

# Atlantic Real Income Fund

## Fund Factsheet

June 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

One of the chief drivers of inflation worries is the oil price, and it was revealed during June that a number of countries would be releasing strategic oil reserves in order to put a cap on oil price rises. That saw an immediate fall-off in the oil price, but that has already now been proven to be of temporary relief! As such, the possible inflation risks remain. However, the concerns about the level of prices remains and we would not be

*"For now the name of the game remains a clear one of putting off the inevitable as far as the European periphery sovereign crisis is concerned"*

Market Outlook

surprised to see further actions. Having said that, inflationary pressures driven by food appear to be petering out, as we expected, which by their very nature are highly cyclical. Locally we have been shielded from the global volatility because of the grain surplus and the strong Rand. As such, our prospective upwards inflation dynamic still appears rather muted, but there are always the usual structural issues that remain.

A strong Rand always looms as a possible inflationary risk purely from a snap-back perspective, but that would most likely require a scenario in which foreigners capital inflows is cut off. There is no sign of that happening anytime soon. We will increasingly however begin to focus attention on the hedging of such risks in the fund. Especially since we have considered starting to downweight our allocation to ILB's on a valuation basis. Property exposure within the fund is still at a fairly neutral weighting, but there again, in the search for higher yields, they will be subject to uplift that may run ahead of fundamentals. As such we would become more cautious about substantial gains without good news on the interest rate and inflation side.

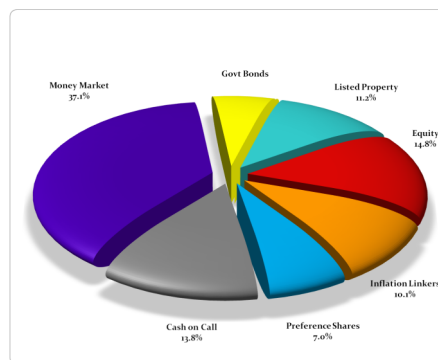
### Investment Information

<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 30 June 2011:</b>	R 38.90m
<b>Distribution Per Unit:</b>	May'11 1.74 cents per unit Feb' 11 1.12 cents per unit Nov ' 10 1.54 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>	102.75c
<b>TER:</b>	1.32%
<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 April 2010 to 31 March 2011 1.32% 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 June 2011

#### Atlantic Real Income Fund



#### Performance (annualised)

	1-Year	2-Year
Atlantic Real Income	10.95%	8.51%
CPI +3%*	7.22%	7.51%

\* up to 31/05/2011 Figures Quoted are from @2011 Moneymate for the period ending May 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



Atlantic Asset Management Pty (Ltd)

Address: 1st Floor Barinor's Vineyard North The Vineyards Office Estate 99 Jip de Jager Road Bellville 7530

Tel: +27 21 913 8941 Email: info@atlanticam.com Web: www.atlanticam.com



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, Conrstantia, 7806, Member of ASISA.