a global backdrop, and with growth surprising on the downside of expectations locally, it is almost certain that the SARB will have no choice but to start the rate cutting cycle earlier than they would have liked given the still too-high inflation numbers. This prospect of multiple rate cuts during the course of 2009 have already all been priced in by the money markets. We expect to see a very rapid fall-off in growth, consumer and business confidence and a rise in policy uncertainty as we enter 2009. Thus, while a Keynesian macro policy calls for fiscal stimulus, and the Monetarist approach calls for rate cuts, this has been priced in by markets and we would temper the expectations for sustained lower global bond yields in the longer term. The lunch we enjoy now will have to be paid for.

Atlantic Enhanced Income Fund
Asset Allocation 30 November 2008



PORTFOLIO POSITIONING AND ACTIVITY

We have increased our bond component in the fund due to expectations of further falls in bond yields globally. However, significant risks remain for Emerging Markets and thus for currencies and as such this may temper the fall-off in our bond yields. We are also likely to see asset allocation shifts in favour of fixed income over the next few months and this will help bonds to remain in favour for the time being. Due to the rapidly slowing economy, it is still too early to gauge the impact on listed property stocks and we have refrained from dramatically increasing this component of the fund for the time being. In times like the present we do not wish to introduce too much uncertainty and volatility into the fund.

MONTHLY RETURNS

	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec
2008	0.57	0.63	0.62	0.55	0.53	0.77	1.61	0.99	0.82	0.38	1.46	
2007											0.63	0.65

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ASSET MANAGEMENT

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