



Atlantic

ASSET MANAGEMENT

Real Income Fund

March 2011 Fund Fact Sheet



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.

In a global market where risky assets – like equities and commodities continued to run upwards, the Real Income Fund continues to be well positioned for Income investors who are prepared to accept a higher degree of risk than traditional income funds. In particular, we are well aware that while inflation remains relatively low, we have been able to provide returns that are well in excess of the target return of CPI+3%. We would of course caution that some of this excess return may well be a form of front-loading in the sense that we have benefitted directly from a rise in underlying commodity prices whilst we are yet to see a concomitant rise in inflation. The tricky bit will come when inflation starts to rise and commodity prices peak out. This will be the time when we will have to have cut our exposure to the riskier assets that we currently hold and focus more on the Inflation Linked Bond component. However, for the time being, we are content to maintain the bias, given the underlying bias. We did however opt to take some profit on our equity position. It pays to not get too greedy! We do expect however, that the remaining equity and listed property positions will serve us well over the investment horizon for the fund.

This Fund does not hold any international assets

RISK PROFILE: Low-Moderate

BENCHMARK: CPI+3% - Measured over a 1 year period

ASISA FUND CLASSIFICATION:

Domestic – Asset Allocation – Targeted Absolute Real Return Portfolio

LAUNCH DATE: 1 January 2009

DISTRIBUTION FREQUENCY: Quarterly

FUND SIZE AT 31 MARCH 2011: R 35.12m

DISTRIBUTION PER UNIT:

Feb '10 1.17 cents per unit

May '10 1.43 cents per unit

Aug '10 1.12 cents per unit

Nov '10 1.54 cents per unit

May '11 1.12 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: 102.20c

TER: 1.32%

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 Ratios (TER) as listed above. For the period from 1 January 2010 to 31 December 2010 1.32% of the average Net Asset Value of the portfolio was incurred as charges, levies and fees related to the management of the portfolio. The ratio 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.

MARKET OUTLOOK

For the first time in a number of months all asset classes managed in March to eke out positive gains, albeit meagre ones at that. With bonds just about matching the performance of cash and equities, and ILBs only slightly north of that (ranging from 48bp for cash to ILBs' 58bp), it was left up to the listed property sector to add that much-needed oomph to the Varied Fixed Income space over the past month, returning a healthy 3.35%.

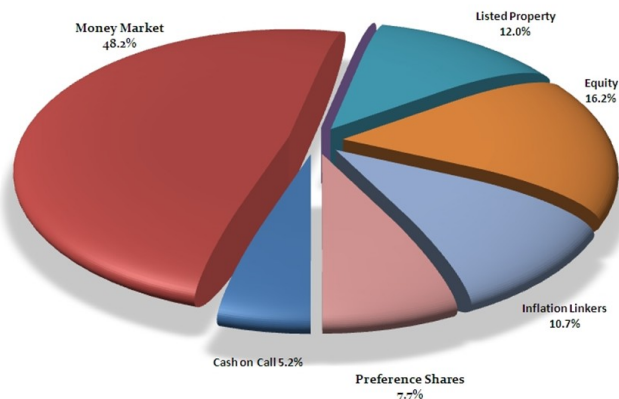
The environment for investments remain exceptionally difficult to call with managers left to balance out natural disasters, geopolitical risks and even US political skulduggery in their ongoing quest to provide investors with returns in excess of record-low cash rates.

Commentary from local authorities over the month also failed to give any clear direction on the timing of the first interest rate hike. In fact, while the market appeared to latch only onto the 'we will not be soft on inflation' comment made specifically by the SARB governor at a speech in Soweto in the latter half of March, it was the unevenness of the economic recovery that seems to have gone unnoticed.

It was therefore left up to the foreign contingent to step into the breach, with very aggressive bond purchases witnessed in the final week of March, which appears to be following through into the first few days of April. The argument, for now, seems one of relative attractiveness in the Developing Market space as monetary policy language is clearly starting to shift in Developed Markets. In addition it would appear that policy actions in EM thus far should manage to contain inflation.

It is on the latter point that vigilance will continue to be required as we already see signs of the 'risk-on' phase having a sharp impact on the soft agricultural commodity space once more. It should therefore come as no surprise that demand for both gold and silver, but also inflation-linked bonds appear as healthy as ever.

Atlantic Real Income Fund
Asset Allocation 31 March 2011



Performance (annualized) 1-Year

Atlantic Real Income Fund 10.35%

CPI + 3%* 6.70%

* Up to 28/02/2011

Figures quoted are from ©2011 MoneyMate for the period ending February 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 re-invested 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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Collective Investment Schemes (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 prices and can engage in borrowing and short selling. The price of participatory interests (units) and the amount of income distributed or accumulated may go down as well as up. Commission and incentives may be paid and if so, are included in the overall costs. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. This portfolio may be capped at any time 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, Constandia Main Road, Constandia, 7806. Member of ASISA.