

# Atlantic Real Income Fund

## Fund Factsheet

August 2011



### Product

Atlantic's Real Income Fund is an actively managed fixed income fund which aims to deliver inflation beating returns over time. The fund will invest primarily in inflation linked bonds as well as other high yielding fixed income securities. The fund manager may also invest in listed property and a basket of selected equity securities to ensure the targeted return is achieved. The Fund aims to protect investors capital and at the same time generate an inflation beating income stream.

### Portfolio Manager

Arno Lawrenz B.Sc (Hons), CFA

### Investment Objective

The objective of the Atlantic Real Income Fund, as an inflation-themed income fund, is to provide a stable base of income, growing at least in line with inflation, whilst also providing capital appreciation opportunities linked to inflationary trends.

### Portfolio Positioning and Activity

The volatility we have experienced in market moves during the course of 2011 continues unabated. This is for primarily 2 reasons – firstly, there is normal variation due to uncertainty about the actual state of the economy, which only gets revealed over time. Secondly, and perhaps more importantly, this time, there is variation due to uncertainty as to what the correct policy response should be. This is a dilemma not only for us market

*“August was another poor month for equities as volatility came back into play with European sovereign debt concerns again on the radar screens.”*

Market Outlook

participants, but even more scarily, for policy makers themselves. One need only witness the increasingly hostile nature of the economic debate taking place in the USA – should it be austerity, or should it be government stimulus to the rescue? And what happens if the incorrect policy is followed?

So what does that mean for managing money? Certainly, in the Real Income space, we are concerned about the possibility for market dislocations, and as such we have opted to cut back on some exposures in the risky asset space, opting instead for a low risk approach to getting to beyond inflation type returns. We have cut 2 positions out of the equity component of the fund so far – Uranium One (being an energy price hedge) and Zeder (being a food price hedge). These are 2 relatively less liquid stocks that we have cut and our remaining holdings now number only 6.

While locally inflation remains on the rise, we are not too concerned about this given changing global pricing dynamics and as such we believe the inflation uptrend is fully priced in. The key of course will be in positioning for the inflation trends in the latter part of 2012 and thereafter. For now though we continue with the low risk approach given the uncertainty.

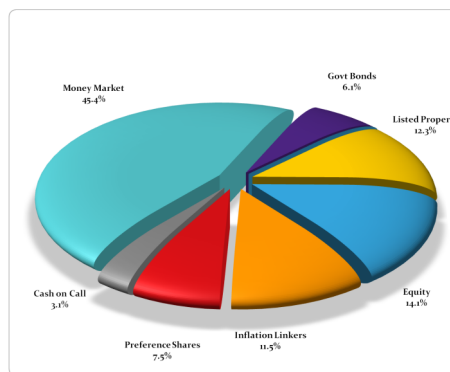
### Investment Information

<b>Risk Profile:</b>	Low-Moderate
<b>Benchmark:</b>	CPI + 3% - Measured over a 3 year period
<b>ASISA Fund classification:</b>	Domestic - Asset Allocation - Targeted Absolute Real Return Portfolio
<b>Launch Date:</b>	1 January 2009
<b>Distribution Frequency:</b>	Quarterly
<b>Fund Size at 31 August 2011:</b>	R 35.12m
<b>Distribution Per Unit:</b>	Aug'11 0.90 cents per unit May'11 1.74 cents per unit Feb'11 1.12 cents per unit
<b>Fees:</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>	103.87c
<b>TER:</b>	1.33%
<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 Real Income Fund has a Total Expense Ratio (TER) as listed above. For the period from 1 July 2010 to 30 June 2011 1.33% 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 Real Income Fund



### Performance (annualised)

	1-Year	2-Year
Atlantic Real Income	9.93%	8.09%
CPI +3%*	8.02%	7.61%

\* up to 31/07/2011 Figures Quoted are from @2011 Moneymate for the period ending July 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 or 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, Constrantia, 7806, Member of ASISA.