

Atlantic Real Income Fund

Fund Factsheet

October 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

Internationally, inflation in Emerging Markets has a mixed outlook, with some countries already having appeared to have peaked, while others indeed are still surprising to the upside. The SARB itself also appears vigilant against the upside risks here in SA, and perhaps have re-earned some credibility as far as inflation credentials are concerned.

“Given the broadened mandate to consider both employment and inflation, the MPC has been at pains to highlight that inflation is expected to move back into target (after a temporary breach around the turn of the year), being driven by predominantly exogenous factors.

Market Outlook

So perhaps the growth-inflation paradigm that many thought was starting to lean more towards the growth side of the equation was perhaps not as strong as thought. Perhaps it is just a case of the SARB truly believing that influencing the short-term growth outlook by cutting rates by a paltry 50 b.p.'s would really do nothing in the long term. Fiscal policy remains the key in this regard. We continue to take profits on counters where we can, and re-enter positions when we believe the risk-reward dynamic offers a better entry level. However, we have also identified a number of counters that are appealing from a growing income stream perspective and will add these to the portfolio over time. In the equity space where we use inflation correlations as an identifier for coming onto our radar screen, we did cut back on our exposure and given the global fall-off in world food prices we are inclined to start shifting the portfolio equity bias again towards currency risks. This will see some changes in the portfolio equity component but it is likely given global uncertainties, that we will do so cautiously.

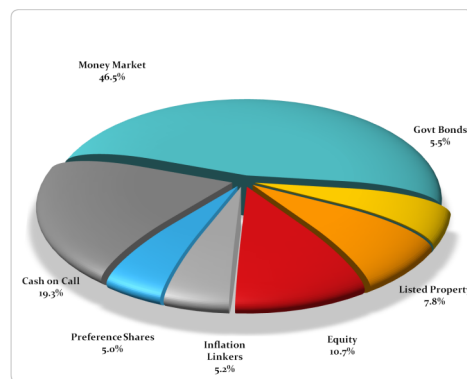
Investment Information

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 31 October 2011:	R 38.31m
Distribution Per Unit:	Aug'11 0.90 cents per unit May'11 1.74 cents per unit Feb' 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:	104.09c
TER:	1.34%
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 October 2010 to 30 September 2011 1.34% 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 October 2011

Atlantic Real Income Fund



Performance (annualised)	1-Year	2-Year
Atlantic Real Income	6.12%	7.15%
CPI +3%*	8.34%	7.42%

* up to 30/09/2011 Figures Quoted are from @2011 MoneyMate for the period ending August 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.