

# ATLANTIC ENHANCED INCOME FUND

Monthly Fund Fact Sheet  
January 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.

## 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.

### RISK PROFILE:

Low - Moderate

### 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 31 JANUARY 2008

R565.3m

### DISTRIBUTION PER UNIT:

Nov '07	0.71 cents per unit
Feb '08	-
May '08	-
Aug '08	-

### FEES:

Initial: 0.00%

Annual: 1.00% per annum excluding VAT.

### MONTH END NAV PRICE:

101.255c

### TER: N/A

The Total Expense Ratio (TER) for this portfolio/ class of participatory interest cannot be accurately determined. The TER of this class of participatory interest/ portfolio will be higher than the quoted service charge of the manager.

### MINIMUM INVESTMENT AMOUNT:

Monthly debit order R250 pm, Single premium R2000

### MANAGEMENT COMPANY:

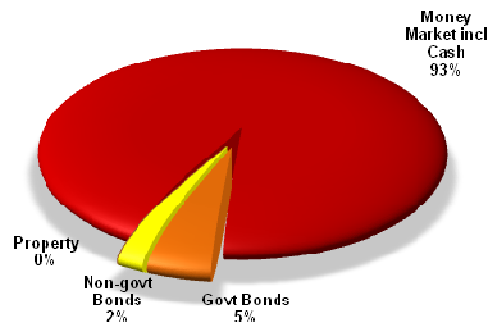
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## MARKET OUTLOOK

The two important events for markets during January were the surprise inter-meeting rate cuts by the US Federal Reserve and the pausing of the rate hikes by the SARB. Both of these moves were supported by the subsequent economic data releases. In particular the recent retail sales data in SA has pointed to a dramatic slowing within the consumer sector. Almost certainly this trend will start manifesting itself within the broader economy over time. This general slowdown will no doubt be exacerbated by the electricity supply issues that have also manifested itself within SA.

The key outcome of this is that, barring a new major inflation driver appearing, the key question that will now start being asked is at what point can the SARB relax monetary policy. At present the market is already starting to discount the timing of that probable scenario as being within the 4th quarter of 2008. However, we still remain on a knife edge as far as scenarios go – with the possibility of a dramatically weaker currency being one route, which may cause the SARB to keep policy tight or even have their hand forced into tightening again; while the other route is one in which growth disappoints to such an extent that they are forced into cutting rates much earlier than they want to, given the prevailing inflation outlook. For now, the possibility and implications of a weak currency scenario remain uppermost at present and that keeps us positioned conservatively.

Atlantic Enhanced Income Fund  
Asset Allocation 31 January 2008



## PORTFOLIO POSITIONING AND ACTIVITY

We continued with the low-risk theme in the fund during the course of January. This was based on the continued base scenario of the predominant risks to bond yields remaining on the upside. Without the need to change this position, trading activity in the fund remained low and was focussed on money market trades. Current levels are however, more attractive as far as increasing risk within the fund is concerned.

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