

ATLANTIC ENHANCED INCOME FUND

Monthly Fund Fact Sheet
May 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.

This Fund does not hold any international assets.

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 30 APRIL 2008

R915.2m

DISTRIBUTION PER UNIT:

Nov '07 0.71 cents per unit

Feb '08 2.17 cents per unit

May '08 2.23 cents per unit

Aug '08 -

FEES:

Initial: 0.00%

Annual: 1.00% per annum excluding VAT.

MONTH END NAV PRICE:

101.53c

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:

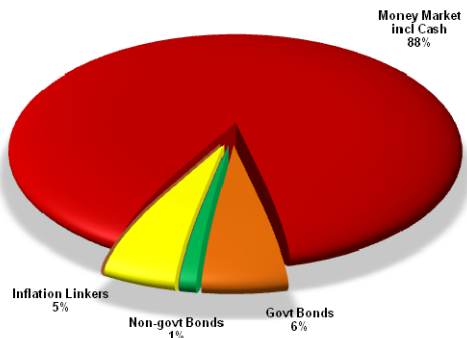
PSG Collective Investments Limited

MARKET OUTLOOK

During the course of May, the underlying inflation dynamics have again deteriorated and the market now expects further interest rate hikes from the SARB to come through. There is no doubt in our mind that the SARB ultimately has very little choice in this matter – no matter how unpopular this course of action may be. Some market commentators have speculated about the social outcomes of further rate hikes, and point to possible restraint on the part of the SARB, and even political interference. As it is, the trade union confederation COSATU has indicated that they will engage in strike action should the SARB hike further. This is political blustering: Recall that in 2002, the SARB hiked by 400 basis points in 4 moves of 1% each – all in the space of 9 months. Did the SARB shirk their duty then? Why then would they shy away from doing what needs to be done if they have done this before?

In spite of the developments in domestic inflation and deteriorating inflation expectations, it is the global trends which will ultimately determine the course that local markets in the longer term will have to follow. There too there have been deteriorations in economic fundamentals. In particular the slowing US economy as a result of the housing/credit bubble having burst is upon us. Whilst the sub-prime component is now old hat, we remain concerned that further deterioration in the credit cycle is still to come. In addition, recent comments by the US Fed may hint at a more anti-inflationary stance than generally expected. This growth-inflation trade-off is the key investment theme going forward. We do not expect this issue to be resolved anytime soon.

Atlantic Enhanced Income Fund
Asset Allocation 31 May 2008



PORTFOLIO POSITIONING AND ACTIVITY

We have continued with our defensive risk position within the fund, as it is still too early to call an end to the severe risks within the global and domestic economy. As such, in line with our stated Investment Policy we continue to channel our efforts into maximising income potential within the fund without taking any significant capital risk. This also includes minimal credit risk whilst the global credit crisis is still ongoing. Given that it still appears as if the peak in domestic inflation appears to be tantalisingly out of reach, we are happy to also continue with our exposure to inflation linked bonds, and may well consider increasing exposure there. However, the key theme remains one of preservation of capital in a time of uncertainty and risk.

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PSG COLLECTIVE INVESTMENTS LTD

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