

Atlantic Real Income Fund

Fund Factsheet

April 2012



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

A rather modest month as far as the fund is concerned, with very little movement or change in fund structure over the month. As we said last month, we believe that patience is the key here. We are confident that the core structure of the fund will continue to deliver significant returns in this income space without too much variability in returns – in particular we want to avoid big drawdowns wherever possible. Of course that may

“The randomness of the WGBI announcement has seen most investors miss the recent gap lower in yields, leaving positions fairly clean as we start to backtrack some of those gains.”

Market Outlook

mean that we have to sacrifice some of the upside, but we stick to our mandate of working diligently towards a CPI+3% hurdle. At a time when long dated inflation linked bond yield are below 2% real, that becomes slightly more difficult to achieve on a consistent basis. We would like to caution income investors who may have factored rising interest rates during the course of 2012 into their expectations.

The wise thing to do here is to take a step back and observe what is happening in the rest of the world. At the moment there are very few places in the world that feel the need to hike rates. Cutting is closer to the truth at the moment. We do not have this as our central forecast as yet within South Africa, but make no mistake, the rate cut scenario should have a higher probability weight than the rate hike scenario at present. We remain of the opinion that inflation is in the process of peaking domestically and this of course will mean that - barring the black swan type events – the SARB should, within a few months be breathing much easier w.r.t. the inflation trajectory. That would mean another tailwind for nominal bonds – as against that of linkers.

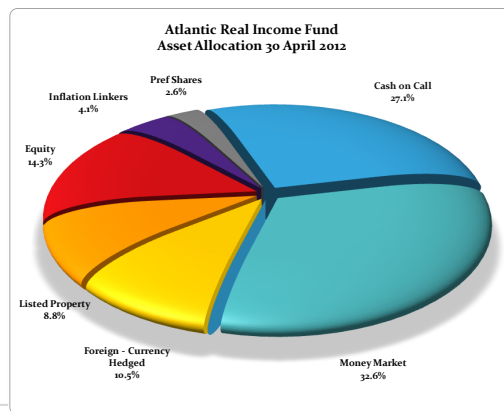
Investment Information

Risk Profile:	Low-Moderate
Benchmark:	CPI + 3% - Measured over a 3 year period
ASISA Fund classification:	Domestic - Asset Allocation - Targeted Absolute Real Return Portfolio
Launch Date:	1 January 2009
Distribution Frequency:	Quarterly
Fund Size at 30 April 2012:	R 52.82m
Distribution Per Unit (class A):	Feb'12 1.09 cents per unit Nov'11 1.66 cents per unit Aug'11 0.90 cents per unit
Fees:	Initial: 0.00% Annual: 1.14% per annum including VAT.
Valuation time of fund:	15:00 (Quarter end: 17:00)
Trading Closing Time:	16:45
Month End Nav Price (class A):	106.51c
TER:	1.37%
Minimum Investment amount:	Monthly debit order R250 pm, Single premium R2000 or subject to LISP minimums
Initial Max Broker Fee:	1.14% including VAT.
Management Company:	PSG Collective Investments Limited

The Atlantic Real Income Fund has a Total Expense Ratio (TER) as listed above. For the period from 1 January 2010 to 31 December 2011 1.37% 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 April 2012

Atlantic Real Income Fund



Performance (annualised)	1-Year	2-Year	3-Year
Atlantic Real Income	8.61%	9.27%	8.36%
CPI +3%*	9.12%	7.92%	8.16%

* up to 31/03/2012 Figures Quoted are from @2012 Moneymate for the period ending March 2012 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, Constantia Main Road, Constantia, 7806, Member of ASISA.